

MBK
G R O U P

ความสุขของทุกคน
Happiness for All

บริษัท เอ็ม บี เค จำกัด (มหาชน)
MBK PUBLIC COMPANY LIMITED

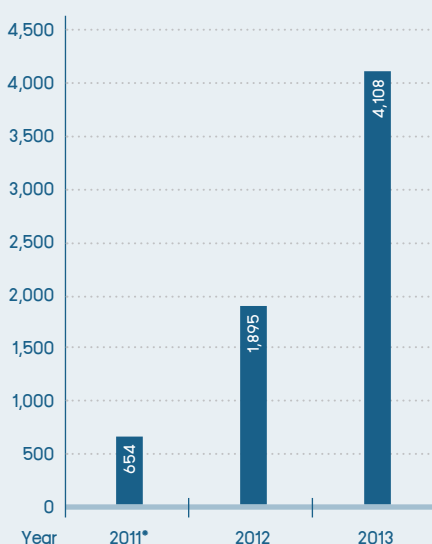


CONTENTS

FINANCIAL HIGHLIGHTS.....	1	PROFILES OF DIRECTORS AND.....	113
MESSAGE FROM THE CHAIRMAN	2	EXECUTIVE MANAGEMENT OF THE COMPANY	
THE BOARD OF DIRECTORS	4	RELATED TRANSACTION.....	122
EXECUTIVE MANAGEMENT	6	AUDIT COMMITTEE'S REPORT	124
MANAGEMENT TEAM.....	8	REPORT ON THE RESPONSIBILITY OF THE BOARD.....	126
SHAREHOLDING STRUCTURE OF MBK GROUP.....	14	OF DIRECTORS TOWARDS FINANCIAL REPORTS	
VISION OF MBK PUBLIC COMPANY LIMITED	16	REPORT OF THE NOMINATION	127
NATURE OF BUSINESS OPERATIONS	18	AND REMUNERATION COMMITTEE	
RISK FACTORS	65	MANAGEMENT DISCUSSION	128
TELEPHONE & FAX NUMBERS OF JURISTIC PERSONS	74	AND ANALYSIS OF THE FINANCIAL STATEMENTS	
WHICH MBK HOLDS MORE THAN 10%		INDEPENDENT AUDITOR'S REPORT	145
JURISTIC PERSONS WHICH MBK HOLDS MORE THAN 10%	76	GENERAL INFORMATION.....	236
SHAREHOLDING STRUCTURE AND MANAGEMENT	78	DISCLOSURE OF INFORMATION IN.....	238
GOOD CORPORATE GOVERNANCE	94	ANNUAL REPORT ACCORDING TO FORM 56-2	
		CORPORATE SOCIAL RESPONSIBILITY 2013	239

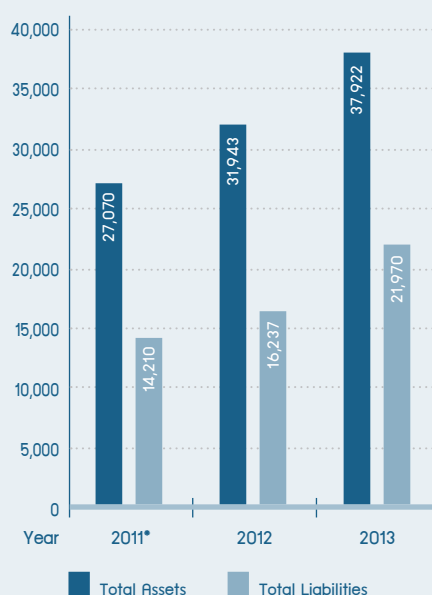
NET PROFIT

Million Baht



TOTAL ASSETS & TOTAL LIABILITIES

Million Baht



REVENUE STRUCTURE OF BUSINESS GROUP

Million Baht



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS OF MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Thousand Baht)

	12/31/2011	Percentage	12/31/2012	Percentage	12/31/2013	Percentage
STATEMENT OF FINANCIAL POSITION						
Total Assets	27,069,995	100.00	31,942,788	100.00	37,921,563	100.00
Total Liabilities	14,209,902	52.48	16,237,258	50.83	21,970,423	57.94
Total Shareholders' Equity	12,860,093	47.52	15,705,530	49.17	15,951,140	42.06

	For the six-month period ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2011	Percentage	2012	Percentage	2013	Percentage
INCOME STATEMENTS						
Revenue from Service and Rental	1,816,694	42.33	3,792,660	41.54	4,125,503	31.42
Sales	1,446,831	33.71	2,734,588	29.95	2,787,756	21.23
Revenue from Hotel Operations	489,495	11.40	1,120,914	12.28	1,211,743	9.23
Revenue from Financial Business	138,877	3.24	695,601	7.62	1,147,379	8.74
Other Revenues	400,245	9.33	786,876	8.62	3,858,460	29.38
Total Revenues	4,292,142	100.00	9,130,639	100.00	13,130,841	100.00
Gross Profit	1,479,576	34.47	3,693,063	40.45	3,857,382	29.38
Net Profit attributable to equity holder of the parent	654,408	15.25	1,894,597	20.75	4,107,987	31.29

THE FINANCIAL RATIOS OF MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

		For the six-month period ended 31 December	For the year ended 31 December	For the year ended 31 December
	(Unit)	2011	2012	2013
Net Profit / Total Revenues	%	15.25	20.75	31.29
Return on Average Equity *	%	11.04 ****	14.32	28.67
Return on Average Assets	%	4.72 ****	6.42	11.76
Earnings Per Share ***	THB	4.32	12.51	28.90
Dividend Per Share	THB	2.50	5.25	5.50
Book Value Per Share */ ***	THB	79.10	95.68	99.69

Note * Shareholders' equity represented equity attributable to the Company's shareholders (excluding equity attributable to non-controlling interest of the subsidiaries).

** On 9 April 2014, the Board of Directors will propose to the Annual General Meeting of the shareholders to approve the dividend payment of Baht 3.00 per share from unappropriated retained earnings

*** Calculated from the number of ordinary shares which deducted by treasury stocks held by the Company and its subsidiaries.

**** Annualized

MESSAGE FROM THE BOARD OF DIRECTORS



Overall in 2013 Thailand's economy grew by 3.5-4.0%, which is the result of the economic deceleration in the first 6 months of 2013. The economic growth was lower than expected because the consumption in the private sector has slowed down and the investment in the private sector grew in the recessive rate when compared to 2012, which was the year of consumption and investment growth in the private sector to repair damages from the Great Flood of 2011. Nonetheless, the economy in 2013 was driven by the investment in the public sector that increased up to 12%. This growth in public investment is the outcome of the government's budget spending and the investment of state enterprises. In addition, the country's net exports remained satisfactory, especially in services, as a result of the growth in tourism industry.

The operating result of MBK Public Company Limited and its subsidiaries (collectively "the Group") for the year ended December 31, 2013, in comparison to 2012, is considered satisfactory. The gross revenue amounts to THB 12,837 million, which increases from the previous year by THB 3,851 million or 43%. The net profit attributable to shareholders of the main company equals THB 4,108 million, which significantly increased by THB 2,213 million or 117%. This is because in the current year the Group realized profits from selling the investment in the subsidiary that owned properties in Pattaya, the investment in available-for-sales marketable securities, and from selling properties on Koh Samui, Suratthani Province. The total from the related income tax expenses equals THB 2,462 million while in the same period last year the Group realized profits from selling properties for investment, plant and equipment with the net from the related income tax expenses equals THB 127 million. However, without the profit from the aforementioned asset sale, the net profit attributable to shareholders of the main company for the year ended December 31, 2013 and 2012 equals THB 1,646 million and THB 1,768 million respectively. This is the outcome of the rental fee from the new MBK Center lease agreement made with Chulalongkorn University effective on April 22, 2013. The Group's financial position as of December 31, 2013, in comparison to the balance as of December 31, 2012, has changed as follows: the Group's total assets equal THB 37,921 million, an increase by THB 5,978 million or 19%; the total liabilities equal THB 21,970 million, an increase by THB 5,733 million or 35%; and the total shareholders' equity equals THB 15,951 million, an increase by THB 245 million or 2%. Total assets and total liabilities increase because of the Group's business growth and the realized assets and liabilities under the financial lease and operating lease that are related to the lease agreement for the shopping center on Pathumwan junction that the company has made with Chulalongkorn University and effective since April 2013.

In 2013 the Group's key operations are as follows:

SHOPPING CENTER BUSINESS The shopping center business continues to expand its investment. The Nine Center has invested in Phase 2 construction (Seri Fresh Market and a parking building) with the capital budget over THB 300 million (excluding land). Phase 2 is open for service in January 2014. Moreover, there is an investment in developing HA HA project next to Paradise Park Shopping Center. The project is a joint investment between MBK and Siam Piwat Co.,Ltd with the capital budget of approximately THB 1,000 million. HA HA project will fulfill the demands of products and services of customers. The project's first phase, which is the education building, is expected to open in March 2014.

HOTEL AND TOURISM BUSINESS The guests rooms of Sheraton Krabi Beach Resort Hotel, in the total of 240 rooms, have undergone and completed a major renovation in 2013. There is also a renovation in the lobby and sea port of Layana Resort Koh Lanta Yai Krabi.

GOLF BUSINESS The golf business has 2 golf courses in Phuket: The Lock Palm Golf Course and The Red Mountain Golf Course; and 1 golf course in Patumthani: The Riverdale Golf and Country Club. In the past year, we have entered a reciprocal agreement with other leading international golf courses, allowing MBK's golf business to gain alliances with golf courses in many countries. In 2014, the Red Mountain Golf Course is also ranked number one in the best golf course in Thailand ranking of Golf Digest USA magazine.

REAL ESTATE BUSINESS The real estate business includes property development, asset management services, and consulting and asset appraisal services, from a team of experienced real estate experts. In 2013 there was a launch of "Quinn Condo", two high-rise condominiums on Ratchadapisek Road, close to Suthisan MRT station. The construction is expected to be completed in 2015. In addition, there is a joint venture between the company and a real estate development company, Putornwiwata Co.,Ltd, with shareholding ratio of 55%. The main target customers are in the eastern region, with the house price ranging between THB 2-5 million.

FOOD SOLUTION BUSINESS In 2013 the food business has operated 2 food courts: "The Fifth Food Avenue" on the 5th floor of MBK Center and "MBK Food Island" on the 6th floor. In addition, there is a joint venture with a Japanese food company to operate a Japanese restaurant in the home kitchen style called "FUJIO SHOKUDO" and a fresh Udon noodles restaurant called "TSURUMARU"; the first branch will be open on the 6th floor of MBK Center in March 2014. Anyhow, the rice business still continues to develop and maintain its quality of "Maboonkrong" Rice as well as developing its performance in other aspects to support the growth in the food business.

FINANCE BUSINESS The business is to provide housing loans, short-term loans to customers who have valuable collaterals such as properties which are in good location and marketable property, and new motorcycle hire purchase loans. In 2013, the loan customers of the Group grew from THB 4,978 million to THB 7,034 million, or an increase of 41.31% from 2012. This is considered another business with positive growth potential.

OTHER BUSINESS This includes the used cars and motorcycles auction business. The business has developed its operation in many aspects such as the use of the no.1 online auction system in Thailand that can stream video and audio to live bidders online.

SUPPORTING BUSINESS This includes the supporting services in finance, accounting, IT system, human resources as well as training, seminar and workshop planning and human resource development. In addition in 2013 there were developments and improvements in the operating systems of the subsidiaries so that they are in the same standard with MBK.

In 2014, the economy may have some problems as a result of the political conflict that has happened since the end of 2013. Political instability and uncertainty will affect the business sector in overall as well as the Company and the Group. The Board of Directors, executive members, and every employee, will continue to be committed to the management and operation with our full determination and ability so that we can achieve the best possible operating result in 2014.

For the sustainable growth, success and achievement of the company in 2013, on behalf of the Board of Directors, I would like to express my thankfulness to shareholders, executive members, employees, stakeholders and those who have always contributed in the success of the company and the group and supported our business operation. Please be assured that the Board of Directors, executive members and every employee are determined to increase sustainable business values and growth of the company under the principles of Good Corporate Governance and Corporate Social Responsibility for the benefits of the shareholders and all stakeholders.



MR. BANTERNG TANTIVIT
Chairman



MR. SUPHADEJ POONPIPAT
Vice Chairman



MR. SUVAIT THEERAVACHIRAKUL
CEO

BOARD OF DIRECTORS



MR. BANTERNG TANTIVIT
Chairman



MR. SUPHADEJ POONPIPAT
Vice Chairman and
Member of the Compensation and
Nomination Committee



**PROFESSOR PAICHITRA
ROJANAVANICH**
Independent Director and
Chairman of the Audit Committee



MS. PRAKONG LELAWONGS
Independent Director and
Member of the Audit Committee



MR. PRACHA JAIDEE
Independent Director and
Member of the Audit Committee



**FIRST LIEUTENANT CHATRACHAI
BUNYA-ANANTA**
Independent Director and
Chairman of the Compensation and
Nomination Committee



MS. PANIT PULSIRIVONG
Independent Director and
Member of the Compensation and
Nomination Committee



**MR. PIYAPHONG
ARTMANGKORN**
Director



**MR. SUVAIT
THEERAVACHIRAKUL**
Director and CEO



MR. HATCHAPONG PHOKAI
Director



MR. ATIPON TANTIVIT
Director

EXECUTIVE MANAGEMENT



**MR. SUVAIT
THEERAVACHIRAKUL**
Director and CEO



MR. PONGSAK SABDASEN
Senior Executive Vice President,
President Office



**MR. KASEMSUK
CHONGMANKHONG**
Senior Executive Vice President,
Finance and Administration



MR. SAKCHAI KENGKIKOSOL
Senior Executive Vice President,
Operation



MS. YUPAPUN PARITRANUN
Senior Executive Vice President,
Internal Audit



MR. SOMBOON WONGRASSAMEE
Senior Executive Vice President,
Business Development



MR. SOMPHOL TRIOPONART
Senior Executive Vice President,
Sales Division



MR. APICHAT KAMOLTHAM
Executive Vice President,
Legal



MS. SUPISSARA THONGMALAI
Executive Vice President,
Marketing

MANAGEMENT

PRESIDENT OFFICE



MR. WIJARN HEEBPHORN
Assistant Senior Executive
Vice President, President Office



MR. SAKCHAI SUTHIPIPAT
Senior Vice President,
President Office



**MRS. CHANINCHORN
PREDEEPROMPAN**
Senior Vice President,
Strategic & Operation System
Management



**MR. CHAROON PUNYACHAT-
PORN**
Senior Vice President,
Project Management



**MISS DARARAT
HOMROSSUKHON**
Vice President,
Compliance and
Company Secretary

FINANCE AND ADMINISTRATION



MR. WERAWAT PHONGPHAYOM
Assistant Senior Executive
Vice President,
Finance and Administration



MR. SURAPON SENACHAKR
Senior Vice President,
Information Technology



**MISS KANCHANA
PANYARATTANAKUL**
Senior Vice President,
Finance



**MISS WANPEN
RUNGROJCHANATHIP**
Senior Vice President,
Accounting & Budget



MISS PATCHARIN PINTUNUN
Vice President,
Human Resources



**MISS GRISSANEE
DEJWORACHAI**
Vice President,
Procurement and
General Administration

MANAGEMENT

OPERATION



MR. SATAWAT LAKLAEM
Assistant Senior Executive
Vice President,
Operation



**MISS PRAIYAPORN
KHAENGRAENG**
Senior Vice President,
Service



MR. PURIM PRACHANTASEN
Vice President,
Engineering



**MR. PONGWIKARN
WISARUTCHOTIKUL**
Vice President,
Security Management



**MRS. CHATCHAMAS
LUENGSAKSRI**
Vice President,
Operational Audit



**MISS CHONLADA
NGAMNIKULCHALIN**
Vice President,
Management Audit

INTERNAL AUDIT



**MR. SOMBOON
PRASOBPIBOONSENIOR**
Vice President,
Business Development



MR. PONGTIP PONGKHAM
Vice President,
Business Investment

BUSINESS DEVELOPMENT

MANAGEMENT

MARKETING



MR. CHAIDOLE KRAIRIKSH
Vice President,
Decoration



MISS SUTHISA PUMPRADON
Vice President,
Marketing



**MISS WORAWEE
ANGSUTORNDARUPATT**
Vice President,
Corporate Communication



MR. APICHAT KAMOLTHAM
Acting Vice President,
Case & Juristic Person and
Juristic Act

LEGAL

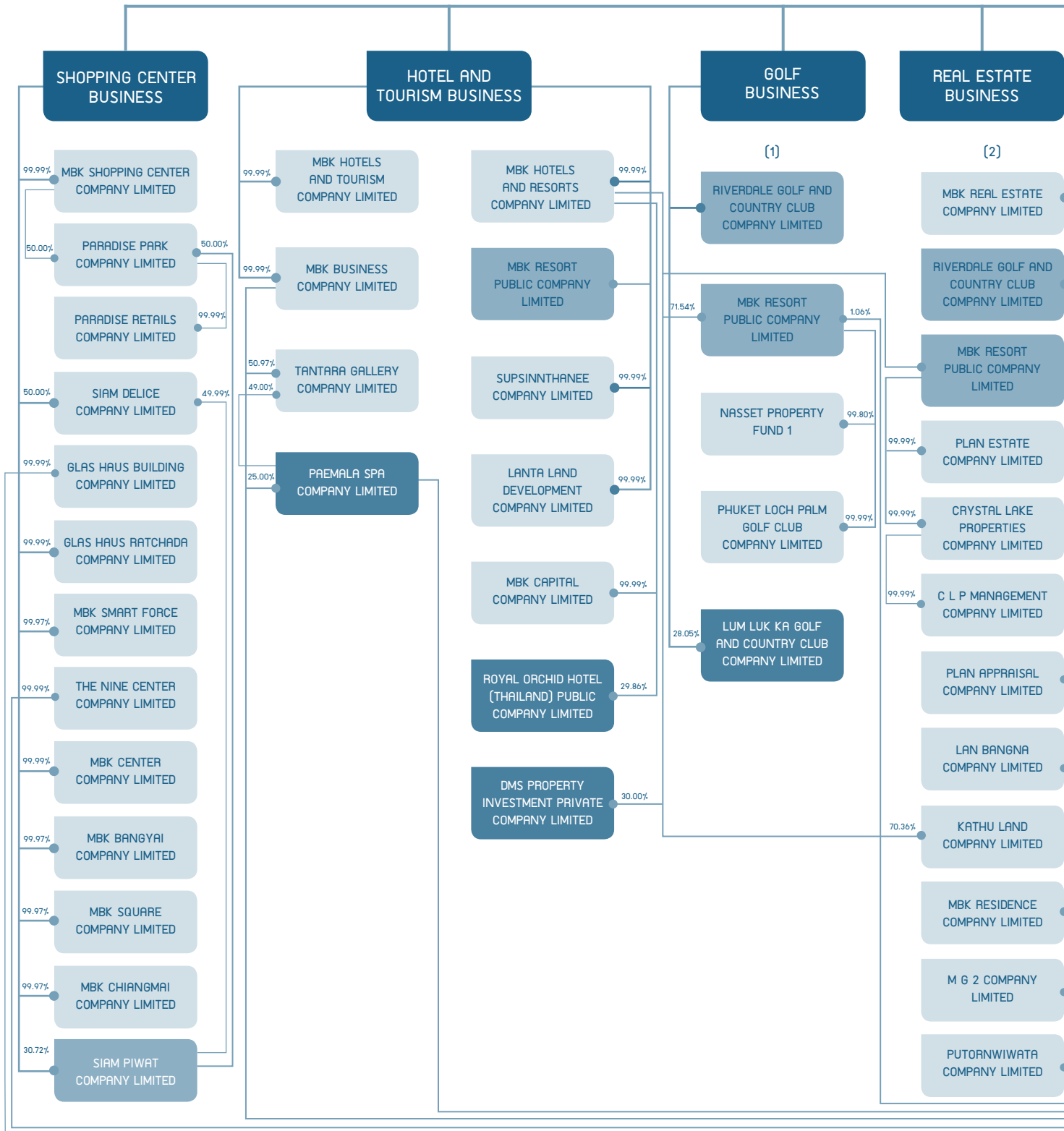


MR. UTHAI KAEWKORNPRADIT
Senior Vice President,
Sales

MARKETING

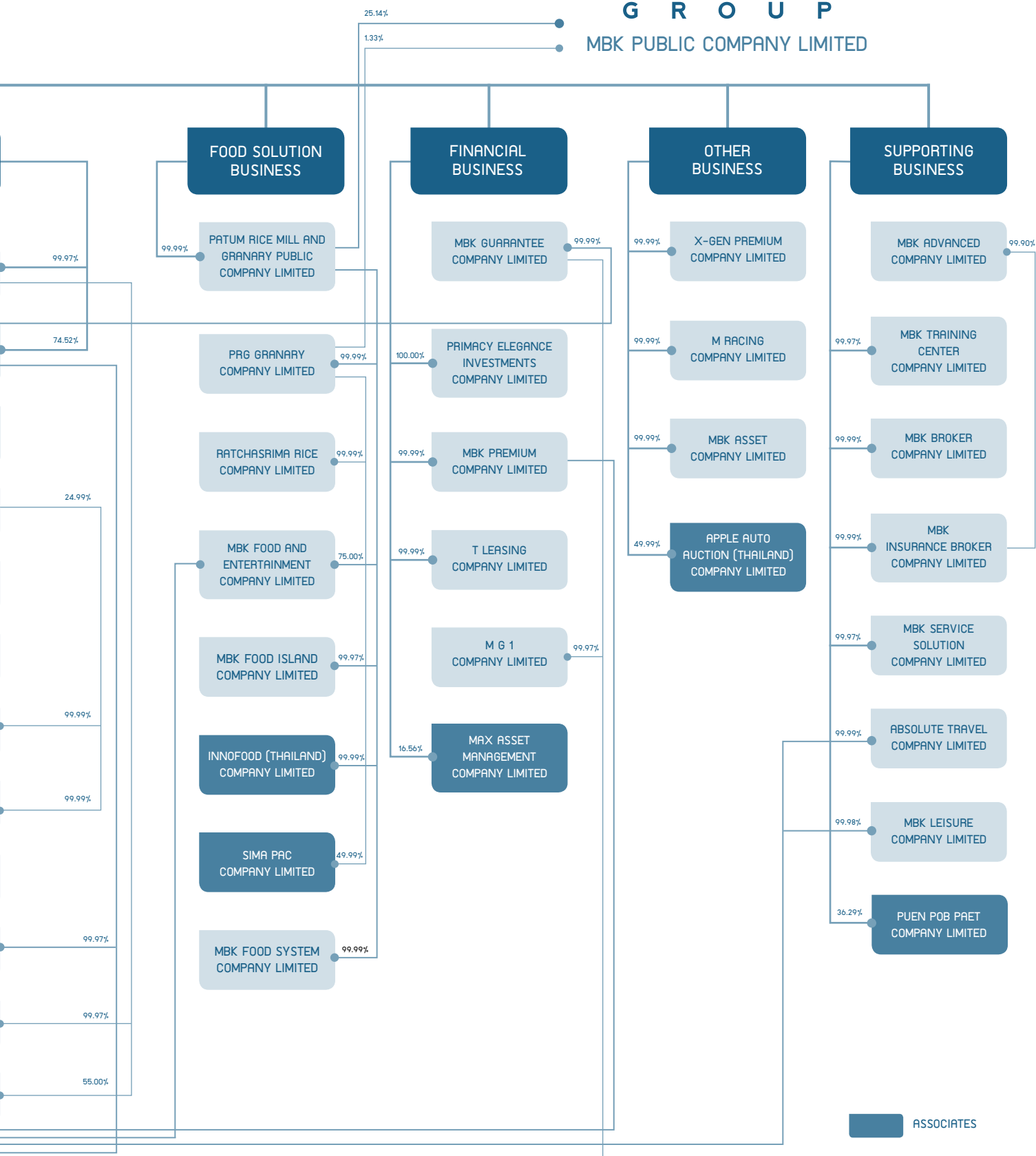
SHAREHOLDING STRUCTURE OF MBK GROUP

DECEMBER 31, 2013



MBK GROUP

MBK PUBLIC COMPANY LIMITED



VISION

A LEADING GROUP OF COMPANIES IN THAILAND,
WHICH PRODUCES ROBUST GROWTH,
CONCENTRATES ON INVESTMENT AND
ENGAGES WITH BUSINESSES
THAT GENERATE SUSTAINABLE RETURNS.





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Happiness for All



NATURE OF BUSINESS OPERATIONS



MBK Public Company Limited (“MBK”) and its subsidiaries are engaged in key businesses as follows:

1. **SHOPPING CENTER BUSINESS** is operated by MBK and its subsidiaries such as
 - The Nine Center Company Limited (“TNC”)
 - Paradise Park Company Limited (“PDP”).
 - Glas Haus Building Company Limited (“GHB”) and
 - Glas Haus Ratchada Company Limited (“GHR”)
2. **HOTEL AND TOURISM BUSINESS** are operated by MBK’s subsidiaries, with details such as:
 - MBK Hotels and Tourism Company Limited (“MBK-HT”),
 - MBK Hotel and Resort Company Limited (“MBK-HR”),
 - MBK Business Company Limited (“MBK-BUS”),
 - Supsinthanee Company Limited (“SSTN”) and
 - Lanta Land Development Company Limited (“LLD”).
3. **GOLF BUSINESS** is operated by MBK’s subsidiaries such as
 - MBK Resort Public Company Limited (“MBK-R”) and
 - Riverdale Golf and Country Club Company Limited (“RDGCC”).
4. **REAL ESTATE BUSINESS** is operated by MBK’s subsidiaries such as
 - Plan Estate Company Limited (“PST”) and
 - Crystal Lake Properties Company Limited (“CLP”).
5. **FOOD SOLUTION BUSINESS** is operated by MBK’s subsidiaries such as
 - Patum Rice Mill and Granary Public company Limited (“PRG”) and PRG’s subsidiaries.
6. **FINANCIAL BUSINESS** is operated by MBK’s subsidiaries such as
 - MBK Guarantee Company Limited (“MBK-G”) and
 - T Leasing Company Limited (“TLS”).

7. **OTHER BUSINESSES** are operated by MBK's subsidiaries such as
 - Apple Auto Auction (Thailand) Company Limited ("AAA"),
 - X-GEN Premium Company Limited ("X-GEN") and
 - M Racing Company Limited ("MRC").
8. **SUPPORTING BUSINESSES** is operated by MBK's subsidiaries such as
 - MBK Service Solution Company Limited ("MBK-SS"),
 - MBK Training Center Company Limited ("MBK-TC") and
 - MBK Broker Company Limited ("MBK-B")

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

YEAR 2013

- July 2013 MBK issued a new series of unsubordinated and unsecured debentures without bondholder's representatives in the amount of THB 1,700 million and THB 300 million respectively.
- September 2013 Pathum Rice Mill and Granary Public Company Limited (PRG), a subsidiary of MBK, established a new company named MBK Food System (MBK-FS), with investment proportions 60.00% to operate a food court business.
- November 2013 the Company established a new company named Putornwiwata Company Limited ("PTW") with investment proportions 55.00% to support the expansion of the Company.

SHOPPING CENTER BUSINESS

MBK CENTER

MBK Center is an integrated shopping center under the "One Stop Shopping" concept. It is located on an area of over 23 rai, comprising of a 20-storied office building, Pathumwan Princess Hotel building with 29 stories and an 8-storied shopping center. MBK Center operates a retail business with 140,000 square meters rentable area under management of MBK Public Company Limited.

AS OF DECEMBER 31, 2013

MBK Center Building has a total area of 270,802.75 square meters with space allocation as follows:

• Shopping center	142,358.31	Square Meters
• Office Tower	23,330.07	Square Meters
• Hotel	47,840.71	Square Meters
• Car park	57,273.66	Square Meters

THE DETAILS OF AREAS IN MBK CENTER BUILDING ARE AS FOLLOWS:

1. AREA FOR RENT INCLUDES THE FOLLOWING:

1.1 Shopping center area (MBK Center)	142,358.31	Square Meters.
These areas consist of:		
• Area rented out to shops	83,702.93 ¹	Square Meters
• Common area	58,655.38	Square Meters
1.2 Office area for rent (MBK Tower Building)		
Area from 9 th to 20 th Floors	23,330.07	Square Meters.
These areas consist of:		
• Office area for rent	15,687.15 ²	Square Meters
• Common area	7,642.92	Square Meters

¹ From January 1 – December 31 2013, the space in the shopping center decreased/increased by 8,861.86 square meters because a major tenant returned the space and the common area on the 3rd floor, zone D; 4th floor, zone B and C; 6th floor, zone A,B,C,D; and the decrease of area on 7th floor, zone D.

² The rental space on the 12th floor was returned from from Thanachart Capital Public Company Limited to be used as MBK's office area and Thanachart's rental space on the 5th floor was relocated to the rental space of MBK building resulting in the increase of common space.



2. Area not for rent includes the following:

2.1 Hotel area (Pathumwan Princess Hotel)	47,840.71	Square Meters.
These areas consist of:		
• Hotel guest rooms (29 floors)	26,127.61	Square Meters
• Common area	21,713.10	Square Meters
2.2 Car parking area	57,273.66	Square Meters

THE AREA RENTED OUT BY MBK CAN BE DIVIDED INTO TWO TYPES AS FOLLOWS:

1. **AREA FOR LONG-TERM RENT** with the rental period of over three years and the rental fees collected in advance is calculate into 21% of the area rented.

2. **AREA FOR SHORT-TERM** rent with the rental period ranging from one to three years and the rental fees collected monthly is calculate into 79% of the area rented.

MBK has already extended the long-term lease contracts in advance for a period of 10 years with the lessees whose contracts will expire in 2013. The term of the extended leases is the same as the term of the previous leases. The purpose is to enhance the confidence of the lessees in doing their businesses.

In 2013 there were renovations and adjustments of the space in MBK Shopping as follows:

- Renovated the security checkpoint on the 1st floor
- Replaced food and beverage stores on zone D on the 3rd floor to clothing stores; changed zone B and C on the 4th floor to mobile device shop area, which is more appropriate for the main purpose of that zone
- S.B. Furniture Shop replaced Camera Center in zone B on the 5th floor so that the area can offer more varieties that can satisfy customers' demands of this type of products.
- Renovated and expanded the office space on the 8th floor to be more convenient, modern and to support the increasing number of tenants

TARGET CUSTOMERS OF SHOPPING CENTER BUSINESS

1. **TENANTS RENTING SPACE FOR THEIR BUSINESSES IN THE SHOPPING CENTER** – These tenants include the following:

- **ANCHOR TENANTS** include entertainment service providers, movie theaters, bowling alleys, karaoke

rooms, mobile devices and accessories shops, furniture centers, international food courts, banking center, and camera centers. MBK selected a variety of tenants that offer products and services that match the demands of both local and foreign customers.

TOP 10 MAIN TENANTS AS OF DECEMBER 31, 2013	[UNIT: M ²]
1 SF Cinema City Development (Retail) Company Limited	15,843.87
2 Bangkok Tokyu Department Store Company Limited	12,000.00
3 S.C.P. Management Company Limited	8,342.97
4 Index Living Mall Company Limited	5,790.89
5 Pathumwan Light Company Limited	5,301.79
6 C & N Center Company Limited	4,367.36
7 MBK Entertainment Company Limited	2,631.99
8 A Group of Person Surachai and Chatchawal	2,066.07
9 Central Food Retail Company Limited	1,361.00
10 Power Buy Company Limited	838.72

- **RETAIL TENANTS** such as the retail shop. As well, these tenants have been carefully selected. The Company wants to make sure that their goods and their services are of good quality and varieties.

2. **CUSTOMERS AND PEOPLE WHO BUY THINGS IN THE SHOPPING CENTER** which include the group such as student, working person and tourism.

DISTRIBUTION CHANNELS OF SHOPPING CENTER BUSINESS

MBK makes use of the direct sales approach to promote the sales of rental areas in MBK Center. Offers are made to target groups which are stores capable of attracting customers to use services available in the shopping center as well as helping enhance the image of the shopping center.

During the past three years, there is not any tenant in MBK Center, who accounts for over 30% of MBK's total revenues.

COMPETITION IN SHOPPING CENTER BUSINESS

The retail business in 2013 was steadily growing. The total retail supply has a total area of about 6,570,604 square meters, an increase from the previous year by 5.9%. Most of the new supply from the first half of 2013 is from community malls. In the second half of the year, the new retail supply covers the space of 250,000 square meters – 132,000 square meters are occupied by shopping centers and 118,000 square meters by community malls.

The competition in Pathumwan, Rajaprasong, Plearnchit and Sukhumvit area is very high. It is the center of major retail businesses and shopping centers. The area is considered an economic center because it houses numerous office centers, residential spaces, and premium hotels. It is also a popular shopping destination of both Thai and foreign customers. This area is also under the development into becoming the shopping destination of the region, just like other world-class shopping destinations.

Because of the more aggressive competition, many entrepreneurs adjusted themselves to the change in the market as well as the rapidly changing lifestyles of the customers. Big investments were made in renovating and expanding spaces in shopping centers, adding facilities for convenience of customers such as pathways connecting with BTS stations. Shops and stores in the shopping centers were also changed to suitably satisfy the demands of customers and make the center more unique. In addition there were changes in their formal positions to support new customers, especially the increasing numbers of foreign customers with high purchasing power.

Amidst the intense competition, MBK Center still employs traditional marketing strategies such major discount fair and events. However, MBK Center focuses most on emphasizing its uniqueness. Products and services available in the center are carefully selected to satisfy the demands of all types of customers. The service is also improved for the utmost satisfaction of customers. As a result, MBK Center successfully retains their Thai customers and increase the number of foreign customers.



INDUSTRY TREND AND FUTURE COMPETITION OF SHOPPING CENTER BUSINESS.

Retail market in 2014 is expected to steadily grow. In the shopping center business, major entrepreneurs still invest in new projects and improve the existing ones. The expansion of investment in the future can be expected once the AEC is officially in effect. However, the downside of QE of the U.S. government bonds had negative impacts on stock markets worldwide including Thai stock market that could repel foreign investors, causing the loss of money circulated in the stock market and the depreciation of Thai Baht. The instability of political situations also affect the economic growth and domestic consumption as well as the decrease of foreign tourists, especially from Europe, Japan, Korea and many countries that are particularly more concerned with security issues. In spite of these circumstances, anyhow, it is expected that many entrepreneurs will be able to adjust to the changes and continue their businesses by releasing interesting promotions and campaigns to attract customers and arouse their purchasing back to the normal state.

The ASEAN Economic Community or AEC that is about to be in effect is considered a major factor for the market growth. Thailand will become the center connecting other member countries. Thailand is ready to be the economic, investment and tourism center of ASEAN. There will be people from other ASEAN countries moving in to do businesses, work, live or travel in Thailand, which will result in the expansion of market.

THE PROCESS OF REDUCING ENVIRONMENTAL IMPACTS

1. WASTEWATER TREATMENT (DEEP-SHAFT PROCESS)

Sine 1996 to present MBK Center and Pathumwan Princess Hotel have been using the Deep-Shaft process-type of wastewater treatment system which is the activated sludge process. The treatment, installed supplementarily from the original system which had been installed since the building was constructed, has used biological sludge as the main factor. The control of wastewater treatment as mentioned above has staff record all field data, report operational results regularly, and collect wastewater sample to operating room every month in order to examine water quality before discharge into public sewers. The company is able to have standard treatment as Building Type A and hires a contractor to sanitarily dispose the waste from the treatment process which is 2 tons a week.

2. TREATED WATER RECYCLING

MBK has a project to use recycled water which is former wastewater in order to use resources worthily by using reclaimed water in cleaning system to the floors, parking lots, and cooling tower system. Before using recycled water, there are the process of filtering to separate suspension through Sand Filter and adding Chlorine Dioxide as a disinfectant, so the water quality is suitable and safe for use. Particularly, the section used in cooling tower system has been collected water samples to the operating room to detect the Legionella Bacteria every four months. Consequently, these are the safe operation for indoor air quality of MBK Center by means of good corporate governance.

3. THE DETECTION OF TAP WATER QUALITY USED IN SHOPPING MALL

MBK is well aware of lessees and customers using safe tap water in shopping mall. As a result, the company has tap water quality detected every three months through randomly collecting tap water from various faucets and measuring drinking water quality once a year comparing to the drinking water standards of sealed containers which is always in the level of standard.

4. THE USE OF SANITIZING SPRAY OF AIR CONDITIONING SYSTEMS

At the present time, due to the fact that there is the spread of the 2009 Influenza A (H1N1) greatly apart from using air coil cleaners, air duct cleaning, and indoor air quality testing in Shopping mall every year. MBK Center included the following additional measures:

4.1 The use of sanitizing spray after cleaning air conditioners helps to reduce the accumulation of bacteria in air coils, air vents, and other parts.

4.2 The installment of sanitizing gel to always clean air conditionings in order to disinfect germs that is in the air effectively and continuously.

4.3 The use of ozone sterilizers in central areas and air conditioners helps to reduce the accumulation of bacteria in air coils, air vents, and other parts.

The shopping mall adopted the measures as mentioned above to reduce the cause of the spread of influenza and to create customer confidence.

5. CHILLER EFFICIENCY IMPROVEMENTS

At present, MBK Center has been gone under a major renovation of air conditioning systems by replacing 8 old model cold water dispensers which had been used for 24 years with new high efficiency, safe energy model water chillers. The installation was completed in April 2010 which helped the shopping mall save the electricity in May 2010 to 455,000 units. The company is expected to save the electricity 6 Million units a year regarding as the government great response in the conservation of energy. Moreover, the new model water chillers help preserve the environment in the matter of reducing Carbon Dioxide (CO₂) emissions that have contributed to global warming as well.

6. SUSTAINABLE ENVIRONMENT PROJECT

At present, MBK Center currently focuses on reducing environmental impacts and consequently there are 2 environmentally friendly projects as follows:

1. Pilot program increases energy efficiency and reduces greenhouse gas emissions by installing lighting energy savers (AVR machine: Automatic Voltage Regulator). Since 2012 MBK Center could reduce electric consumption to 430,770 units per year.

2. Heat pump and water cooling pump motor efficiency improvement project with 38 sets of high efficiency pumps, they have been used for 25 years. They control the amount of cooling water and chilled water of air conditioning system distribution inside MBK Center to reduce electric consumption inside the building. It is expected to complete within 2013.

7. ENVIRONMENTAL CONTROL MEASURE EXPENDITURES

The environmental control measure expenditures in the past five years are as follows:

- WASTEWATER TREATMENT SYSTEM AND RECYCLE SYSTEM**

(The data ends at 31st December 2013) (Unit: Baht)

YEAR	WASTEWATER TREATMENT SYSTEM			RECYCLE SYSTEM			TOTAL
	ELECTRIC EXPENSES	MAINTAINANCE EXPENSES	TOTAL	ELECTRIC EXPENSES	MAINTAINANCE EXPENSES	TOTAL	
2009	3,325,403	1,730,341	5,055,744	114,720	180,917	295,637	5,351,381
2010	3,475,525	1,789,027	5,264,552	125,082	243,846	368,928	5,633,480
2011	3,237,825	2,275,174	5,512,999	174,500	149,238	323,738	5,836,737
2012	3,142,922	2,662,847	5,805,769	72,030	273,197	345,227	6,150,996
2013	4,041,236	1,146,160	5,187,396	84,505	681,820	766,325	5,953,721

- EXPENSES OF AIR CONDITIONING SYSTEM AND VENTILATION SYSTEM ARE AS FOLLOWS:**

Air conditioning adjustment, use of gel and disinfectants in air conditioners, ozone disinfection and increasing the cleaning frequency of air handling unit

(Unit: Baht)

YEAR	AIR CONDITIONING SYSTEM					AIR VENTILATION SYSTEM	TOTAL
	AIR QUALITY AND LEGIONELLA BACTERIA MONITORING EXPENSES	GEL AND DISINFECTANT EXPENSES	OZONE STEAM TO KILL BACTERIA	CENTRAL AIR HANDLING UNIT AND DUCTS CLEANING EXPENSES	CHANGE OF WATER COOLER EXPENSES	AIR TO AIR IMPROVEMENT EXPENSES	
2009	136,960	171,200	205,440	516,500	-	4,654,500	5,684,600
2010	261,600	60,000	-	737,000	99,000,000	-	100,058,600
2011	84,000	27,100	-	716,220	-	-	827,320
2012	280,340	30,446	-	2,280,078.80	-	-	2,590,864.80
2013	273,540	74,686	-	1,301,280	-	-	1,649,506

8. RESULT OF PERFORMANCE FROM 2008 TO PRESENT

- 8.1 MBK Center was able to manage wastewater treatment system whose standards are in accordance with those applicable to the type A building in every parameter (8 Parameters) from 2007 onwards.
- 8.2 Tap water and drinking water measurements standardized the standard of drinking water in sealed container and non-contamination by microbes that cause digestive system disease.
- 8.3 Cooling tower water system measurements didn't find any Legionella Bacteria in the air conditioning system.

9. ENVIRONMENTAL CONFLICT

- None -



PARADISE PARK

NATURE OF BUSINESS OPERATION

Paradise Park manages a long-term and short-term lease shopping mall business whose focus is on management to earn from renting out shopping area to entrepreneurs, earn from renting out space for billboards, earn from new product launch activities etc. Moreover because Paradise Park has core management intent to let Paradise Park become continuously popular in a short time Paradise Park has core management intent to let Paradise Park become continuously popular in a short time and includes building a healthy relationship with small and big tenants to manage a business with good performance. That will have an effect on rental fee, which will increase in next term of contracts and to increase income in a long term.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

Paradise Park is a shopping center that focuses on the excellent service quality. Its strength, in comparison with other competitors in the same area, is the service of security staff, PR staff and cleaning staff, as well as other facilities. In order to enhance satisfactory services, the Lady Parking service is also added in the facilities of the center in the past year.

CHANNELS OF DISTRIBUTION OF SHOPPING CENTER BUSINESS

Paradise Park finds a tenant by emphasizing on selecting products and stores to meet the concept or the shopping center's zoning which comprises of food business groups, fashion, banks, educational institutions, IT and mobile phones, cosmetics, beauty clinics, jewelry, service groups, pet stores and other businesses. Paradise Park will select a store with a leading brand, quality products or above the standard in the business.

COMPETITIVE OF SHOPPING CENTER BUSINESS

In 2013 there were competitions from the following competitors:

1. SEACON Square has renovated its appearance by using LED light decoration and changing the front area into an all-purpose area decorated with fountains to make it more lively and colorful.
2. Central Bangna is in the process of renovating the space inside the center and adding more brand-name tenants such as Topshop and Coach. The space is also managed into separate zonings – banks are moved to the third floor, for example. Some parts of the center are still undergoing the renovation process. However, once the renovation is completed, it should attract more customers from Bangna and Srinakharin areas.

3. Train Market is moved from Chatuchak to Srinakharin area, next to SEACON Square. The feedback for the market is considerably satisfactory. Most of their customers are teenagers. The market consists of two zones – shops and outdoor stalls. Shop zone is open daily, except Mondays, from 16.00-23.00. The outdoor zone consists of stalls under outdoor tents. There are approximately 500-700 stalls. Initially the zone was open from Friday to Sunday only. In October, it is also open on Wednesday. As a result, there is traffic congestion on Fridays to Sundays because the road to the market is a one-way road with two lanes. It has a direct effect on SEACON Square, especially the parking space. Consequently, SEACON Square has to shut down the parking zone that is adjacent to the train market. SEACON's customers also need to take more time to travel in and out of the center because of the traffic outside. However, Paradise Park is still not directly affected by the market.

THE PROCESS OF REDUCING ENVIRONMENTAL IMPACTS

1. WASTEWATER TREATMENT

The Paradise Park Shopping Center has been using the Activated Sludge process (AS), a water treatment method, in Building 1 and the Sequencing Batch Reactor (SBR), an activated sludge process designed to operate under non-steady state conditions, in building 2 and 3 after a complete renovation in June 2010. The use of two types of wastewater treatment relates to the volume of wastewater in each building - wastewater volumes of building 1 of 500 cube meter per day, wastewater volumes of building 2 and 3 of 1,500 cube meters per day.

Operating and controlling wastewater treatment, the Paradise Park Shopping Center has all data recorded, the operational results reported regularly, water samples collected to the operating rooms every month for water quality tests. The shopping mall is able to have standard treatment as Building Type A (Reference the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535)

1.1 Waste occurring due to wastewater treatment

The total amount of waste of three buildings is 500 kilogram per week and the shopping center hires a contractor to sanitarily dispose the waste.

1.2 Outdoor air quality owing to the cooling tower system

The cooling tower system is a part of the water cooling system to blow the cool wind in the shopping center. The engineer department has monitored the Legionella bacterial contamination in the system. As a result, they have collected water samples from cooling tower to the operating room for Legionella bacterial detection three times per year.

1.3 Indoor air quality

The Paradise Park Shopping Center renovated the indoor environmental quality through designing to install the aspirating aerators and cleaning the supply air ducts in central area and shops in order to remove dust, bacteria, and other microbes that accumulates in the supply air ducts to improve indoor air quality via the operating plan every three years.

1.4 Indoor tap water quality

The Paradise Park Shopping Center has operated to measure tap water quality in several points of the buildings comparing to the drinking water standard through the operating plan every 12 months.

2. THE ENVIRONMENTAL BUREAUCRACY'S MONITOR

Related Agencies are responsible for monitoring owners of premises to work on the environmental impacts due to premises activities compliance with the standard and building control regulations. The bureaucracies that the Paradise Park has cooperated with are namely:

- 2.1 Pollution Control Department, Ministry of Science, Technology and Environment
- 2.2 Department of Health, Ministry of Public Health
- 2.3 Water Quality Control Division, Bangkok

3. SUSTAINABLE ENVIRONMENT PROJECT

Paradise Park Shopping Center has always operated its business with the concern for environmental impacts. Apart from its focus on wastewater treatment, waste management, and air quality as mentioned above, the center also

emphasizes on energy reservation project that can reduce the environmental impact. In the past year, there was a decrease of power used in parking spaces by 3,072 units per month or 36,864 units per year. Power reduction was done without impacting the customers. In 2014 the center plans to replace T5 light bulbs to 1,000 LED light bulbs. It is expected to decrease up to 10,080 power units per month or 129,060 units per year.

THE NINE CENTER

NATURE OF BUSINESS OPERATION

The Nine Center offers rental spaces within the mall, consisting of:

- | | | |
|--------------------|--------|---------------|
| • Office buildings | 8,979 | Square Meters |
| • Retail buildings | 12,131 | Square Meters |

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

- None -

CHANNELS OF DISTRIBUTION OF SHOPPING CENTER BUSINESS

Selling rental spaces within the Nine Center directly offer to sell to target tenant group who has a store by selecting a store with products or service attracting customers to use the services in the shopping mall.

COMPETITIVE OF SHOPPING CENTER BUSINESS

1. DIRECT COMPETITORS

No direct competitors (Due to 10 Kilometers radius having no a community shopping mall)

2. INDIRECT COMPETITORS

A nearby shopping center is Central Rama 9, which is a big shopping center in Central Group. It is located on Ratchadapisek Junction, 8 kilometers from the Nine Center. It was officially open on December 14, 2011. The target customers are the ones who live on Ratchadapisek Road. The Nine Center's target customers on Rama 9 Road mostly prefer convenient transportation and want to avoid traffic jam. So customers from Rama 9, Ramkhamhang, Srinagarindra and Suan Luang areas still come to the Nine Center continuously. Therefore, the opening of Central Rama 9 did not affect the number of customers coming to the Nine Center very much.



3. THE ENTRY OF NEW COMPETITORS

A-LINK THONGLOR – RAMKHAMHAENG is a new shopping center operated by Airport Link Square Company Limited and located on Ramkhamhaeng Road. The construction was finished and the center was officially opened in Q2 or April 2013. A-Link Square can support up to 113 shops and is divided into different zones – 38% for restaurants, 18% for fashion shops, 13% for lifestyle shops, 10% for beauty parlors, clinics and spa, 6% for banks and banking services, 9% for café and bakeries, 3% for minishops and 3% for supermarkets.

THE KURVE 7 SHOPPING CENTER is a community mall in the neighborhood mall type. It covers the area less than 6 rai and is located in the middle of Krungthep Kreet 7. It focus on renting out the space for restaurants and beverage shops in order to offer more varieties of food and beverages to customers. The proportion of restaurants against non-restaurant stores is 80:20.

4. INTERNAL ENVIRONMENT

The Nine Center is located on Rama 9 Road. To the south it is adjacent to Rama 9 Road and Soi Rama 41 to the east. It consists of 9 buildings in 2 formats: retail space and office space. The rental space comprises of more than 80 shops from various professional business operators such as restaurants, coffee shops, bakeries, educational institutions, beauty salons and activity zone designed to support various types of marketing activities in every season. There is also convenient parking space. The shopping center emphasizes on the selection of outstanding restaurants and the offer of impressive atmosphere for customers. ABAC Poll Research Center revealed the result from the survey on opinions of people in Bangkok on community malls. The survey showed that during the past 3 months people who lived in Bangkok went to a community mall at least once a month to dine or meet with friends. The reason they selected a community mall was that it was close to home, which is a more important factor than having a complete range of modern products and services. People decide to go to community malls because they are located in a location with convenient access.

The image of a community mall is different from a normal department store or shopping center. It is not more unique in terms of having consumer products or fashion products such as clothes, bags, shoes and accessories. On the contrary, a community mall has a more outstanding image as a meeting point and a place to eat.

After 2 years opening in August 2013, the Nine Center held a “The Two-Year anniversary” celebration from August 8-31, 2013. The number of customers increased comparing to the same time in 2012. Later, organizers, people interested in rental spaces and the media are interested in arranging activities in the Nine Center continuously. The Nine Center became the most popular among the same types of shopping mall because of its green atmosphere, beautiful design, ability to meet the demands of the locals and innovative marketing activities. The Nine Center supports the purchasing power of customers in Eastern Bangkok, being the new meeting points for people of every lifestyle and a place of your relaxation.

THE PROCESS OF REDUCING ENVIRONMENTAL IMPACTS

THE CURRENTLY ENVIRONMENTAL CONSERVATION AND PRACTICES

The Nine Center is aware of the possible environmental impacts on people living around the center. Therefore, to follow the principles of Good Corporate Governance, the center has initiated the following projects:

1. WASTEWATER MANAGEMENT

The Nine Center has installed Wastewater Management System, which is the activated sludge process that uses microorganism sediments as the main treatment. Samples of wastewater are tested in a laboratory every month to ensure the quality of water before being released to public. The Nine Center has also hired a professional contractor to remove and eliminate the excess sludge by a sanitary method.

2. WATER SUPPLY QUALITY

The Nine Center has hired a team of experts to collect sediment samples from two water tanks to measure the quality of water supply and compare it to the standard of drinking water. The process is done once a year.

3. PEST CONTROL

The Nine Center has set a policy to control vectors within the center and prevent its effect on the neighboring communities. It is also one of the attempts to follow the Good Governance principle. There has been an integrated pest monitoring training (IPM) for tenants of the center.



GLAS HAUS BUILDING COMPANY LIMITED

NATURE OF BUSINESS OPERATION

Glas Haus Building Company Limited was firstly listed on June, 16 1988 in the name of P Estate Company Limited and changed the listed name to Banchang Glas Haus Company Limited on August 21, 1992 and changed the name for the last time to Glas Haus Building Company Limited on August 27, 2000 to the present. Glas Haus Building Company Limited has been established for approximately 25 years and *MBK Public Company Limited*. MBK holds 99.99% shares on May, 25 2007. Glas Haus Building Company Limited manages “real estate leasing” business which has a long-term and short-term rent building. Its main income is from leasing areas for locating an office for several businesses and including embassies’ location such as Embassy of Argentina and Peru. The main income is also from a parking service which focuses on office tenants. Glas Haus Building is operated by MBK Square Company Limited.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

In 2013 Glas Haus Building Company Limited renovated its building by repainting the parking lot and walls on the hall area of zone G so that they are brighter and look clean and beautiful. Twenty CCTVs are also installed to increase more security. The entry and exit road was renovated by adding more plants along the way. Air conditioning system was also upgraded to be more efficient and make the building even more pleasant.

CHANNELS OF DISTRIBUTION OF SHOPPING CENTER BUSINESS

Glas Haus Building Company Limited aims at foreign tenants that need an office space between 100-200 square meters during the beginning of their business investment in Thailand. The company expects that words of mouth will help increase the number of tenants.

COMPETITIVE OF SHOPPING CENTER BUSINESS

The occupancy rate in 2013 exceeded the target. In 2012 the occupancy rate was 63%. In Q4 of 2013 it is expected that the occupancy rate will be 97% because of new foreign tenants that just start a business in Thailand.



INDUSTRY TREND AND FUTURE COMPETITION OF SHOPPING CENTER BUSINESS.

In 2014 there will be new office buildings in construction such as The Nine Building on Rama 9 Road or Emporium Building on Sukhumvit Road. There will be more competitions for Glas Haus Building. It needs to retain the old tenants by improving its service for the utmost satisfaction of customers.

THE PROCESS OF REDUCING ENVIRONMENTAL IMPACTS

Glas Haus Building Company Limited is aware of the importance of the best security measure for tenants as well as the responsibility towards environment and community. So the following measures are adopted in the building's facilities.

- **WATER SUPPLY SYSTEM:** There is a test of the quality of water and waste water every year for the safety of tenants.
- **AIR CONDITIONING SYSTEM:** There is a test of the bacterial contamination in the cooling tower twice a year in order to find Legionella Bacteria that could affect the respiratory system.
- **SECURITY MEASURE:** There were installations of the following security equipments:
 - Automatic Fire Extinguishing System such as Sprinkle System
 - Fire Warning System on every floor
 - Standpipe System to store water and Inlet Valve
 - Handheld Fire Extinguishers
 - Emergency Light System along the fire escape route
 - Lightning Prevention System
 - Floor plan indicating the location of each room attached in the front of elevators on every floor
 - Smoke Control System to prevent smoke to spread to other floors

GLAS HAUS RATCHADA COMPANY LIMITED

NATURE OF BUSINESS OPERATION

Glas Haus Ratchada Company Limited was firstly listed on June 8, 1990 in the name of Korat Thani Company Limited and changed the listed name to Glas Haus Ratchada Company Limited on July 30, 2010 to the present. Glas Haus Ratchada Company Limited has been established for approximately 23 years, and MBK holds 99.99% shares on July 1, 2005. Glas Haus Ratchada Company

Limited manages “real estate leasing” business which is a leasing office building. The office building is located on Ratchadaphisek Road near MRT. Glas Haus Ratchada Building is an office building for both long-term and short-term rent, its main tenant is a bank. It focuses on tenants of office spaces for various businesses. The open space around Glas Haus Ratchada Building is also open for auto auction events and retail shops. The glass pane around the building is also available for advertising.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

In 2013 some spaces within Glas Haus Ratchada Building was changed into retail spaces. The parking area was also added roofs because of the increasing number of customers. Also, in 2013, the parking fee was increased in accordance to the rate of other parking spaces in the area.

CHANNELS OF DISTRIBUTION OF SHOPPING CENTER BUSINESS

At present, Glas Haus Ratchada Building is fully 100% rented which Thanachart Bank is a tenant rents 99% the bank tends to extend the lease to 3 years. However, the company launches the website to promote and publicize Glas Haus Ratchada Building’s details such as area sizes, example areas and advertising areas in order to access to information of people who want office building spaces in Ratchada zone.

COMPETITIVE OF SHOPPING CENTER BUSINESS

At the moment 100% of the space within Glas Haus Ratchada Building is occupied by Thanachart Bank. Glas Haus Ratchada Building realizes that Ratchada Road has an increasing number of office buildings to relieve the density in the A area. Moreover, the communication and transportation nowadays is more convenient while there are also more shopping center open on Ratchada Road as well as condominium buildings. Therefore, in the future, there should be more demands of rental space on this road.

At the same time there are more competitions in the office space business on this road. There are new buildings being constructed during the past 1-2 years such as Cyber World Tower, a skyscraper with office building for rent. The new Central Department Store on Rama 9 junction also has its top floors available for rent. So, in the future there will be more competitions on Ratchada Road.

THE PROCESS OF REDUCING ENVIRONMENTAL IMPACTS

Glas Haus Ratchada Building is aware of the possible environmental effects on the area around the building. The Company also has a policy that focuses on the environment.

MEASURES AGAINST ENVIRONMENTAL EFFECTS OF GLAS HAUS RATCHADA BUILDING

- **EFFECT FROM WASTES**

At present Glas Haus Ratchada Building has separated dangerous waste, such as light bulbs, from normal waste and hired Din Dang District Office to get rid of those wastes.

- **EFFECT ON WATER**

Glas Haus Ratchada Building realizes the importance of the water system of the building including the system to release waste water from the building and the water supply system. The building has checked the quality of water in every 12 months to make sure it is up to the standard of drinking water. The building also informs the tenant to add more water filters on every floor. As for the waste water, Glas Haus Ratchada Building has treated the waste water before releasing it out of the building. At the same time the building will test the quality of the waste water before releasing it to the public system in every 12 months. Glas Haus Ratchada Building also hires Din Dang District Office to either get rid of or recycle the residues from waste water.

- **EFFECT FROM NOISE**

In order to prevent the problem from noises within the office of the tenants, Glas Haus Ratchada Building has set up a maintenance plan for machines installed on each floor so that there will be a minimum of noises interfering the work of the tenant.

- **EFFECT FROM AIR**

Glas Haus Ratchada Building has used the Cooling Tower System and the water cooling system. The engineering department of the building is well aware of the importance of the monthly cleaning of the air cooling ventilation system and the lab test of the quality of the cool water that is distributed into the system. The building also has a fresh air ventilation system within the building so that the tenant will have quality air. At the same time there is a system to release polluted air out of the building. Glas Haus Ratchada Building has also has a measure to control the burning of any materials or trashes within the building in order to prevent any direct effect on the environment.

HOTEL AND TOURISM BUSINESSES

HOTEL BUSINESS

Hotel business is operated by MBK Hotels and Tourism Company Limited (“MBK-HT”), MBK Hotel and Resorts Company Limited (“MBK-HR”), MBK Business Company Limited (“MBK-BUS”), Supsinthanee Company Limited (“SSTN”) and Lanta Land Development Company Limited (“LLD”). The hotels which have been opened for business include the following:

1. Pathumwan Princess Hotel, Bangkok, is operated by MBK-HT. It has been opened for business since 1996.
2. Sheraton Krabi Beach Resort, Krabi Province, is operated by STARWOOD. It has been opened for business since early 2003.
3. Tinidee Hotel@Ranong (formerly Royal Princess Ranong Hotel), Ranong Province, is operated by MBK-HT. The hotel was already in operation before MBK acquired shares in SSTN on August 20, 2002.
4. Tinidee Inn, located in the same area as Tinidee Hotel@Ranong, is operated by MBK-HT. The hotel is opened since April 2011.
5. Tinidee Hotel@Phuket is located in Phuket province, is operated by MBK-HT. The hotel is opened since November 2010.
6. Layana Hotel is located on Lantayai Island in Krabi Province, is operated by MBK-HT. The hotel has already been open before the takeover from MBK in April 2011.

MBK-HT was founded in 2010 to manage associated hotels and offer hotel management service to hotels in Thailand and abroad. In addition to managing associated hotels as defined above, MBK-HT also manages a club House inside the Riverdale Golf and Country Club, the Loch Palm Golf Course and the Red Mountain Golf Course since September 2011.

PATHUMWAN PRINCESS HOTEL

Pathumwan Princess Hotel is located in Bangkok and operated by MBK-HT. The hotel has commenced operations since 1996. The hotel offers services in several areas accommodations such as 455 non smoking guestrooms, the banquet rooms, the seminar rooms and the restaurants, the meeting rooms, the fitness center and the spa.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

In 2013, Pathumwan Princess Hotel had made many modifications, which are as follows:

- Improved changing rooms for customers at swimming pool with a budget of THB 1.37 million started from 15 August 2013 to 30 September 2013.
- Renovation of 2nd floor Kongku Korea restaurant with a budget of THB 2.72 million started from 07 October 2013 to 25 October 2013.
- Sample room No.2920 was installed a jacuzzi whirlpool, SKY JACUZZI PACKAGE with a budget of THB 380 thousand started from 08 November 2013 to 22 November 2013
- Marketing : Marketing plans of the group in 2013
 - Aiming to promote sales in the potential Asian market such as China and India’s middle to high class market and also including the sale policy adjustment to the Middle East market consistent with the main structure of the hotel.
 - Maintaining the stability and requirements of the major markets including Australia, Singapore and Southeast Asia countries by creating a promotional plan and sale-promotion plan periodically.



- Reduction of the price structure of the market in the European zone, Scandinavia and England consistent with the competitive conditions in the market. Aiming to increase the food and beverage consumptions from these markets.
- Aiming to offer more sale presentations of catering, conferences, seminars, MICE and Incentive Group by renovating and increasing the number of seminar rooms in the hotel.
- Improving the appearance of the hotel's website to be more modern, convenient and easier to book a room and considering the use of Booking Engine to be more compliant with the competitive conditions.
- Optimizing the increasing use of online media and developing Digital and Social media system.
- Developing and improving Customer Relation Management system and focusing on the importance of Repeating and Loyalty guests.
- Promoting and developing the sales of catering and seminar trips.
- Linkage and allying to join a promotional sale with shopping centers and local department store.
- Sale promoting and creating Golf Packages with Riverdale Golf and Country Club Company Limited.
- Planning activities and events to promote the hotel's image and reputation

TARGET CUSTOMERS OF PATHUMWAN PRINCESS HOTEL

Main Customers are travelers from Australia, Singapore and Europe as these countries still have strong potential in terms of financial and economic growth.

MINOR CUSTOMERS

- Customers that have certain traveling season of the year such as customers from Scandinavia, Indonesia, Malaysia and Customers from Middle East.
- Customers that use hotel services less but have the efficiency in paying such as China, India, Japan and Eastern European countries America

CHANNELS OF DISTRIBUTION OF PATHUMWAN PRINCESS HOTEL

Pathumwan Princess Hotel has established the following channels of distribution:

- Selling directly to companies and commercial establishments
- Selling through local travel agents and overseas tour operators in different regions of the world
- Selling through electronic media or website by focusing on hotel's website

- Selling through leading airlines' systems
- Selling through press, advertisement and public relations
- Selling during tourism promotion events
- Selling through the hotel's network channels, i.e. those of the Dusit Princess Group
- Direct sales to government sector, public enterprise and other associations.
- Selling through partners
- Preparation package with affiliated businesses.

COMPETITION OF PATHUMWAN PRINCESS HOTEL

In 2013, a hotel business in Bangkok, especially around Pathumwan Princess Hotel, was adversely affected by the increasing number of rooms. The ratio of occupancy is behind the increasing number of rooms and impacts a very fierce price competition. However, due to its recent renovations on the guests room and the conference rooms, accompanied by good location and an increase in the quality of good services. Focus on selling through the Internet, including social media which reach customers faster and more popular nowadays.

In 2013, the hotel added more varieties to its food service by opening two new Chinese restaurants – on traditional Chinese restaurant and one Hot Pot restaurant. The new restaurants aim to support customers from Singapore and Hong Kong as well as European customers that like Chinese food. The new restaurants have received very good feedbacks.

Pathumwan Princess Hotel was still able to attract tourists from the main target group. Owing to these reasons, the hotel was able to maintain the market share when compared with its competitors.

PATHUMWAN PRINCESS HOTEL'S INDUSTRY OUTLOOK AND COMPETITIVE IN THE FUTURE

The factors which impact to Pathumwan Princess Hotel's industry outlook and competitive in the future are as follows:

- Since overall global economy has not recover from last year causes tourist to change their spending behavior. This make tourists spend less on travelling. Therefore, the hotel has offered many packages that can help customers control their travelling budgets.
- The country's politics In the last quarter with government protests that affect the number of tourist arrivals in Thailand including the cancellation of their stay.
- There are quite a number of new hotels in bangkok which increased the number of available guest rooms, especially Sukhumvit and Rama 1 Road area.
- Airline starts new route by providing direct flight to other provinces. This allow tourist to reach their destination in other province without having to stopover in Bangkok.
- Environmental problems, traffic jams and pollution
- Stronger Thai baht

ACTIONS TAKEN BY PATHUMWAN PRINCESS HOTEL TO REDUCE THE IMPACT ON THE ENVIRONMENT

Pathumwan Princess Hotel has the same environmental protection measures as those of MBK Center since the hotel is located in the same building of MBK Center (see details on Page 22).

SHERATON KRABI BEACH RESORT

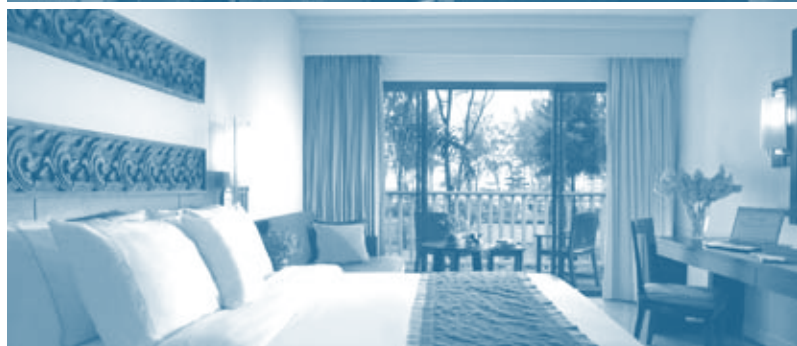
Sheraton Krabi Beach Resort Hotel is located in Krabi Province and operated by MBK Hotels and Resorts Company Limited ("MBK-HR"). The hotel has opened since 2003 and offers an accommodation for 240 rooms, the restaurants, the fitness center, the recreation room, the seminar rooms, the banquet rooms and the spa.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

Sheraton Krabi Beach Resort Hotel in 2013 had several changes as follows:

IN SALES AND MARKETING

- The corporation with Indian travel agents and wedding studios as well as advertisements in Thailand Wedding Brochure of Tourism Authority of Thailand in India allowed for the expansion of Indian customers that want to have a wedding ceremony in Thailand in December 2012. In May 2013, the hotel was reserved for Indian wedding parties again and could generate approximately THB 9 million in income.
- The promotion with STUDIO SUITE WITH POOL achieved its target with Korean honeymoon couples in 2012, making the reservation in 2013 increased up to 60 room nights.
- The promotion with Krabi province, which is the new beach destination, and with Russian travel agents increased the FAM TRIP up to 40 groups in 2013.
- The alliance with booking.com and Agoda to expand the customer base via social media still continues from 2012.
- There was a continued agreements and sales strategies with German, UK and Scandinavian markets to encourage advance reservations during high and peak seasons.
- The new website THEROMANTICTOURIST.COM was created to support wedding and honeymoon parties from UK. As a result there were 2 wedding parties from UK and 10 parties from Norway in 2013.
- There were special offers to embassies selected from the TOP 10 GEOGRAPHIC SOURCE in order to familiarize them with the hotel and be recommended for future international conferences.
- The hotel participated in international sales and promotion events organized by Tourism Authority of Thailand and STARWOOD in Singapore, Malaysia, Hong Kong, China, Korea, India, Russia and Ukrain.
- The hotel participated in “Thailand Travel Expo” to stimulate FIT domestic market.
- The hotel sponsored the 2nd KRABI ADVENTURE RACE and earned approximately THB 1.5 million in revenue from room reservations from foreign competitors and guests.
- The hotel was collaborating with the furniture department of CENTRAL WORLD and was advertised in all the marketing channels of CENTRAL WORLD including Home and Garden magazine and THE ROOM magazine.
- The hotel sponsored prizes for JUNIOR MASTER CHEF THAILAND broadcast on Channel 3 as an effort to promote sales.



- TRUE VISION ช่อง 89 และ 50 The hotel welcomed the travel programs from TRUE VISION channel 89 and 50 to shoot inside the hotel as an effort to promote sales.
- In order to promote sales and be introduced in the American market, the hotel welcome the crew of an American TV program to shoot a program about Hangover Part 2 movie which would be broadcast in 86 households across the U.S. (the minimum PR value is THB 2,560 million)
- The hotel sponsored prizes for Krabi FM98 radio station in the “CLICK TO LOVER STORY HAPPY VALENTINE 2013” campaign and the station would play the hotel jingle at the beginning of every hour and during the interview session starting from January 24- February 21, 2013 and the interview session on every Thursdays on 16.00-17.00 and rerun on Saturdays and Sundays on 13.00-14.00.
- The hotel sponsored prizes for Thai edition of NATIONAL GEOGRAPHIC magazine and advertised in the magazine, its website and its Facebook page.
- The hotel sponsored prizes for the 16th anniversary issue of CLEO magazine and advertised in CLEO magazine in the March, May and JUNE issue as well as in its website.
- The hotel sponsored prizes for ELLE DECORATION magazine for its “FABULOUS STAY BY THE BEACH” campaign and advertised in ELLE DECORATION magazine.
- The hotel sponsored prizes for BRIDE magazine in its “HONEYMOON PLACE” campaign and advertised in BRIDE magazine and its Facebook page.
- The hotel sponsored prizes for CANCER COUNCIL NSW, Australia.
- The hotel was promoted in the Korean magazine “WEDDING 21 MAGAZINE” a wedding and honeymoon destination for Korean couples who like beaches and luxurious hotel rooms and villas.
- The hotel was promoted in LIFESTYLE AND TRAVEL magazine, which is a supplementary issue of BANGKOK AIRWAYS.
- The hotel sponsored prizes for the 32nd anniversary issue of “Woman” magazine and was advertised in the “I LOVE WEEKEN MUST LIST TO GO” campaign o the “Woman” magazine.
- The hotel collaborated in a promotion with CITIBANK Thailand and was advertised in the marketing channel in AROUND MAGAZINE, its website and CITIBANK: SPECIAL PROMOTION.
- The hotel collaborated with COLGATE Thailand and was advertised on the Facebook page of COLGATE Thailand.
- The hotel collaborated in a promotion with CENTRAL THE 1CARD and was advertised on MRT billboards.
- The hotel collaborated with PLATINUM M CARD and was advertised in PRIVILEGE BOOK 2013 and its website.
- The hotel collaborated in a promotion with AMERICAN EXPRESS – BUSINESS SAVING PLAN 2013 and was advertised in the AMERICAN EXPRESS BOOK.
- The hotel participated in the promotion of THAI AIRWAYS ROYAL ORCHID PLUS - REDEMPTION SPECIAL FOR 20th ANNIVERSARY and TG ROH-GREEN SEASON PROMOTION TO KRABI 2013.
- The hotel was featured in the ROYAL ORCHID HOLIDAYS – AUSTRALIA & NEW ZEALAND.
- The hotel collaborated with the website “CIRCLE OF LOVE THAILAND which focus on WEDDING AND HONEYMOON PLACE in order to promote the hotel as the wedding and honey destinations for couples.
- The hotel collaborated with “7 GREENS TOURISM THAILAND” to promote the domestic market.
- The hotel collaborated with PHUKET Newspaper and was advertised on the newspaper, its radio station and website from September 27, 2013 – May 27, 2014.
- The 2nd KRABI ADVENTURE RACE received very good feedback from press and was advertised on many publications, websites and social media such as SAWASDEE IN-FLIGHT MAGAZINE of Thai Airways, BIG CHILI book, NAEWNA newspaper, POST TODAY and OK NATION.
- The hotel sponsored prizes for CANCER COUNCIL NSW, Australia.
- The hotel receives numerous awards as follows:
 - AWARDED OF EXCELLENCE BY THAILAND TOURISM AWARDS 2013
 - AWARDED BY THE HOLIDAY CHECK QUALITY SELECTION 2013 CERTIFICATE

- AWARDED 2013 EXCELLENCE WINNER OF THE TOP-PERFORMING 10% OF ALL BUSINESS WORLDWIDE ON TRIPADVISOR
- AWARDED BY THE HOLIDAYS CHECK AWARD IN THE CATEGORY "POPULAR FOR SPA" 2014 (The latest award)

ENGINEERING WORKS:

- Renovating the area in front of MALATI into the sand area for MALATI BREEZE
- Replaced the roof at the gardening office and gardeners' shelters
- Renovated the MALATI pool and the area around it
- Renovated the lotus pond in front of the MANGOSTEEN restaurant
- Renovated the scenery of the garden in MANDARIN SPA
- Renovated the tree line along the pathway between A building to GECKO's restaurant
- Leveled the MARQUEE yard using sand
- Installed a wood chipper to make fertilizer and soil
- Replaced the accordion door of MALATI restaurant to a sliding door
- Planted approximately 30 fish poison trees in front of the beach area
- Renovated the area in front of the management's resident building
- Installed the store gas roof at the main building
- Installed the aluminum blind on the second floor of room 101,137,138,139,140,141 & 182
- Renovated 60 guest rooms in E-F building which had been closed for renovation from June 2013 to September 2013

FOOD AND BEVERAGE

- Renovated MALATI restaurant by turning the area next to the beach into the MALATI BREEZE zone which is open during the daytime (it was originally open during dinner only) in order to increase the sales and provide services to more customers as well as CLUB LOUNGE family guests.
- Added ROYAL THAI CUISINE and Indian food in MALATI menu and made a seafood display in order to improve sales and provide services to the increasing customers
- Recruited a band to play in the BBQ Buffet at the beach and buffet dinner at MALATI restaurant, which was a successful strategy and could increase sales
- Banquet participating in STARWOOD's Green Program by using flip charts from recycled papers, glass water bottles and setting the conference room by putting the stationery at the corner of the room, not using table cloths, using sugar bowl instead of sugar packets or using paper packets
- Organized a big event such as the one for RED BULL which is an international event, making the hotel more well-known internationally
- Created fruit drink promotions by serving pineapple and coconut cocktails in both pools which were popular among foreign guests; pictures were inserted in the drink list to make it more attractive and increase the beverage sales
- Promoted the sales of Thai cooking class and used Blue Elephant paste in beautiful packages that the guests can also buy and take home

IT WORKS

- Increased the security of the internal computer system and the service for customers and hotel guests by having STARWOOD centralized the security system and installed the system within the hotel by:
 - Limiting the access to the computer system by direct centralizing active directory from the STARWOODS center
 - Centralizing Windows server update service together with STARWOODS center and Property IT
 - Centralizing security information and event management, especially crucial information like credit card and private information of hotel guests as well as salary information and accounting information; this type of information will be kept at STARWOOD only

- Installing computer virus protection program that could damage the information and system of the hotel; the protection program is controlled from the property level and centralized level which will automatically process the update of virus definition and improve the efficiency of the program

- Installing Rogues Detector
- Installing the McAfee VULNERABILITY MANAGER LOGIN
- Regarding the internet service for hotel guests
 - Replace NIM7 software to FREEDO software in order to increase the speed and stability of the internet subscriber system
 - In 2013 the wireless internet posed many problems including the strength and stability of the connection. This is due to the renovation of the guest rooms that made the room walls thicker by using plywood with high density on both sides. The wireless access point was also installed under the vanity that was made from thick plywood that could block the access point. Since the problem occurs, the IT department tried to adjust the configuration of the system and add two more wireless access points in each building as well as relocating the wireless access point. During the last quarter, the problem in many spots had been solved while some areas still need to have a better connection, especially in the bathroom area of every guest room. Therefore, in 2014, the IT department plans to add 31 wireless access points in the guest rooms.
 - The current internet bandwidth is 16Mbps for both local and international connection. The current usage rate is 75-90% per month. However, the new STARWOOD standard indicates the internet bandwidth for guests need to be 32Mbps; the hotel plans to upgrade the bandwidth accordingly.

TARGET CUSTOMERS OF SHERATON KRABI BEACH RESORT

MAIN CUSTOMERS are leisure travelers. These include tourists from Europe, Scandinavia, Australia, Germany, the U.S.A, Canada and India.

MINOR CUSTOMERS are the seminar groups and the companies that would like to arrange the meeting in wide outdoors.

CHANNELS OF DISTRIBUTION OF SHERATON KRABI BEACH RESORT

Sheraton Krabi Beach Resort has established the following channels of distribution:

- Selling directly to companies and commercial establishments
- Selling through local travel agents and overseas tour operators in different regions of the world
- Selling via the internet
- Selling through leading airlines' systems
- Selling through press, advertisement and public relations
- Selling during tourism promotion events
- Selling through the hotel's network channels, i.e. those of the Starwood Hotel Group
- Improve and expand Chinese market to increase customer base and sales during Green Season.
- Improve and expand Indian wedding market.
- To keep the same target group and expand Australia market both high and low season.
- To increase the consistency of occupation, the hotel made a contract with Thomson Airways to have the crew stay at the hotel from November 2012 – March 2013.
- Improve and expand Russian and Korean markets

COMPETITION FACING SHERATON KRABI BEACH RESORT

The hotel had completed the renovation of the last 2 buildings from all the 8 buildings. The high competition from the competitors also leads to very aggressive discount campaigns; as a result Sheraton Krabi needs to offer more discounts and compensate the loss with the increase in the occupancy rate.



The operation outcome did not meet the expectation. The room price was set for three Indian wedding groups. However, only one big group and one small group came to the hotel because another big group requested the reservation during the high season, which the hotel could not comply as the bookings from normal guests were normally high during the high season.

However, it does not have an impact on Sheraton Krabi Beach Resort, mainly because of its long-term competitive potential. The Hotel is using the brand name of the Starwood, international hotel operator which is well known worldwide for the quality and standards in terms of location and services. Importantly, the size of Sheraton Krabi Beach Resort is fairly large and is able to accommodate big groups of customers or many groups at the same time. A year ago besides that the largest Indian movie production came to shoot a movie at the hotel. In addition, the customer will make the wedding market of India next year, so the hotel has more Indian wedding market. In the meantime the hotel increases 6 Suite rooms to 12 Suite rooms which are 2 Pool Suite rooms for supporting a honeymoon market and the hotel does the market with Russian customer which has the potential to purchase the beverage.

INDUSTRY OUTLOOK AND COMPETITION FACING SHERATON KRABI BEACH RESORT IN THE FUTURE

The factors which impact to Sheraton Krabi Beach Resort's industry outlook and competitive in the future are as follows:

- Overall global economy results in the change of behavior of tourists which make less tourists travel overseas although they travel but spending less.
- Overall maritime disasters result in the behavior of tourists which are reluctant to travel by the sea.
- The numbers of flight schedules and flights flying to Krabi Province are inadequate and not in line with the number of visiting tourists or the number of guest rooms available in Krabi Province. The problems represent an obstacle to the number of guests staying in each hotel.
- The hotel makes an exposure by organizing a Tri-Marathon for the second year and will be held every year. Contestants from around the world will help to advertise the hotel as well. We received feedback as well in this year.

ACTIONS TAKEN BY SHERATON KRABI BEACH RESORT TO REDUCE THE IMPACT ON THE ENVIRONMENT

Sheraton Krabi Beach Resort has taken the following actions to reduce the impact on the environment.

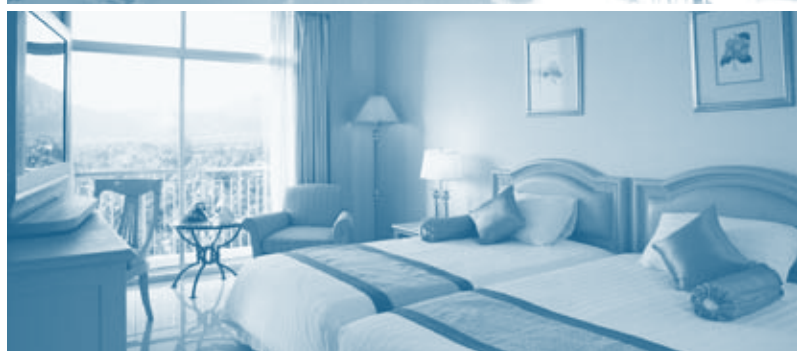
1. Wastewater
 - 1.1 Put in place a wastewater treatment pond and a wastewater treatment system
 - 1.2 Monthly check the quality of water
 - 1.3 Use the treated water in maintaining gardens

2. Garbage
 - 2.1 Separation of wet and dry garbage as well as garbage that can be recycled
 - 2.2 A special room for keeping wet garbage at 15 degree Celsius
 - 2.3 A vehicle to pick up and dispose of the wet garbage daily
 - 2.4 Production of biofertilizes to reduce the quantity of garbage
3. Noise Pollution
 - 3.1 Appointing committee to work in environment and energy conservation.
 - 3.2 Sheraton Krabi Beach Resort received commemorative plaques for being an outstanding business operator at the provincial level in the areas of bio-sanitation and workplace environment in 2008, 2009 ,2011 and 2013

TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL

Tinidee Hotel@Ranong (formerly Royal Princess Ranong Hotel) is located in Ranong Province and operated by Supsinthanee Company Limited (“SSTN”).The hotel offers an accommodation for 138 rooms with mineral water and also includes the banquet rooms, the seminar rooms, the restaurant, the fitness room, the body massage room, the foot massage room, the swimming pool and the mineral water pool.

Tinidee Inn Hotel was renovated from commercial buildings to make a budget room 47 rooms, including a restaurant and souvenir shops. The hotel has opened since April 2011 and has received a good response.



MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

Tinidee Hotel@Ranong and Tinidee Inn Hotel had made many modifications, which are as follows:

- Renovating the bathrooms in guest rooms on the 6th and 7th floors with the budget of THB 210,000
- Renovating the furniture and bathrooms in the guest rooms on the 5th floor with the budget of THB 565,600
- Renovated the empty space in Tinidee Inn Hotel to generate income; renovating the old restaurant into the overnight porridge restaurant under the budget of THB 300,000 and open for service since July 2012 the feedback from customers was quite good and KRUA NIDEE’s month income increases from the average of THB 35,000 to THB 319,500
 - Added suchi/sashimi promotion to Shinju Ramen to increase more varieties to the product offer – the feedback from customers were satisfactory
 - Expanded the OTOP product area from INN building to the main wing and added more products, resulting in the increase from the monthly income from THB 40,000 to THB 90,000

- Added 120-pound dryers in addition to three 75-pound dryers which could perform up to 60% of their capacity only; as a result the boiler hour was reduced to 2.5 hours daily and the gas consumption decreased consequently
- 10% Fix and upgrade a chiller because it could work up to 60% of its capacity only; as a result the chiller power consumption decreased by 10%
- In the process of replacing all the public light bulbs to LED bulbs in order to decrease power consumption
- Renovated the roofs, rooftops, and the liners on the 2nd floor and the rooftops with the budget of THB 934,579.44
- Marketing : Marketing plans of the group in 2013
 - Optimizing the increasing use of online media and social media.
 - A focus on the sales of catering, a conference room for a government sector such as 20 Ministries since Tinidee Ranong Hotel has a conference room which can accommodate up to 500-600 customers per time.
 - A focus on offering for a room sale, a package tour and a conference for a private sector such as organizing an annual outing for a company including staff from Bangkok Province who visit their companies' branch in Ranong Province.
 - A focus on advertising a sale to a health care customer, and a room and a party for a hospital group and a cosmetic business.
 - A focus on advertising a sale in the domestic agent such as joining Hotel Meet Local Agents and Trade Show.
 - Creating a promotional plan and sale-promotion plan periodically such as a tour program in Ranong Province by focusing on using a room and food and beverage services.
 - Participation in an activity with the Association Domestic Travel, The Tourism Authority of Thailand and the Association of Thai Tour Operators for having Table Top Sales and promoting a sale and mobilizing a policy of generating revenue from tourism.
 - A focus on offer a sale of a room and a conference room to a national security government sector in military and police groups.
 - A focus on advertising periodically a sale in a neighborhood market such as Myanmar, Malaysia and other countries.
 - Offering combined packages by adding the hotel facilities with tourist attractions in Ranong; the complete packages will be more interesting and attractive
 - Expanding the visa run customers that come to the hotel for set lunch and successfully increasing the lunch income for CAFENIDEE from the average of THB 40,000 monthly to THB 80,000

TARGET CUSTOMERS OF TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL

MAIN CUSTOMERS OF TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL INCLUDES

- The Government sector
- The company groups, store groups concerning with fishery business
- The foreign tourists with long term package tour in many provinces
- The healthy tourists
- The group of sales representatives in Ranong, Phuket and Chumporn.

CHANNELS OF DISTRIBUTION OF TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL

- Selling directly to companies and commercial establishments
- Selling by distributing leaflets on special occasions which take place at different periods of the year
- Selling directly to government agencies including ministries, bureaus and various departments which have potential for using the hotel for their training activities and seminars as well as website operators
- Selling in tourism promotion events
- Selling through electronic media or website by focusing on hotel's website

- Selling through partners
- Putting an advertisement billboard on Petchkasem Road, which is the main road to Ranong

COMPETITION FACING

• TINIDEE HOTEL@RANONG

Tinidee Hotel@Ranong is well known to both Thais and foreigners for its high quality service standards. It is a big hotel in Ranong Province, which is capable of accommodating a large number of seminar participants. The operation result of the hotel, in terms of its revenue, exceeded the expectation and was much better than the previous year. This was due to the renovation of the coffee shop, the pool, the bathrooms in the lobby area and the catering room. The hotel has renovated the pool and all the conference rooms and also has changed an air conditioner to a Split Type model, which can control temperature and save the energy. The hotel has received a good response and after the hotel has received a concession to take care of Raksawarin Mineral Spring, the feedback is still in good shape but profit is lower than the budget mainly from high cost of food and electricity.

• TINIDEE INN HOTEL

Many small hotels have emerged from commercial buildings and offer low prices to customers, causing the decrease in the monthly customers. As Tinidee Hotel@Ranong has been acknowledged as having a standard and security, the newly open Tinidee Inn thus received good feedbacks from customers with limited budget. Moreover, the hotel has opened an OTOP shop, a RAMEN restaurant and a bubble tea shop inside Tinidee Inn Hotel which gets a good feedback especially for the OTOP product.

INDUSTRY OUTLOOK AND COMPETITION FACING TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL IN THE FUTURE

The tendencies of industrial in Ranong is growing in the future

- Knowing that mineral water in Ranong province is the best in Thailand and is one of the best three mineral water in the world.
- Knowing more about Payam Island which is the new popular tourist attraction.
- Expanding road to make it more convenience to travel and transportation.
- Expanding the harbour to increase opportunities in shipping goods from Andaman coast.
- A small 2 airlines reopen direct flight to ranong, Nok Airlines daily flight to daily and Happy Air two daily flights except on Tuesday.
- A government policy promotes Health Destination which will benefit Ranong Province.

THE COMPETITIVENESS OF TINIDEE RANONG HOTEL AND TINIDEE INN HOTEL

- At present there are many new small hotels, which do not have a direct effect in terms of competition with Tinidee Ranong but it directly affects Tinidee Inn Hotel.
- There may be more direct effects on the competition in seminar and catering service in terms of the size of venue. The Hotel had adjusted its strategy by focusing on quality and service standard as well as a more conveniently-accessed parking space.
 - Focus on quality and services standard and convenient parking.
 - A meeting format is stylish and various.
 - A coffee shop is renovated to look clean and modern.
 - Opening an OTOP shop sells products which are 95% of consignment.
 - Opening a RAMEN restaurant and a bubble tea shop for the first time in Ranong Province.
 - Opening a porridge shop sales from evening to support nightlife customers.

ACTIONS TAKEN BY TINIDEE HOTEL@RANONG AND TINIDEE INN HOTEL TO REDUCE THE IMPACT ON THE ENVIRONMENT

1. Wastewater
 - 1.1 Put in place a wastewater treatment pond
 - 1.2 Check the quality of water every quarter
 - 1.3 Use the treated water in maintaining gardens

2. Garbage
 - 2.1 Separation of wet and dry garbage as well as garbage that can be recycled
 - 2.2 Municipal vehicles to pick up and dispose of the garbage daily
3. Smoke produced by steam engines from burning fuels
 - 3.1 Maintain the steam engines annually
 - 3.2 Engineers regularly test and certify the efficiency of the burning process

In addition, the Hotel has taken the following measures aimed at preventing problems from affecting the environment in other areas.

1. Establish a special committee responsible for managing safety, bio-sanitation, and workplace environment.
2. Promote communication systems using emails in order to reduce paper use.



TINIDEE HOTEL@PHUKET

Tinidee Hotel@Phuket is a 3-star hotel and located within the Loch Palm Golf Course in Phuket Province. The hotel is operated by MBK-HT which is only 20 minutes from Phuket International Airport and 15 minutes from Patong Beach. It is surrounded by beautiful scenery and fresh atmosphere and good security. In 2013 the hotel added more facilities for customers. Centric Life is a new club house that offers a fitness center, a pool and a snack and beverage bars. The hotel guests can use the fitness and pool service free of charge. The outside customers such as residents around the golf course or golf course members have to pay for the service at either the daily rate, month rate or yearly rate. Anyhow, golf course members can pay for the service at the special rate.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

Tinidee Hotel@Phuket had made many modifications, which are as follows:

- The hotel opens a new club house called Centril Life, which is the fitness center for hotel guests, golf course members and residents living in the nearby area. The membership is offered at the monthly and yearly rate along with many privileges in the use of counter bar services around the pool. The club house was officially opened in October 2013.
- Marketing plans and activities in 2013:
 - Offering traditional Thai massage in the hotel pool
 - Offering VIP reception for Royal Thai Navy Pilots
 - Offering shuttle bus services to main destinations such as Pa-tong or department stores

- Expanding sales channels on many websites and directly on the hotel website in 2013
- Offering joint promotions with mega stores and companies with large customer databases such as Tesco Lotus members, credit card companies, True Corporation Co.,Ltd. And Ensogo Co.,Ltd.
- Expanding the European and Russian market; in 2013 a top Russian company Biblio Globus signed a commitment agreement worth THB 1.7 million for the room reservation
- Expanding to new customers from South Africa that came to stay in the hotel more in 2013
- Offering special room prices for golf members and alliances both domestically and internationally (affiliates); some of the affiliate customers such as Binton Lagoon Golf Course already used the service
- Exhibiting in Tourism Authority of Thailand events and other events all year round; the feedback and income from the booths increased from the previous year
- Introducing the hotel as the new wedding destination and offering special room prices for wedding planner companies as well as offering the hotel for the shooting of wedding pictures; the promotion will continue throughout 2014
- As the hotel is considered very private, it is promoted by words of mouth among actors, artists and artist managers, resulting in more reservations from this group of customers
- Promotion marketing : offer special room rates to a group of a group of government officials more details as follows :
 - Reception for teachers and students of Vajiravuth Songkhla School to participate in the annual academic competition of the southern region
 - Reception for a group of national youth athletes and a golf team.
 - Reception for groups of teachers and students from Office of the Basic Education Commission, Ministry of Education to attend an OTOP fair from all over the country.
 - Reception for groups of teachers and students from Office of the Non-Formal and Informal Education, Ministry of Education to attend a sport fair from all over the country.
 - Visit various government sectors in Phuket Province to introduce the hotel to be more known such as meet Phuket Province Governor, Mayor of Phuket Provincial Administration Organization, Mayor of Kathu Municipal District, Tourism Authority of Thailand Phuket Office, military and police units and also including Presidents of Chamber of Commerce and Chairman of the Federation of Provincial Industries in nearby provinces.

TARGET CUSTOMERS OF TINIDEE HOTEL@PHUKET

MAIN CUSTOMERS are employees from companies, shops and travel agencies and golfers from local and overseas.

MINOR CUSTOMERS are employees from government agencies, state enterprises, independent organizations and customers who make direct reservations through websites of online agencies.

CHANNELS OF DISTRIBUTION OF TINIDEE HOTEL@PHUKET

Tinidee Hotel@Phuket has the following sales channels:

- Direct sales to companies and shops.
- Via travel agencies in Thailand and worldwide.
- Via electronic media or websites by focusing on hotel's website
- Via top airlines.
- Via press advertisement and public relations.
- In tourism events and exhibitions
- Via network Hotels in MBK-HT group
- Selling through partners
- Attached to golf packages
- Via Golf Agents

COMPETITIVENESS OF TINIDEE HOTEL@PHUKET

At present customers tend to make a reservation online. Travel agencies are less popular. Customers can find and choose hotel with a reasonable price. Hotels then aim to offer more attractive prices on their website and a competitive sale mainly emphasizes on online promotions online. Mostly, customers still prefer seaside hotels. Buildings being renovated into hotels and guest rooms increased significantly in Pathong area. Commercial buildings became budget hotels and offer services and facilities at the same level of 3-5 star hotels such as Wi-Fi internet, hotel pickups and transportation service at a special price. The hotel must target in a customer who like to play golf or a tour group taking a trip all day and staying overnight at the hotel. The hotel has a CLUB HOUSE that increase channels of distribution such as GROUP TOUR SERIES of RUSSIA.

FUTURE TREND AND COMPETITION OF TINIDEE HOTEL@PHUKET

Real estate business in this province has grown considerably. More foreigners like to buy real estate and rent out, especially private villa-styled houses and condominium, which is cheaper than normal hotels. This affect the number of guests staying at hotels. As a result, Tinidee Phuket plans to offer member club house to residents in villa houses or condominiums that do not have fitness centers or pools.

ACTIONS TAKEN BY TINIDEE HOTEL@PHUKET TO REDUCE THE IMPACT ON THE ENVIRONMENT

1. Wastewater
 - 1.1 Put in place a wastewater treatment pond and a wastewater treatment system
 - 1.2 Check the quality of water every quarter
 - 1.3 Use the treated water in maintaining gardens
2. Garbage
 - 2.1 Separation of wet and dry garbage as well as garbage that can be recycled
 - 2.2 A vehicle to pick up and dispose of the wet garbage daily
 - 2.3 Promote communication systems using emails in order to reduce paper use.

LAYANA RESORT AND SPA

Layana Resort and Spa is operated by MBK Hotels and Tourism Company Limited (MBK-HT). The hotel is located on Phra Ae Beach, Koh Lanta Island, Krabi Province and it is on an area of 17 rai. Layana Resort and Spa is a 5-star boutique seaside resort surrounding by tropical greenery nature and panoramic views of the mountains and the sea can be seen. It consists of 51 Garden Pavilion, Beach Suite, Ocean Deluxe Suite rooms and Pool Villa which have an applied Thai design using wood materials and beautiful Thai silks. It also offers a service an International restaurant, various Thai cuisines and special selected seafood Sandbar. The hotel provides many facilities such as a library, a seminar room, a swimming pool, Wi-Fi and several activities for relaxation : a spa, a healthcare center and a fitness center. Customers can have fun with sporting activities like mountain biking, kayaking and scuba diving.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

Layana Resort and Spa had made many modifications, which are as follows:

- The hotel was closed to renovate the lobby, TINIDEE restaurants, lounge and sunflowers bar. The roofs of TIDEES restaurant, lounge, lobby and office area were also changed to Cedar wood under the budget of THB 20,676,838.11 (excluding vat). The renovation started in August 2013 to October 2013. The hotel needed to be closed for this renovation because it could affect the guests; it was considered a good decision because the renovation was complete in time.
- Renovating the drainage around the pool and replaced the sandstones around the pool under the budget of THB 258,800 (excluding VAT) – the renovation was complete in December 2013
- Renovating (roof extension) the staff cafeteria and laundry room under the budget of THB 214,000 (excluding VAT) – the renovation was complete in December 2013
- Building a two-story office building under the budget of THB 1,440,325.21 – the construction began in December 2013 and is still ongoing

- Marketing : Marketing plans of the group in 2013
 - A promotion of Australian market has been increasingly created to extend an occupancy rate in the low season and has a package with Pathumwan Princess Hotel which is the well-known hotel in Australian market
 - Strategies to increase sales on website of THIRD PARTY such as AGODA, BOOKINGS.COM.
 - Sales presentation package on the website. To increase appeal and variety to the customers
 - Signing more contracts with Asian travel agencies such as Singapore and Hong Kong increases an occupancy rate in the low season.
 - Becoming a member of Conde Nast Johansens spa to enhance the appearance of the resort and spa.
 - More participation more in a domestic and foreign Trade Show such as Thailand Travel Show at Queen Sirikit National Convention Center, Muang Thong Thani and having a Trade Show booth with Pathumwan Princess Hotel.
 - Creating an e-newsletter and having a continual management of customer information.
 - Updating a Social Media more often such as Facebook and Twitter.
 - Improving the hotel website to look more interesting and attractive
 - Installing the new WI-FI system around the hotel under the budget of THB 610,000
 - Maintaining the German and English customers and the no.1 service quality by winning many awards such as WORLD TRAVEL AWARDS 2013: WINNER ASIA'S LEADING SPA RESORT, WORLD LUXURY HOTEL AWARDS 2013: WINNER LUXURY BOUTIQUE HOTEL, TRIPADVISOR: WINNER TRAVELLER'S CHOICE AWARDS 2013, SEVEN STAR GLOBAL LUXURY AWARDS: WINNER 2013, MEMBER OF CONDE NAST JOHANSENS LUXURY SPA GUIDE 2013: FEATURED

TARGET CUSTOMERS OF LAYANA RESORT AND SPA

- Main Customers are from England, Germany and European countries, who are likely to come during the high season (November – April). The main target group includes honeymooners, retirees and adults. The hotel does not have a policy to accept the guests under 18 years old.
- Minor Customers are from Australia and Asian countries who make a reservation online. They will come to stay during the low season (May – October).



CHANNEL OF DISTRIBUTION OF LAYANA RESORT AND SPA

- Selling through tour agents
- Do a direct sale to Resorts
- Selling through electronic media or website by focusing on hotel's website
- Selling through agents in other countries such as Australia, England, German or through Social Media.
- Preparation package with affiliated businesses.

COMPETITIVE OF LAYANA RESORT AND SPA

Due to the fact that the Hotel had clearly made the goal of the target group such as not accepting customers whose age is below 18 to be able to emphasize on the target group that comes for a honey moon or the elderly that need peaceful and quiet environment as well as the privacy, therefore the hotel is the lead on Koh Lanta Island and in 2013 The operation result this year was lower than the expectation. This was due to the closure for renovation in the restaurant, pool, bar and lobby areas. The closure lasted for 45 days. After it was reopened, the feedbacks from the return customers were positive. The hotel also received 5 awards including 2013 Best Beach Hotel, Winner 2012 World Luxury Suite Hotel, Asia's Leading Spa Resort, Asia's Leading Boutique Beach Resort, Certificate of Excellence for The year of 2012 .

Industry Outlook and Future Competition of Layana Resort and Spa

Due to the fact that the hotel in Krabi Province has few customers in May to September, it is important to increase customers that will book rooms during low season such as customer from Australia, by using Pathumwan Princess Hotel which is quite well known in Australia market to lead and may increase Honey Moon customers from Korea and Japan. Although research must be made on the limitation of the flight to Krabi, as there is no flight that will flew from Austrlia, Korea and Japan to Krabi. Customers view that it is inconvenience so Layana Resort and Spa needs time to promote the Destination of Koh Lanta as the main

REDUCING THE IMPACT ON THE ENVIRONMENT.

Layana Resort and Spa has been working to reduce the impact on the environment as follows:

1. Water Management
 - 1.1 The hotel has a wastewater treatment before it is released back to the environment.
 - 1.2 The wastewater from staff residence area is under the process of the wastewater treatment and it is used to water trees around the hotel.
 - 1.3 The hotel uses a refilling drinking water tank.
2. Waste management
 - 2.1 There is a campaign with the office to use reused papers.
3. Energy management
 - 3.1 The hotel has regulations for purchasing products and materials with environmental and safety certifications such as No.5 Energy Saving Label.
 - 3.2 The hotel has regulations for purchasing seasonal fruits and vegetables to reduce toxic contamination.
 - 3.3 The hotel uses renewable energy for inside and outside transportation to reduce the impact on the environment and reduce a global warming such as a bicycle.
 - 3.4 The hotel has an electricity consumption report and publicize to all staff for encouraging them to participate in the hotel's saving energy.
 - 3.5 The hotel uses an energy-saving bulb to reduce a global warming and save energy.
 - 3.6 The hotel has an automatic light control switch to reduce an energy loss.
 - 3.7 The hotel controls over starting a car engine while waiting in the hotel to reduce the loss of fuel.
4. Environmental management outside the hotel
 - 4.1 Encourage staff to take care of the beach in front of the hotel, which is a public area, and always keep it clean.
 - 4.2 The hotel is a part of the environmental campaign with Tourism Authority of Thailand.



GOLF BUSINESS

The golf business is operated by MBK Resort Public Company Limited (“MBK-R”) and Riverdale Golf and Country Club Company Limited (“RDGCC”). The detail of business is as follows:

The golf business in Phuket Province is operated by MBK Resort Public Company Limited (“MBK-R”), an indirect subsidiary which MBK holds 72.61%. MBK-R has two golf courses which are currently operating open for golf business. These include Both of the Loch Palm Golf Course (“LPGC”) and the Red Mountain Golf Course (“RMGC”) is located in Kathu District, Phuket Province.

LPGC has opened since 1993 and MBK Group has operated it from 2002 until now. RMGC was developed and built by MBK-R and it was officially opened in 2008.

LPGC is a standard golf course with 18 holes, par 72, on an area of about 500 rai. It has been specially designed, taking into consideration the unique characteristics of its landscape. These include a large lake and a long line of fresh green palm trees which are the main elements of the golf course. For the convenience of golfers who need a warm-up before playing a round, there is a driving range located in the same area.

RMGC is MBK-R’s second golf. It is a new standard golf course with 18 holes, par 72 on an area of over 600 rai which is adjacent to the LPGC golf course. The new clubhouse equipped with full amenities is located at the foot of the hill where golfers can have a clear view of the whole landscapes. In addition, it provides golfers with golf driving ranges and other facilities including putting greens for practicing, which are well maintained and look like the real ones. The driving ranges and available facilities enable golfers to enjoy the game more than before.

The golf business in Pathum Thani Province is operated by Riverdale Golf and Country Club Company Limited (“RDGCC”), with a golf course that has been open since June 2010 called ‘the Riverdale Golf and Country Club’ (RDGC). Located in Bang Kradi District, Pathumthani Province, it is a standard golf course with 18 holes, par 72, on an area of about 346 rai. The golf course has been specially designed, based the concept of a golf course in the valleys. To achieve such an impressive landscape, it is necessary to dig over 10 meters down into the earth. The purpose is make the golfers feel that they are playing golf in the valleys. The design also includes creation of hills in order to make the game more challenging for the golfers. As regards the club house, it incorporates modern design features and is equipped with a full range of amenities. Looking from the club house, the golfers will enjoy a beautiful panoramic view of the whole golf course as if they looked down from the top of a mountain. It also has driving ranges for golfers and a putting green which is maintained as well as real golf course in order to practice and get prepared before playing.

In 2013 the golf business renewed the reciprocal agreement with leading golf courses in both of domestic and foreign countries and made a new agreement with several golf courses. The new agreement causes MBK Group's golf business to reciprocal with different 11 golf courses as follows:

1. The Singapore Island Country Club, Singapore
2. Tanah Merah Country Club, Singapore
3. Seletar Country Club, Singapore
4. Orchid Country Club, Singapore
5. Macau Golf & Country Club, Macau
6. Bintan Lagoon Resort, Bintan Island, Indonesia
7. The Empire Hotel & Country Club, Brunei
8. The Royal Salengor Golf Club, Kuala Lumpur, Malaysia
9. Montgomerie Links, Quang Nam, Vietnam
10. Mount Lawley Golf Club, Australia
11. Krungthep Kreetha Golf Course, Thailand

Moreover, the golf business becomes an alliance with Pacific Links International Group which currently has 24 golf courses – 8 courses in the United States, 2 courses in Indonesia, 1 course in Singapore, 7 courses in Australia and 6 courses in Vietnam.

From such alliances, the golf business has a connection with 35 courses in 9 countries, resulting in an increase in revenue from members of golf reciprocal under the provisions of a reciprocal agreement. Furthermore, the members also receive the privileges from our business alliances. We have planed to further expand the number of international alliances in order to increase the number of golfers visiting the course.

For LPGC golf course, there was a renovation at the par-3 fourth hole so that the course look more pleasant and become more challenging for the golfers. The renovation lasted from July – October 2013. The new hole was open for service on November 1, 2013.

For launching the golf business the distribution channels of golf business is divided into such course as follows:

LPGC GOLF COURSE AND RMGC GOLF COURSE HAS DISTRIBUTION CHANNELS WHICH DIVIDE BY CUSTOMER GROUP INTO TWO CATEGORIES AS FOLLOWS:

• OVERSEAS CUSTOMERS

Asian, European and Australian tourists who are the majority of the Loch Palm Golf Club (LPGC) and the Red Mountain Golf Club (RMGC)'s customers. The distribution channels are as follows:

- Through tour agents of LPGC and RMGC, both in Thailand and foreign countries such as Singapore, Malaysia.
- Through online media such as websites and e-mail
- Through leading hotels in Phuket
- Members of golf partnership under the provisions of a reciprocal agreement
- Other affiliated companies from other businesses that share their customer database in order to expand their customer base

• DOMESTIC CUSTOMERS

Most domestic customer target groups consist of residents of Phuket and adjacent provinces as well as domestic tourists who are members and non-members visiting the golf courses on their own. There are six types of membership as follows:

- Permanent individual membership (only at LPGC golf course)
- Permanent corporate membership (only at LPGC golf course)
- Annual membership for local residents (only at LPGC golf course)
- Annual membership for civil servants (only at LPGC golf course)
- 30 years membership who are ownership of houses within LPGC and RMGC project
- One-year and two-year short-term membership (only at RMGC golf course)

Moreover the Golf Course can support the competition of the associations, the companies or the institutes which arrange to race the golf.



THE DISTRIBUTION CHANNELS OF RDGC ARE SIMILAR TO THOSE OF LPGC AND RMGC. THERE ARE TWO TYPES AS FOLLOWS:

- **OVERSEA CUSTOMERS**

The majority of RDGC's customers are Asian and Australian tourists which use the following distribution channels;

- Travel agencies of RDGC
- Through online media such as websites or e-mail
- Members of golf partnership under the provisions of a reciprocal agreement
- Other affiliated companies from other businesses that share their customer database in order to expand their customer base.

- **DOMESTIC CUSTOMERS**

Most of them are from Bangkok and Perimeter, Thailand residents and foreigners working in Thailand who are the members of Riverdale Golf Club card, offering the special discount for a card-carrying member, and walk-in customers. Moreover, there are customers who book tee-time scheduled all day long for competition that cause an income for RDGC by 10 percent of the total green fee

As well, both LPGC, RMGC and RDGC occasionally organize seasonal promotion activities and tournaments for associations and clubs in general.

Golf Business our future goal is to become a leader in quality golf course at the same level as famous international golf courses and improve service standards; for example, providing high quality service and good taste, providing customers with the attentive and friendly staff.

MARKET CONDITION AND THE COMPETITION IN GOLF COURSE BUSINESS

• PHUKET

In 2013 the competitive condition in the business was intense. Even though now it was the duration when the increasingly large number of tourists visited Thailand, the number compared to 2012, Chinese and Russian tourists. Anyhow, the number of golfers in Phuket slightly dropped mainly because the increasing tourists that come to Phuket are not golfers. In Phuket, there was also an intensely competitive price in both offering a discount to those golfers and giving the discounted selling price to agents in Phuket Province. In addition, the agents competed with one another in cutting prices, allowing foreign customers, who bring in the main revenues for the golf courses in Phuket, to use services from the direct agents of the golf courses. However, MBK Resort Public Company Limited (MBK-R) still maintained 30 percent of golfers market share in Phuket Province.

LPGC and RMGC have an advantage over their competitors in the same area related to their locations that close to downtown and Patong Beach, the major tourist attraction in Phuket Province. In addition, both golf courses are large in which have potential to develop the additional facilities. These have caused the golf courses to be innovative and beautiful all the time, plus the natural scenery. In 2013, LPGC had thoroughly achieved high level of booking. It is shown that LPGC is always popular.

RMGC has received a great response from both foreign and domestic golfers due to the design of the challenge golf course, beautiful landscapes, maintaining the golf course in good condition regularly and fully equipped with all the amenities. All these factors led RMGC to become the top golf courses of Thailand within a short time. Also, foreigners accept that RMGC is one of the best golf courses as the golf courses which had been held a global golf tournament and they have to play golf at RMGC when they travel to Phuket Province.

• BANGKOK AND SURROUNDING PROVINCES

RDGC, opened since June 2010, is located in the area surrounded by its competitors. Nonetheless, it has received positive feedbacks from golfers. In addition, it has an advantage in terms of the location that is not far from Bangkok; so it is convenient for golfers to travel there and back in a short time. Moreover unlike its competitors, there is the outstanding design of the golf course, easy to reach the place that takes a few minutes from the city, as well as the perfection and challenge of its golf course. These make golfers want to test themselves on the new golf course and are attracted them to come back again.

INDUSTRY OUTLOOK AND THE FUTURE COMPETITION IN THE GOLF BUSINESS

• PHUKET

Both MBK-R's golf courses place emphasis on tourist customers who are their major customers. As a result, Industry Outlook and the Future Competition in the Golf Business are dependent upon external factors and effects, such as the world economy, wars, plagues, natural disasters, political problems etc.

For future competitors, due to the fact that the average price of lands in Phuket Province is very high, the number of new golf courses has remained stagnant in the near future. Hence, their competitors are still the same golf courses in Phuket Province as before, the tendency of golf business in the identical location of both MBK-R in the future is unexpected to be intense in terms of available golf courses. Although each year tourist numbers visiting Phuket Province increase in a low rate or some years it is likely to decrease, there was an intensely competitive price to increase market share. Customers of travel agencies and travel operators were 35 percent of LPGC and 50 percent of RMGC. MBK-R not only used reformulation strategies but also described terms and conditions between their business and their agents that resulted in providing their agents with the alternative ways of business cooperation with MBK-R in the long term.

• BANGKOK AND SURROUNDING PROVINCES

The RDGC's target customers are Thai and foreigner operated their business and working in Thailand, since it is located near the city center. Besides, a group of tourists who come to play golf and a group of customers who book tee-time scheduled for competition are potential customer groups in increasing a RDGC's income in the future. The industry trend and the future competition of RDGC mainly depend on domestic factors and effects, such as the economic conditions of the country and political issues.

In the future there will be new golf courses open in the nearby area. Existing golf courses will also improve and add more holes. There are already competitors in the area, making the market highly competitive. However, RDGC is still competitive for its outstanding design, easy access and good service. There is also a marketing plan to increase sale channels through tour and travel agencies. The course will work with its allied courses in expanding the market. In 2011 many golf courses had been affected by the flood and could not open. However, RDGC was unaffected by the flood and remained open as usual. It was an opportunity to increase the market share rapidly earlier in the year and expand the regular customer database. Now the customer database is more than 10,000 people, which preserves market share and can expand the customer base more rapidly.

THE IMPACT OF GOLF BUSINESS OPERATIONS ON THE ENVIRONMENT

The Golf business manages to reduce environmental impacts, i.e., business operations may affect the environment in the vicinity of golf course. Due to maintain their golf courses to be always in perfect and beautiful condition, the course needs to be fertilized and added chemical substance regularly. Nevertheless, LPGC, RMGC, and RDGC have realized the impact on the environment as mentioned above. We have set the policy that reduces the use of fertilizers and chemical substance in maintaining the golf courses and tries to use the organic fertilizers and natural alternative instead. The annual examination of water quality in golf course ponds or water sources in our golf courses shows that pond water has the same water quality standards as water supply.

REAL ESTATE BUSINESS

The real estate business is operated by Plan Estate Company Limited (“PST”) and its subsidiary, the subsidiaries of MBK. Their primary businesses includes:

1. Property development for sale business
2. Property management business
3. Asset appraisal and advisory service business

SIGNIFICANT CHANGES AND DEVELOPMENT OF THE PREVIOUS YEAR

In 2013 PST developed a major real estate project – QUINN Condominium. The project is located in the center of Bangkok, on Ratchadapisek Road. It offers condominium rooms with complete facilities such as a pool, common garden, fitness center and spacious parking space. The project aims at both local and foreign customers that have medium to high incomes and want to have a residential space in the city center. This is considered to be the project’s competitive advantage against other surrounding competitors.

1. PROPERTY DEVELOPMENT FOR SALE BUSINESS

Property development for sale business is operated by PST. PST develops vacant land for sale with focus given to construction of detached houses for residential purpose. They are divided into two types including pre-built houses or built-to-order houses.

TARGET MARKET OF PROPERTY DEVELOPMENT FOR SALE BUSINESS

1. First home buyers with upper-middle income level and above who need houses located in the Central Business District (CBD) or community areas.
2. Home buyers with high income who need second homes in the provinces for leisure purpose.
3. Investors who buy houses for the purpose of renting them out.

DISTRIBUTION CHANNELS OF PROPERTY DEVELOPMENT FOR SALE BUSINESS

The distribution channels of PST’s property development for sale business consists of the following:

1. Through PST’s direct sales teams.
2. Through sales agents.
3. Through a mixed combination of advertising, public relations activities as well as promotion campaigns aimed at creating and expanding channels of distribution and at disseminating information to prospective customers and convincing them on the worthiness of the offered products.



COMPETITION IN PROPERTY DEVELOPMENT FOR SALE BUSINESS

In 2013 the competition in the real estate business in Bangkok and vicinity was still high. Many entrepreneurs continued to develop new projects and used sales and marketing strategies to boost sales and penetrate new customers with high purchasing power. Therefore, the entrepreneurs need to control the budget in the construction, sales and managing expenses as well as appropriately adjusting the sizes of the projects. PST has experience and expertise in the real estate development with the strength in beautiful design and uniqueness that enables PST to meet clients' demands.

INDUSTRY OUTLOOK AND FUTURE COMPETITION OF PROPERTY DEVELOPMENT FOR SALE BUSINESS

It is forecast that in 2014 investment and new housing projects in Bangkok and municipal areas will growth. According to the survey of real estate development companies regarding their investment plans in 2013, business developers were more careful in purchasing properties in different locations while the flood in 2013 became an important deciding factor. New residential projects will lean towards condominiums to respond to the demands of consumers that want a second house that will not be affected by flood. It is also found that the real demand market is middle class people with incomes ranging from 20,000 – 60,000 Baht. This is a big market that consists of people with average income and high purchasing power, who prefer simply and convenient lifestyle.

As regards Phuket Province, demand for housing continues to grow. It is expected that demand for housing in the middle and low income markets remains strong. On the other hand, majority of the customers of the housing projects with unit prices ranging from middle to high levels are still foreigners who operate businesses or work in Phuket or surrounding provinces. Demand for these housing projects gets weaker as a result of domestic political unrest as well as the slowdown in US and EU economies. However, competition among housing projects around golf courses is not intense. This augurs well for PST's real estate development projects in the future.

2. PROPERTY MANAGEMENT BUSINESS

Property management business is operated by PST. It is engaged in the business of managing properties as follows:

1. To look after and maintain the properties under its management, making sure that they are in good conditions and ready for sale.
2. To service including improvement, renovations of the properties.
3. Coordination with financial institutions in applying for loans for the buyers of the properties.

4. To act as a sales agent of financial institutions for their foreclosed properties.

At the present PST have more roles in operating real estate business by giving services in management and managing real estate efficiently both in continuously developing project, property maintenances, marketing and selling to increases the real estate value that are in the Company care. Projects and community that the Company had managed are as follows: Baan Suan Phuttamonthon Sai 1, Baan Suan Cha-am Beach, Glas Haus Building (Sukhumvit), Glas Haus Building Ratchada and MBK Tower Building.

TARGET MARKET OF PROPERTY MANAGEMENT BUSINESS

The target market Most of PST's customers are those of financial institutions.

Target groups of PST consist of the following:

1. Members of the general public who purchase the properties for residential purpose or for their own use.
2. Retail investors who purchase the properties and renting them out for a return.
3. Retail investors who purchase the properties for the purpose of renovating them and re-selling them to others.
4. Big-scale investors who purchase the properties for further development.
5. Debtors who are entitled to buy back the foreclosed properties.

DISTRIBUTION CHANNELS OF PROPERTY MANAGEMENT BUSINESS

The distribution channels of PST's property management business consists of the following:

1. Through PST's sales teams.
2. Through auction activities.
3. Through media such as magazines, printed materials, PST's website, brochures or leaflets.
4. Through real estate brokers.
5. Through establishment of portfolios of properties to be offered to investors.
6. Through cooperation with financial institutions and banks in setting up booths to promote sales and give information about the properties to prospective buyers of new and second-hand houses.

COMPETITION IN PROPERTY MANAGEMENT BUSINESS

PST's potential in property management business is stronger than those of its competitors as it maintains the properties under its management in good condition. In addition, its services include negotiation with those trespassing on the property foreclosed by the financial institutions, which is the main problem encountered by the financial institutions.

As regards the project management business, PST started this business in 2006. The business is highly competitive with many operators. However, as PST has adopted an effective strategic plan, it is confident that the business will generate a good return.

INDUSTRY OUTLOOK AND FUTURE COMPETITION OF PROPERTY MANAGEMENT BUSINESS

The growth of the second-hand property market is expected to be higher than in 2013, mainly due to the following factors:

1. The prices of new houses remain high because of the higher construction costs.
2. Increase in the appraised value of properties.

In view of the above situations, the competition is expected to remain intense. Both financial institutions and brokers in the private sector need to improve its marketing strategies and the quality of their services. As well, they should continuously organize sales promotion activities.

3. ASSET APPRAISAL AND ADVISORY SERVICE BUSINESS

The business is operated by Plan Appraisal Company Limited ("PAS"), available in the follows:

1. Appraising the value of residential properties for projects.
2. Appraising the value of assets in general, such as house, apartment, and hotel.
3. Giving advice on valuation and use of properties, taking into account the legal constraints.
4. Conduct feasibility studies of property development projects.
5. Giving opinions on the management of foreclosed properties for sale.

TARGET MARKET OF ASSET APPRAISAL AND ADVISORY SERVICE BUSINESS

1. Financial institutions.
2. Property development operators or real estate developers.
3. Members of the general public.

DISTRIBUTION CHANNELS OF ASSET APPRAISAL AND ADVISORY SERVICE BUSINESS

PAS has two main distribution channels for its asset valuation and advisory business as follows:

1. For financial institutions, PAS will offer its services directly to their property valuation department or collateral office.
2. For property development operators or real estate developers, PAS will offer its services through websites and through its letter of introduction.

INDUSTRY OUTLOOK AND FUTURE COMPETITION OF ASSET APPRAISAL AND ADVISORY SERVICE BUSINESS

The growth of the asset appraisal and advisory business varies in line with the economic growth. On the part of banks, they are expected to accelerate the expansion of their lending activities in the areas including home loans and loans for small- and medium sized enterprises. This should have a positive impact on the future expansion of the market for the asset appraisal and advisory service business. In addition, state agencies have adopted measures aimed at promoting transparency in asset valuation by encouraging the property development business to make use of independent and professional asset appraisers. These developments should lead to a higher growth rate of the country's asset appraisal and advisory service business. It augurs well for the business of PAS.

ACTIONS TAKEN BY THE PROPERTY DEVELOPMENT BUSINESS TO REDUCE THE IMPACT ON THE ENVIRONMENT

Actions to reduce the impact on the environment are mainly concerned with the property development business operated by PST. The company is required to take actions to reduce the impact of all of its projects on the environment. This is in compliance with the requirements imposed by the Environmental Impact Evaluation Bureau (EIEB) under the Office of Natural Resources and Environmental Policy and Planning (ONEP). For each of its property development projects, PST is required to conduct an Environmental Impact Assessment (EIA) before the construction.

As regards the foreclose properties for sale and the management of other property development projects, PST also continuously complies with the standard requirements imposed on those properties.



FOOD SOLUTION BUSINESS

The rice business is operated by Patum Rice Mill and Granary Public Company Limited (“PRG”) and its subsidiary. Their main business includes producing and selling rice both in the local and overseas markets. The details about their rice products and distribution channels are as follows:

PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (“PRG”)

MAIN PRODUCTS

Under the trademarks of “Mahboonkrong Rice”, “Mahboonkrong Plus” and “Jasmine Gold Rice” PRG produces the following rice products:

- Jasmine rice 100% (red bag) jasmine rice 100%, new rice is the rice that won plates of award for the production of quality packaged rice for five years in a row and it is the first and only Company in Thailand that has been awarded the special standard certificate by the Department of Internal Trade, the Ministry of Commerce. This can assure that every bag of Mahboonkrong Jasmine Rice will always hold the standards, this come in the package size of 5 and 15 kilograms
- Jasmine rice 100% (green bag) consisted of 100% old jasmine rice comes in the package size of 5, 15, 45 and 49 kilograms.
- Jasmine rice 5% consisted of whole grain jasmine rice 95% and broken jasmine rice 5% comes in the package size of 5 kilograms.
- Jasmine rice 10% consisted of whole grain jasmine rice 90% and broken jasmine rice 10%, package size 5, 15, 48 and 49 kilograms.
- Homtip Rice is a mixture of 70% of 100% jasmine rice and white 30% of 100% white rice. Package size of Homtip Rice (yellow) 5 kilogram, Homtip Rice (pink) 5 kilogram, Homtip Rice (orange sack) size 15, 48 and 49 kilograms.
- Hompatum Rice 100% is the aromatic rice that developed its species from Jasmine rice. The package size are Hompatum rice (orange) 5 kilogram and Hompatum rice (green) 5 kilogram.
- White rice 100% (blue) 5 kilogram and Ruangkaew rice (blue) 5 kilograms.
- White Rice (soahai) 100% consisted of white rice 100% (blue sack) package size 15, 48 and 49 kilograms.
- White rice 15% (brown) package size 5 kilograms and Ruangtip rice (purple) package size 5 kilograms.
- Jasmine rice 100% Jasmine Gold is extra quality jasmine rice packed in a vacuum bag with the package size of 2 kilograms.
- Homnoppakhun Brown rice is 100% brown jasmine rice that is packed in vacuum bag with the package size of 2 kilograms.
- Mahboonkrong Plus is Thai jasmine rice with nutritive value from vegetables and grains and no additives. Four types of Mahboonkrong Plus are as follows:
 - Grains rice consist of sunflower seed, black sesame and pumpkin, package size is 450 grams.
 - Garlic rice with Chinese mushroom consist of garlic, Chinese mushroom and carrot, package size is 450 grams.
 - Five Color rice consist of corn, carrot, taro and green pea, package size is 450 grams.
 - GABA rice (Germinated brown rice), Nutra Gabarice is 100% brown jasmine rice which goes through natural process to add more nutritive value which are fiber, vitamin, magnesium and antioxidant such as GABA that gives 30 times more nutrition than normal brown rice, which is healthy to the body and help prevent disease such as cancer, diabetes, Alzheimer, decrease stress and feel relaxed. The package size is 450 grams.

BY-PRODUCTS

Broken rice came from rice that were broken due to the improvement of the quality of rice that were mostly use in mixing with export rice to get the quality aimed. Moreover, short broken rice is sold to Animal Feed Manufacturers to produce animal food.

PRG SUBSIDIARY

PRG Granary Company Limited (“PRG-G”) (PRG holds 99.99% of its paid-up capital)

PRG-G’s warehouse business offers property renting services for PRG itself and other companies. In regard to property renting, every kind of properties near PRG such as land, warehouse and PRG-G pier are provided under 1 year contract, charged according to the amount of maintenance and area space.

Ratchasima Rice Company Limited (“RSR”) (PRG holds 99.99% of its paid-up capital)

RSR was established on 2nd June 1997, approved and promoted by Board of Investment (BOI) to hand over the best quality selection of rice from PRG. The Company is the manufacturer and distributor of milled rice that is packed in 2 kilograms and 5 kilograms bag for local market under “Mah Boonkrong” trademark.

Approved on 24th February 2006, RSR abolished investment promotion and allowed other rice companies to rent the factory for 1 year. However, PRG is the major tenant who presently proceeds with Rice Quality Operation on a purpose to develop packaging for domestic and international market. Besides, RSR is running Rice business for PRG and other customers.

Simapac Company Limited (“SMP”) (PRG holds 49.99% of its paid-up capital)

SMP was approved and promoted by Board of Investment (BOI) and on 27th August 1997 there is a resolution approving domestic promotion type 6.12 manufacturing plastic product or coated with plastic and on 22nd November 2006 SMP was approved by Board of Investment to promote investment in manufacturing prints from plastic film business type 6.14 Prints Manufacturing business. The Company is the manufacturer and the distributor of milled rice bags for PRG.

SMP had worked on packaging business development by investing on purchasing 8 colors Gravure printing machine, bag making machine and grinder and cutter machine to support in manufacturing varieties of packaging for the market which consumer demand.

INNO FOOD Thailand Company Limited (PRG holds 37.50% of its paid-up capital)

INF manufactures and distributes rice for health. At present the Company manufactures and distributes germinated brown jasmine rice to strengthen health, Nutra GABA Rice, rice bran oil and organic rice Germ in capsule, under “Mahboonkrong Plus” and rice bran oil of non-organic rice, under “INNO FOOD”. And other types of rice for health such as Riceberry or Four color Rice trademarks.

MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

PRG has changed its operation by stopping the production of many products and focuses on the marketing, selling and promoting brand image of the rice products under the brands ‘Mahboonkrong’ and ‘Mahboonkrong Plus’ for both domestic and overseas market. In 2013, PRG has stilled its sales operation by having clear separated domestic sales channels while the overseas sales will also be divided into separated zones according to different regions in the world.

DOMESTIC SALES HAVE 3 SEPARATED CHANNELS

1. Modern Trade Channel includes all modern retailers such as Tesco Lotus, Macro, Big C, Tops, and Max Value etc.
2. General wholesale and retail channel include wholesale shops and grocery stores across the country.
3. Direct sales channel include hotels, hospitals, restaurants and factories.

PRG also has 1 new distribution center in Suratthani to cover more distribution area.

OVERSEAS SALES HAS 4 SALE ZONES.

1. Europe and America
2. Asia and Middle Eastern Countries
3. Africa
4. Australia, New Zealand and Pacific Islands

In order to maximize the use of PRG resources, PRG has rented its warehouse, sea port, truck scale and office building in Pathumtani to generate more revenue.

PRG also plans to expand its food court and restaurant business. In 2013, PRG has managed 2 food courts as follows:

1. The Fifth Food Avenue – The food court is located on the 5th floor of MBK Center and aims at foreign customers that want a wider variety of food and different service from other food courts.
2. Food Island – The food court is located on the 6th floor of MBK Center and aims at office workers, local customers and foreign tourist that want a wide variety of food with a reasonable price.

The target customers of the two food courts are distinctively different so that PRG can serve the demands of all groups of customers.

Apart from the food court business, PRG sees the opportunity in the expanding food business and has entered a joint investment with Fujio Food System Co., Ltd, a famous restaurant company from Japan, to start two restaurant chains under the name Fujio Shokudo and Tsurumaru which will be opened in 2014. The first branch will be at MBK Center with the aim to expand further in the future.

PRG is ready to develop its operation to support the sustainable growth of its businesses and create business values to be added to the company.

CUSTOMER CHARACTER AND TARGET GROUP OF RICE BUSINESS

The confidence in the standard and reputation of PRG creates a long and strong relationship between PRG and rice distributors for both domestic and foreign markets. PRG products have generated substantial revenues for the clients who have worked with PRG as a partner. With the partnership corporation, there have been exchanges of market information, consumer demands and other useful and necessary information for business operations. As a result, PRG can develop its operation to promptly serve the demands of consumers.

In the past three years, the sales had been made to several major customers. The first 10 customer were calculated as 35% of the total revenue and none have the revenue that goes above 30% of the revenue for 3 years.

MARKETING SITUATIONS AND COMPETITIVE OF RICE BUSINESS

In 2013, many factors such as the Government's rice pledging scheme and rice trading, or the retardant rice exportation have an impact on the situation of Thailand's rice market direction instance, Hence, Thailand's rice business was suspended upon the wobbling condition that directly affected entrepreneurs in almost every section such as rice-mill manufacturers, traders or rice packers.

COMPETITIVE POTENTIAL OF RICE BUSINESS

The news of chemical residues in consumer products in 2013 allowed "Maboonkrong" rice to become more competitive and have more advantages over other brands in the market because it is manufactured with a standard and advanced technology. The quality of the rice is also guaranteed by international organizations.

However, the current price competition that tends to continue in the future puts PRG in the position to adjust its operation. Nonetheless, PRG remains a trustworthy brand among consumers because it has manufactured and developed rice packages with high standard quality. The hygiene and quality of the rice itself is also better than normal rice available in the market.

In 2013, PRG focused on giving information about safety standard that PRG has been using for a long time. Consumers also trust PRG since it is the first producer of packaged rice and the pioneer in introducing it to the market since 1984. Furthermore, PRG is the sole operator who has been awarded a special standard certificate for its packaged fragrant rice by the Department of Internal Trade, the Ministry of Commerce. It also won Trusted Brand Award 2010 by Reader's Digest Magazine, based on a survey of consumers nationwide.

PRG places strong emphasis on quality and cleanliness in every stage of manufacturing process. At present, PRG has also been awarded an ISO 9001:2008 certificate. As for the rice-packaging factory, a certificate has been given to it in regards to food quality and safety, known as the HACCP. Moreover, it has been awarded a certificate on management and food production control, known as the GMP. Importantly, it is the first rice-packaging factory in Thailand that has been awarded the GMP in the category of rice packaging factor. As a result, PRG has won plates of award for the production of quality packaged rice for eight years in a row from the Department of Internal Trade, the Ministry of Commerce since 2004 up until now. In addition, this year the Company had been awarded with British Retail Consortium Grade A certificate. Moreover, PRG is in the process of being certified by Food and Drug Administration of Thailand and HALAL standard.

INDUSTRIAL TREND OF RICE PACKED IN PLASTIC BAG MARKET

In 2014, the Rice Pack Market tends to remain highly competitive, especially in pricing. Because of the abundant raw materials available in the market, pricing is likely to be the main strategy. Many companies will also publish information on the quality standard of the products on various channels as well as offering various promotions through many distribution channels, creating more options for consumers.

ACTIONS TAKEN TO REDUCE THE IMPACT ON THE ENVIRONMENT

The government's rice pledging scheme in 2013 has affected the packaged rice business. As a result, cost reduction policy was brought on to sustain the company's competitive strength. But most importantly, PRG continues to endorse the certain regulation of work safety and environmental priority by conducting the specific budget for such contribution. Regarding the environmental care, PRG adopted the Measurement of Air Quality in working space, overall dust detection, and detailed illumination measurement in general area and in vulnerable spot as well as noise measurement, which all were effectively

affirmed the standard measurement by Ministry of Industry and Ministry of Labour. Apart from that, PRG took part in the Green Industry, Ministry of Industry's project, and honorably received the second level of Green Industry Certificate or Green Activity grant, marked as the industry who underlined waste reducing, reuse and green factory development. With this principle and effort, PRG plans to upgrade into a more greenish industry by pursuing environmental management policy and cause and effect analysis in 2013. Dedication toward industrial environment and communities is PRG's priority. It is important that the surrounding communities inhabit a good life and sustainable growth.

In addition, PRG has engaged in many collaborations with local and government sections such as rice donation in Children's day, the Red Cross Festival, Robes and Offerings Dedication Festival and the Buddhist Lent Festival are established to bond relationship, to exchange resources that lead toward sustainable development.

FINANCIAL BUSINESS

The financial business is operated by MBK's subsidiaries including MBK Guarantee Company Limited ("MBK-G") and T Leasing Company Limited ("TLS").



CUSTOMER GROUPS OF FINANCIAL BUSINESS

MBK's financial business providers focus on catering to the needs of customers in specific markets as follows:

- 1) General loan is operated by MBK Guarantee Company Limited ("MGK-G") whose principal products include housing loans (condominium, villa, house etc.) and bridging loan of which the security is a marketable property in good location.
- 2) The motorcycle hire purchase is operated by T Leasing Company Limited ("TLS"). Its main business is to give new motorcycle hire purchase as well as after-sales services including, registration renewal as well as insurance to protect assets and prevent risk that may arise from using the assets bought under hire purchase agreements. Its customers include low to middle income individuals who live in service areas and use motorcycles to do business or as the mainly transportation.

MARKETING SITUATION OF FINANCIAL BUSINESS

Competition in the financial system is not only among commercial banks but also non-banks. The competition has become more intense in line with the increasing loan demands. The company has made efforts to differentiate its services, aiming at catering to the needs of certain groups of customers that commercial banks cannot cover such as foreigners with high income and purchasing power which customers want to buy a property for residing and investing. Other customers also include entrepreneurs who are in need of a quick bridging loan to expand their business or continue its operation. The Company sets

prices that not only generate a good return but are also competitive in the market. In regards to the competition in the motorcycle hire purchase, this business remains highly competitive. The company needs to develop its products and services continuously and expands the branch network and motorcycle dealerships to increase coverage areas of customer services.

INDUSTRY TRENDS AND FUTURE OUTLOOK OF COMPETITION IN FINANCIAL BUSINESS

In accordance with the country's economy, motorcycle hire purchase business tended to grow. In 2013, motorcycle sales across the country increased by 6% from 2012, with the total of 2.1 million motorcycles sold. It is estimated that in 2014 the number of motorcycles registered nationwide will remain at the same rate because the political situation, the ambivalent government policy and the economic recession reduce the purchasing power of consumers.

In the future the competition in the motorcycle hire purchase business will be quite high. Seven or eight of major creditors have more than 80% of the market share. The creditors will compete in the fast credit approval, convenience and branch expansion to increase accessibility to their services.

TLS's strength is the short credit approval time. In the future TLS aims to increase the credit. TLS also develops an online credit approval system via tablets that can deliver faster approval results. The strategy is to offer credit to employees in government agencies and to expand its branches in Bangkok and metropolitan area as well as major provinces in each region.

In regards to the loan business with properties as securities, Bank of Thailand's regulation prevents commercial banks from giving loans for every applicant. In addition, commercial banks have a limitation in the approval time. As a result, creditors who are not commercial banks have an opportunity to venture into the market, allow this business to have a tendency to grow with the country's economy.

Overall, this business is not aggressively competitive and has a tendency to grow from the said limitation. So MBK-G sets a goal to increase the credits by expanding to foreign clients who want to invest in assets in Thailand such as condominium through the channels of real estate operator, agents and real estate agents. As for short credit, the strategy is to give loans with valuable and marketable properties as securities. However, these financial institutions have a limitation in providing loans to every client.

OTHER BUSINESSES

MBK's affiliates, Apple Auto Auction (Thailand) Company Limited ("AAA"), operates used-car and used-motorcycle auction business while X-GEN Premium Company Limited ("X-GEN") operates the dealership business of YAMAHA motorcycles, spare parts and service centers. M Racing Company Limited ("MRC") is a dealer of motorcycles, spare parts and service centers of motorcycles of all brands.

USED-CAR AUCTION BUSINESS

Used-Car Auction Business is operated by Apple Auto Auction (Thailand) Company Limited ("AAA"). The company runs the used-car and used-motorcycle auction from different parties such as financial institutions, car rental companies, second hand car dealers and car users. The company's revenue comes from commission from participants that place their cars into auction and operation fees from buyers charged at the rate specified in the contract. In 2012 more than 18,000 cars were placed into auction. In addition to car auction, AAA has placed the motorcycle auction into the auction business since June 2010 both in Bangkok and other provinces. At present, AAA starts the use of the most modern online auction program in the country. The program streams sound and vision from the auction place to provide users a direct experience. The stock and product management system was also developed so that sellers could manage the product data faster, more accurately, with time and cost effectiveness, through the AAA's system.

AAA aims to become the leading auction company of Thailand within the year 2017. The goal complements the Company's strategies to develop the organization in different areas in order to accomplish the goal.

NATURE OF SERVICES AND COMPETITION

AAA is a service of car and motorcycle auction which the company obtains the car or motorcycle from the sellers to test their vehicles. Then compile the profile of the vehicle and store into the parking garage. When received order from the auctioneer the vehicle will be place into auction and the auctioneer may announce prices to start the auction. When the bidder won the bid the auctioneer will collect money and deliver to the seller, set timeline and act as the coordinator in delivering and alienating the vehicle; by which the Company earn its revenue from the buyer and seller commission which is specify in the contract.



MARKETING AND COMPETITION

The competition in the car auction business is quite fierce due to the fact that there's only 2-3 main dealer that give hire purchase leasing finance and placed quite a number of cars into auction. At the present moment number of cars that were placed into auction decreased down each month while there are still quite a number of auction company in Thailand and there are only 2-3 auction company that are well known and gain trust from the buyer. Due to this fact the competitor tried to use all the marketing tactics to get the marketing shares. AAA operating systems have been developed. Strategy is to attract sellers to use such systems. The company's competitors have not been able to develop such a system.

MOTORCYCLE DEALER BUSINESS

1. X-GEN has earned its revenue from selling YAMAHA motorcycles, spare parts and YAMAHA maintenance centers. Moreover, X-GEN has earned its extra revenue from organizing the hire purchase budget with financial institutes, providing motorcycle insurance and registration service, and selling motorcycle accessories.

2. MRC's revenues come from the sales of motorcycles and spare parts of every brand and the income from maintenance centers. The additional revenues are derived from organizing the hire purchase budget with financial institutes, providing motorcycle insurance and registration service, and selling motorcycle accessories.

NATURE OF SERVICES AND COMPETITION

1. X-GEN is a dealer of YAMAHA motorcycles, spare parts and maintenance centers with a legitimate domestic sale license from YAMAHA in Thailand. In addition X-GEN provides motorcycle insurance services.

The competition in the motorcycle dealer market is quite high in every province due to the fact that there are many dealers and there are different type and marketing strategies to attract consumers. This gives consumers and alternative choice in purchasing the product. The Company is the motorcycle dealer, spare its parts and YAMAHA maintenance center which have the rights to sell from YAMAHA in Thailand. There are two branches which are located Sumrong branch and Bangkae branch.

2. MRC is a dealer of motorcycles, spare parts and maintenance centers for every brand. In addition, MRC organizes the hire purchase budget with financial institutes, provides motorcycle insurance and registration service, and sells motorcycle accessories.

Competition in motorcycle market is increasing in every area because there are more competitors of various types. These competitors employ many sales strategies to attract consumers by giving them an option to buy many products in one place (One Stop Service).



SUPPORTING BUSINESS

Apart from the seven main businesses, MBK Group runs other supporting businesses that serve as the consulting and business support unit for the Group's main business operation. With employees of various types of business expertise and experience, the supporting businesses are as follows:

1. MBK Service Solution Company Limited ("MBK-SS")

The company was officially opened in 2013 with the aim to support new business expansion under the "Shared Services" model. The company's objective is to build management standards, reduce business risks, increase flexibility and managing effectiveness, and leverage and synergize business group. The scope of the company's operation includes providing management service and consultation, and introducing new technology to improve the working system, which will increase efficiency and decrease operation cost for various works in MBK Group, such as works in human resource and human capital development, accounting system design and operation, financial management, IT management, procurement and supply chain management, and asset management.

2. MBK Training Center Company Limited ("MBK-TC")

The company was officially opened for business in 2012 in order to provide human resource development planning and consultation and training and workshop service as a part of personnel preparation for the business expansion of MBK Group.

3. MBK Broker Company Limited ("MBK-B")

The company officially began its operation in 2013 to run general and life insurance brokerage business to support MBK Group's insurance transactions and to provide customers and partners of MBK Group that may need insurance.

DIVISION POLICY IN MBK GROUP

MBK Group consists of 8 main businesses as follows:

1. SHOPPING CENTER BUSINESS

– operated by MBK and MBK's subsidiaries:

The Nine Center Company Limited ("TNC");

Paradise Park Company Limited ("PDP"),

Glas Haus Building Company Limited ("GHB") and

Glas Haus Ratchada Company Limited ("GHR")

2. **HOTEL AND TOURISM BUSINESS**
 - operated by MBK’s subsidiaries:
MBK Hotel and Tourism Company Limited (“MBK-HT”);
MBK Hotel and Resort Company Limited (“MBK-HR”);
MBK Business Company (“MBK-BUS”);
Subsin Thani Company Limited (“SSTN”); and
Lanta Land Development Company Limited (“LLD”)
3. **GOLF BUSINESS**
 - operated by MBK’s subsidiaries:
MBK Resort Public Company Limited (“MBK-R”); and
Riverdale Golf and Country Club Company Limited (“RDGCC”)
4. **REAL ESTATE BUSINESS**
 - operated by MBK’s subsidiaries:
Plan Estate Company Limited (“PST”); and
Crystal Lake Properties Company Limited (“CLP”)
5. **FOOD SOLUTION BUSINESS**
 - operated by MBK’s subsidiaries:
Patum Rice Mill and Granary Public Company Limited (“PRG”) and PRG’s subsidiaries
6. **FINANCIAL BUSINESS**
 - operated by MBK’s subsidiaries:
MBK Guarantee Company Limited (“MBK-G”); and
T Leasing Company Limited (“TLS”)
7. **OTHER BUSINESS**
 - operated by MBK’s subsidiaries:
Apple Auto Auction (Thailand) Company Limited (“AAA”);
X-Gen Premium Company Limited (“X-GEN”); and
M Racing Company Limited (“MRC”)
8. **SUPPORTING BUSINESS**
 - operated by MBK’s subsidiaries:
MBK Service Solution Company Limited (“MBK-SS”);
MBK Training Center Company Limited (“MBK-TC”); and
MBK Broker Company Limited (“MBK-B”)

All eight business divisions of MBK Group have a clear business operation policy and management that each company needs to conduct and be responsible for.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

REVENUE STRUCTURE BY FINANCIAL STATEMENT OF MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Thousand Baht)

Product/Service	Type of business	Operated by	For the six-month period ended 31 December 2011*		For the year ended 31 December 2012		For the year ended 31 December 2013	
			Revenues	%	Revenues	%	Revenues	%
1. Revenue from service and rental	- Shopping plaza and property for lease - Golf	MBK Public Company Limited and Paradise Park Company Limited The Nine Center Company Limited Glas Haus Ratchada Company Limited MBK Resort Public Company Limited, and Riverdale Golf and Country Club Company Limited	1,816,694	39.65	3,792,660	41.54	4,125,503	31.42
2. Sales	- Rice mill production and distribution - Property development - Food center	Patum Rice Mill and Granary Public Company Limited PRG Granary Company Limited Plan Estate Company Limited and Crystal Lake Properties Company Limited Putorniwata Company Limited MBK Food and Entertainment Company Limited, and MBK Food Island Company Limited	1,446,831	37.72	2,734,588	29.95	2,787,756	21.23
3. Revenue from hotel operations	- Hotel	MBK Public Company Limited MBK Hotels and Resorts Company Limited Supsinthanee Company Limited, and Lanta Land Development Company Limited	489,495	10.46	1,120,914	12.28	1,211,743	9.23
4. Revenue from financial business	- Lending and debt guarantee business - Hire purchase and financial lease	MBK Guarantee Company Limited, and T Leasing Company Limited	138,877	2.91	695,601	7.62	1,147,379	8.74
5. Other revenues	- Interest income - Dividend income - Gain on sale of investments - Gain on sale of assets	MBK Public Company Limited and its subsidiaries	400,245	9.26	786,876	8.61	3,858,460	29.38
Total revenues			4,292,142	100.00	9,130,639	100.00	13,130,841	100.00

Note: *The Group has changed the accounting period starting from 1 July to 30 June of next year to the period starting from 1 January to 31 December of every year according to a resolution of the Ordinary General Shareholders' Meeting on 31 October 2011, starting from the period ended 31 December 2011 onward.

RISK FACTORS

RISK FACTORS OF SHOPPING CENTER

MBK CENTER

- **RISK FROM ECONOMIC SITUATION**

The country's unstable economy directly and indirectly poses a risk for MBK Center, which includes the risk from consumption decline. Consumers tend to spend less because of the increasing debts from the government's first car and first house populism policy. As a result, consumers are more careful in their spending. In addition, spending tends to slow down because the cost of living increases along with the higher prices of goods. However, the change in minimum salary and the decrease of personal income tax rate may stimulate consumption in the short term, which is good for the overall economy because it boosts the purchasing power of consumers.

The risk from unresolved political conflicts in the country also leads to the general economy contraction. Since the late 2013 there is a continuous protest against the amnesty bill. The protest tends to be progressively more violent and has a direct effect on economy. In consumption trend, consumers are more concerned and lack confidence, leading to the decline in the number of visitors coming to the shopping center and in the amount of their spending.

There is also a risk from tourists' confidence. Thailand's main income comes from tourism. In the past year, the number of tourists tended to increase. However, the protest towards the end of 2013 affected the country's image as a tourist destination. Tourists are concerned about their safety and cancel the trip to Thailand. This situation causes an impact on the country's income from tourism, which in turn has an effect on the country's general economy.

Because of the risks from the economic situation, MBK Center employed marketing strategies to encourage both local and foreign customers to come to the shopping center. Discount campaigns and year-round events are an important marketing strategy to draw more customers and stimulate more spending. There are also new strategies to increase competitiveness, penetrate new groups of customers and retain the original customer base. The shopping center carefully operates its business by implementing the policy to reduce costs and expenditures in response to the current situation so that the business can continue to grow with stability and sustainability.

Customer-focus policy is also implemented by the attempt to gather customer feedback from the existing channels and new channels such as online social communities and web technology. The information about the customer's needs and expectations will be used to create new services to satisfy customers and strengthen customer relation for the long-term marketing success.

- **RISK FROM INCREASING COMPETITION**

Retail market in 2013 still grew because there were more openings of retail spaces in both inner and outer Bangkok areas. According to the retail space proportion in Bangkok in Q3/2013, shopping centers possess 60% of the market. Superstores come second at 12% and community malls at 11%. New retail centers cause the market to be more competitive, especially in the city center, which is also the center of retail businesses. Each entrepreneur has to come up with marketing strategies including aggressive and frequent promotions to attract customers.

MBK Center has an advantage in its location that is not only convenient but has a high potential to draw the target customers. To become more competitive in the market, the center constantly collects customers' information to analyze their needs and lifestyles in order to create suitable marketing campaigns and provide suitable products and services for the customers. Strong relationship with travel agencies and travel guide networks is also a key strategy that draws a considerable amount of foreign customers to the center each year. In addition, one of the core competencies of MBK Center is its retail space management and selection of products and tenants that can respond to the needs of customers, making MBK Center generally known as a "One-Stop Shopping" center.

In terms of investment in the shopping center business, MBK Group has gathered information in order to carefully analyze the business trend, needs and lifestyles of customers. There is a strong emphasis on the new projects' locations that need to have high potential to reduce investment risk and to ensure sustainable success of shopping center business.

- **RISK FROM CHANGE IN TECHNOLOGY**

Advanced communication technology results in the continuously increasing rate of internet usage via smart phones and tablets. The use of e-commerce service via smart phones, applications and websites tend to increase worldwide, including in Asia and Thailand. It is expected that in 2013, e-commerce business could grow up to 25-30% or 1.32-1.35 one hundred billion baht. As a result, major retailers start to improve the online shopping service to respond to the changing lifestyle of consumers. There are interesting privileges for consumers such as higher discount rate or free shipping service.

The change in technology gives consumers more access to products and services. Foreign tourists, who are the main customers of MBK Center, also tend to use digital traveler media via internet. This new media allows them to search travel information, from the planning of the trip towards the end of the journey, including the sharing of traveling experience in various formats through online society.

MBK Center now focuses more on digital marketing by using electronic and digital devices as the main media to present new marketing activities to consumers and encourage them to spread the words within the online society. The online channel is also a 2-way communication opportunity for MBK Center to communicate with customers and know their problems and opinions. This information can be used as a guideline to improve the products and services for the highest satisfaction of customers.

PARADISE PARK SHOPPING CENTER

In 2013 Paradise Park Shopping Center is still affected by the construction of Sri Nakharin Road. The construction is delayed from the original deadline, making it inconvenient for customers to travel to the center. In order to alleviate traffic problem on Sri Nakharin Road, the center has worked with related organizations to solve the problem, including Bangkok Metropolitan Administration, the project owner, the contractor and traffic police. In addition, the center made direction signs and shortcut signs for customers in 2014 to travel to the center more conveniently. The construction is expected to be finished in Q2/2014.

THE NINE CENTER

The quickly rising price of consumers' products affects consumers' behavior in terms of spending more carefully and reducing the expenses on consumers' products. As a result, the spending on luxurious product has dropped. At the same time, there are more competitors with expertise in operating a shopping center and in real estate such as Thanya Shopping Park which has directly affected Paradise Park because it has increased the competition in claiming the market share.

However, the government's economy reviving policies such as the increase of minimum wage and government employees' salary and the decrease of corporate income tax help to boost spending. In addition, the Nine Center has an advantage of being the first One-Stop-Shopping community mall in Suan Luang district on Rama 9 Road (originally Premiere Rama 9), which is the gateway to the eastern region and to travelling abroad. The Nine Center is located in the Company's 14-rai property, consisting of 9 buildings divided into two service zones - the retail zone and the office space, both aiming to accommodate customers from Seri communities and other areas within 10-kilometers radiance. The center also supports

customers from home offices, 3 major universities and customers from grade A and B families.

GLAS HAUS BUILDING COMPANY LIMITED

The strategy of Glas Haus Building Co., Ltd in 2013 was to divide large spaces into smaller spaces, between 70-100 square meters, that suit the need of foreigners who start new businesses in Thailand. In Q4, the company increased the occupancy rate up to 97%. However, there is still instability in the business because most of the tenants are new entrepreneurs, who may terminate the contract. The company needs to use new strategies to find new tenants to maintain the 97% occupancy rate throughout the year 2014.

GLAS HAUS RATCHADA COMPANY LIMITED

In 2013 Glas Haus Ratchada building was not affected by any risk factor. There is a return of 714 square meter space to develop a convenient store for QUINN condominium that is during construction. Apart from that, the 7,500 square meter space is still 100% occupied because 99% of the space is rented by Thanachart Bank until 2016. Therefore, there has not been any change in the rental space. At the same time, office for rent business on Ratchada Road has a tendency to grow because of the expansion in real estate business while MRT public transportation makes the area more accessible.

RISK FACTORS OF HOTEL AND TOURISM BUSINESS

Risks affecting the hotel and tourism business primarily arise from external factors. Number of new hotels has increased while the number of tourists does not grow. Moreover, there are overseas or domestic economic problems and the appreciation of the Thai Baht, the unsettling politics, the South unrest, natural disasters across the globe and in the southern region. All these pose risks to the operation of the Group's hotel business. As such factors are beyond the control of the Group, it is necessary for the Group to regularly formulate strategic and marketing plans that are suitable for each situation.

RISK FACTORS OF GOLF BUSINESS

Most of the risks affecting the operation of the golf business stem from external factors which are unavoidable. These risks include:

- **SEASONAL RISK**

The Loch Palm Golf Course and the Red Mountain Golf Course are located in Krathu District, Phuket Province. As a result, their business is affected by the rainy season (approximately from May to October). The period is considered a low season for the golf business as few visitors use the service. As a result, the income generated during the period is lower than that in other periods. However, the changing weather and continuous rain until the holiday season became an obstacle. Anyhow, in order to mitigate the impact during the rainy season, Golf Business has put in place a number of measures as follows:

- A special green fee rate is jointly offered as part of the package organized by the hotels in Phuket with the cooperation of the Tourism Authority of Thailand. The purpose is to attract more tourists and golf players from Asia and Australia to visit Phuket during the low season and use the golf course of the Group more.
- Special discount campaigns are organized for agents in the form of discount coupons to promote sales.
- Organization of golf competitions or tournaments for golfers during low seasons to promote more use of the golf course services.

Even though the Riverdale Golf and Country Club in Pathum Thani was also affected by the rainy season, the effect was not as severe as in Phuket Province. Moreover, main clients are local golfers in Bangkok and surrounding areas. Nonetheless, the following marketing activities are still initiated to increase the number of golf players during the rainy season:

- Organization of golf competitions or tournaments for golfers during low seasons to promote more use of the golf course services

- A promotion campaign in which players who come in a group of four pay only for three
- Point Reward for regular customers to receive special benefits and privileges from the course.
- Add more distribution channels through more distributors

- **RISK FROM POLITICAL SITUATIONS**

Thai politics in 2013 did not heavily affect tourism business. There was not any violence and extended unrest in the beginning of the year up until the midyear. However, later in the year there was a political protest but it was limited within Bangkok only and not violent. Therefore, tourism business did not face any risk from political situations.

- **RISK FROM NATURAL DISASTERS**

In 2013 many countries around the world suffered from natural disasters. However, Thailand did not face any fatal and damaging disaster that could heavily affect tourism. There were only well-perceived but mild natural disasters that did not cause any severe damage such as floods in the areas that are not tourism destinations. Even though there were heavy rains in the northern and central regions of Thailand, Bangkok and its surrounding area did not face any flood incident like in the past. Therefore, golf and tourism businesses overall were not affected from any natural disaster.

- **RISK FROM GLOBAL ECONOMY**

Many leading countries in the world, including the United States and European countries, had undergone economic crisis. Many faced financial problems or increase in unemployment rate just like in the previous year. The situation, however, seemed to be slightly improved. Some of the unemployed used to be tourists visiting Thailand. Such problems, therefore, had directly affected tourism and golf business included. Golf courses in Phuket during the high season mainly entertain golfers from Europe who are businessmen with high purchasing power. These people used to travel to Thailand to play golf both in Bangkok and Phuket. Therefore, the decrease of clients from this group directly affected the expansion of golf business.

RISK FACTORS OF REAL ESTATE BUSINESS

- **RISK FROM DOMESTIC POLITICAL UNREST**

Political protest from Q3 onwards does not seem to be resolved soon. Even though there is not much violence from the protest, this unrest affects the business in many aspects, including the real estate business which is an important industry of the country. It also reduces investors' confidence, causing decline in investment in real estate.

In spite of the risk, real estate business still grows because of there is still need for residential space among both Thai and foreign customers. However, the real estate business has measures to reduce the impact from the situation as follows:

- Closely monitoring the situation
- Determine appropriate growth rate of the company for each period
- Flexible management that is adjustable to the changes in situation

- **RISK FROM THE NEW BANGKOK COMPREHENSIVE PLANNING B.E.2556**

In May 2013 Bangkok Metropolitan Administration announced the new comprehensive city planning, which is useful for the clearer business planning of real estate operators. However, the new city planning is stricter in the construction of residential buildings in alleys. It is more difficult for new condominium or apartment projects to be developed. To prevent the risk, the real estate business makes investments on other potential locations and put more emphasis on the environment and communities around the project area. From property selection, it is important to consider its potential in creating added economic values for the society as well.

- **RISK FROM FLUCTUATION IN CONSTRUCTION MATERIAL PRICES AND PROJECT DEVELOPMENT COST**

Apart from the price of property, which is the main cost, construction material prices are also important. However, the prices fluctuate along with the oil price that keeps rising. This is an external factor that is beyond control and causes effects on the cost of the business and construction industry because the real estate business cannot promptly adjust the selling price. Competition in real estate market is also another limitation in price adjustment. Therefore, the real estate business emphasizes on managing the risk from fluctuation of material prices which are the main cost of construction.

To reduce and control the risk from the fluctuation, the real estate business aims to purchase certain materials directly from the producers through bidding so that there can be comparison of material quality and market price. The most appropriate price will be selected and fixed prior to the delivery of materials to prevent price increase risk. Contractors are selected through bidding and signed under the turnkey construction contract so that the construction cost can be contained within the budget.

In addition, the real estate business appoints a working team to closely monitor the changes in material prices, labor cost and oil prices so that the construction price can be appropriately and competitively determined according to the situation. This solution can effectively manage the cost and reduce the risk from the fluctuation of construction cost.

- **RISK FROM SHORTAGE OF CONTRACTORS AND CONSTRUCTION WORKERS**

From the change in housing market in 2013, there is an increasing number of new projects and the need of contractors and construction workers. Skilled contractors and workers in building houses and central facilities for housing projects are very limited in the real estate business and may not be sufficient to the demands during the expansion of the real estate business. This poses a major problem for the housing market in 2013.

Because the real estate business does not have its own contractor, the business needs to hire contractors for each of its project. If the contractor cannot meet the deadline, the real estate business will not be able to meet its delivery date that is agreed with the buyers.

However, the real estate business is trying to reduce such risk by

- Selecting contractors through bidding and hiring them under the Turnkey Construction Contract to contain the construction cost within the budget
- Selecting contractors with a good profile, reasonable construction period and price, and penalty for delayed construction
- Compiling a guideline for housing construction and providing training for both contractors and employees working in the real estate business
- Using new technologies or instant construction materials as to not having to rely on workers too much; finding new construction technologies within the country and abroad and appropriately implementing them

- **RISK FROM COMPETITION**

In 2013 the real estate business remains highly competitive, especially in Bangkok and municipal areas. Each operator uses more marketing strategies and promotional events to boost real estate sales. As a result, there is an aggressive competition in the housing market and condominiums within the same area. Many financial institutions also open biddings for second-hand houses or sell them at the below market price. This aggressive competition directly affects the real estate business that is experiencing the increase in market supply among the same group of customers.

Therefore PST had established strategies to manage risk in business environment, which are as follows:

- Considering projects with appropriate sizes for each location and development time by using information database within the company that has been continuous developed to be used as a decision tool

- Quality control process up to the product delivery to clients and a customer service that emphasizes on customers' satisfaction, giving PST more advantages in the competition in credibility, product quality and service.
- New target group, increase products and new channel of distribution that will allow PST to reach its new target group.
- To consider in expanding investment into other potentiality areas by placing importance to the environment and the community around the developing project to create economic value added to the society.
- To strengthen the management and promotion of "MBK Real Estate" brand to be widely recognized, which will support the sales of new projects; to focus on strategies and customer management by creating "experience" that will add more value to the service, and directly increase the "confidence" in the brand

RISK FACTORS OF FOOD SOLUTION BUSINESS

• RISK ARISING FROM PRICE OF RAW MATERIALS

The risk incurred by fluctuating prices of paddy rice. Since rice is an agricultural product, its prices are determined by the export demand and vary from seasonal effect as well as the purchasing intervention of the private sector. Moreover, in 2013 the government still continued its rice pledging scheme that offers a higher pledge price than the present market price, including rapid change of domestic and global market supply and demand. PRG is aware of the risks and had proceeded with decreasing rice price as follow:

- PRG renovated the warehouse in Nakhon Ratchasima which increases the capacity in storing Company's raw rice with the total of 25,000 tons at Pathum Thani and Nakhon Ratchasima province and allow the company to store rice at certain season when the rice price is low.
- PRG proceeded with purchasing raw material policy in accordance with the contract that was made in advance after the order. This help decreases rice in raw material price fluctuation.
- Proceed with storing raw material sufficiently policy at which the Company have enough storage space and to balance the cost price.

• RISK ARISING FROM PRICE FLUCTUATION

The risk incurred by the change in the behavior of some Thai consumers who changed into consuming rice bagged in plastic than rice packed in jute bag, because rice bagged in plastic are more convenience and more sanitary than bagged in jute bag. Nevertheless, the disadvantage of rice bagged in plastic is clearly printed price on the bag. Even though the prices is not subject to control by the government but suppliers are required to send notification on the price change to the Department of internal Trade in advance, therefore if there is a rapid decrease in the price of rice bagged in jute bag consumers will start consuming rice bagged in jute bag and the turnover of rice bagged in plastic bag will drop.

Nevertheless, in attempt to mitigate the risk in price and quantity, PRG had developed various sales promotion and marketing plan to continuously be in comply with the market situation such as giving discounts to retail stores, planning its operation in advance so that the price can be suitably adjusted according to the changes of situations, having its warehouses built around the city for the purpose of facilitating transportation of transporting of PRG's products to its customers, as well as launched advertising and public relations campaigns aimed at enhancing the positive image of "Mah Boonkrong Rice" Moreover, PRG had produced and distribute "Mah Boonkrong Rice" packed in jute bag, this allow PRG to meet consumer need in the rice market.

- **RISK ARISING FROM RICE EXPORT**

It has been PRG's policy to sell more rice overseas by entering into contracts with definite term. Therefore, to mitigate the risk of not getting paid for the products or from fluctuating prices of rice, PRG requires a letter of credit or have bank transactions issued by leading banks and the Company will only agree on the prices after it has adequate raw materials. PRG has also entered into the forward exchange contract to minimize price risk from fluctuation of Thai Baht.

- **RISK IN VALUE OF THB CURRENCY**

At present, PRG is not facing any risk in respect of the value of THB currency. This is because the Company has no loan or any liability denominated in a currency other than the THB currency. By any chance if PRG is required to import goods and to make payment in any other currency, it will arrange to maintain necessary protection against a fluctuation in the THB currency by buying a forward contract for coverage of the exchange rate of the currency.

- **RISK OF DEPENDENCY ON CUSTOMERS OR DISTRIBUTORS**

PRG has no customer or distributor on whom the Company needs to depend in excess of 30 percent of the total revenues or total purchase value.

- **RISK FROM FLOOD CRISIS**

At present PRG's manufacturing site is located in Nakhon Ratchasima, a highland province with minimum flood risk. Only the distribution center that serve small retailers remain in Pathum Thani. Because of the center's purpose, there is not a large quantity of rice stored there. If there is a flood in the future, it will not be too difficult to take care of the product. Moreover, there is another warehouse in the southern region that supports the distribution of the product. If one of the warehouses is flooded, PRG will still be able to efficiently distribute the product to consumers without losing its revenue because of the disaster.

RISK FACTORS OF FINANCIAL BUSINESS

- **CREDIT RISK MANAGEMENT OF NON-PERFORMING LOANS**

The risk arises from debtor and the counterparties of the loan agreements who default or are unable to fulfill their obligation that is agreed in the contract. This can arise from debtor facing financial distress due to the economic fluctuations or mismanage, as a result, the Group's revenues will be adversely affected.

However, the Group is aware of the management of the risk arising from non-performing loans, which is the key problem of the financial service business. Therefore the Company emphasize on debt collection management by established a policy and procedures for monitoring the quality of the loans regularly. To begin with, the Group puts in place some procedures for appraising the creditworthiness of the borrowers or counterparties of the loan agreement. The credit analysis unit is responsible for appraising the risk and determining a suitable credit line as well as related terms and conditions to be included in each loan agreement. Moreover, there is a committee with knowledge and expertise in real estate business to assign and approve loan applications. They are also responsible for overseeing the operations and credit insurances offered to clients who want to buy credit risk insurance with the company.

- **RISK FROM COLLATERALS**

For secured loans, the Group puts in place a system to assess and classify the quality of each type of collaterals by considering the liquidity in locations (for real estate) and market demands (for motorcycles) of the collaterals. The analyses will be used to consider the loan application. In real estate collaterals, all assets are subject to appraisal by qualified independent appraisers while credits are appropriately granted to ensure collaterals to cover the debt balance. Buildings are also insured against fire throughout the contract term, which will compensate for the possible future damage. As regards the motorcycle hire purchase business in which motorcycles are considered collaterals, T Leasing Company Limited is the holder of the collateral and possesses the ownership of the collateral. If borrowers fail to repay their loans, the company

can repossess the motorcycle which serves as collateral right away and sells it through a legal and transparent auction.

As a result, there is a risk arising from the inability to repossess the motorcycle, which serves as collateral. As well, there is a risk arising from the proceeds from selling the repossessed motorcycle being insufficient to repay the outstanding balance on the loan and other damages caused.

- **RISK RISING FROM PRICE AND INTEREST RATES**

This risk arises from interest rate movements and the capital market, which may have adverse impacts on the Group's financial costs and sales revenues, particularly those companies engaged in hire purchase business,. In the hire purchase business, the borrowers are required to pay a fixed rate of interest.

However, in order to absorb the risk, the Group charges an interest rate on loans are competitive and reasonable, in line with the higher risk when compared with the risk faced by commercial banks. Other measures to absorb the risk include, among others, charging a floating interest rate on loans or imposing prepayment penalties.

RISK FACTORS OF OTHER BUSINESS

APPLE AUTO AUCTION (THAILAND) COMPANY LIMITED (“AAA”)

- **RISK FROM DEPENDING ONLY FROM A FEW CAR DELIVERER**

In the car auction business there are two main car deliverers, which are the only 2-3 financial institutions. The proportion of the total number of cars from these car deliverers are more than 50% of all the cars put into auction at the present. AAA has only 1 main car deliverers and last year 70% of cars were put into auction. If AAA is not able to maintain this car deliverer, this will have major impact on AAA revenue.

To prevent the said risk, AAA had improved services standard and developing internal work system to be in the standard and higher than the criterions that the vendor had set. The Company also works together with the main deliverer to develop strategies to make the most benefits on the basis of neutrality and transparent for both the purchaser and the vendor.

- **RISK FROM NEW ONLINE AUCTION SYSTEM**

The new online auction system that was officially in use in January 2013 did not receive as much feedback from customers as expected. Even though the new system is more advanced and enabling multiple biddings, it is more complicated for many customers who are not familiar with it. Therefore, AAA plans to make a brief guideline for customers to learn about the new system and also plans to introduce more promotions for online auction to draw more customers.

X-GEN PREMIUM COMPANY LIMITED (“X-GEN”)

- **RISK ARISING FROM ECONOMIC SITUATION**

In selling cars in the market depends on the domestic economic situation, consumer with purchasing power will decrease if the economic situation and the political stability are not stable. Which X-Gen had always follow and analyze the economic and politic situation and work together with YAMAHA Thailand Company Limited to create marketing plan to prevent the said risk.

- **RISK ARISING FROM DISTRIBUTING ONLY ONE BRAND OF MOTORCYCLE**

At present, the sales revenue of YAMAHA motorcycle is in second rank of the domestic market. In being the motorcycle distributor of X-Gen that is permitted to sells YAMAHA's motorcycle put the Company in to competitions with other competitors, which there are many higher group such as vendor of other motorcycle brand, distributor of motorcycle with the same brand at which can be purchase across zone, secondhand motorcycle vendors which have a cheaper price. But the most significant competitors are Sub Dealer that are not permit by the product owner but able to sell every brand of the motorcycle, by buying from the distributor to resell it. These kind of sub dealers are everywhere, cause X-GEN a disadvantage

as these sub dealer can make more sells and able to reach customer more, less investment and able to sell every brand. Moreover, the motorcycles were not purchased from X-GEN but able to vendor and compete with the Company. Yamaha is well aware of the said problem but was not able to control it.

X-GEN had tried to decrease the said risk by using marketing strategies to attract customer to purchase X-GEN motorcycle instead. This is done by, meeting the customer need in the area that competitors especially the sub dealers are not able to provide.

M RACING COMPANY LIMITED (“MRC”)

- **RISK ARISING FROM ECONOMIC SITUATION**

Motorcycle sales depend on the economic situation in the country. The purchasing power of consumers will drop if the economic and political situation is unsettling. MRC has been tracking and analyzing the economic and political situation in order to lay out marketing plans and sales promotions to prevent such risks.

RISK FACTOR OF SUPPORTING BUSINESSES

Supporting business, which is the main unit in managing the supporting work of the Group, mainly has an operational risk. Effects from this risk can be controlled by the means of risk transfer and control of risk from internal factors as follows:

- **RISK IN HUMAN RESOURCE AND MANAGEMENT**

Mutual Recognition Arrangement, “MRAs” that comes with the free trade agreement among ASEAN countries is consider a major external factor that can affect the organization in terms of labor flow. This factor poses a challenge for human resource management because personnel with high competency may be harder to retain because of the free flow of labor.

Directors and management of the company is aware of the risk factor and puts more emphasis on the policy to develop human resources and human capitals, which are an important foundation of the organization’s instability and value. From that vision, the organization is trying to create a warm and friendly working environment by promoting organization culture and developing the human resource management system to be more professional. The objective is to create personnel that are united and share the same value, and colleagues with creative interactions. There will be more opportunities for employees to show their potentials, present new ideas and embark on new projects. Employees will realize their own value and be determined to use their knowledge to develop their organization and increase its ability to compete and grow with stability and sustainability.

- **RISK FROM TECHNOLOGY AND COMMUNICATION**

It is widely acknowledged that the current communication technology makes the business world much smaller. Access to customers through communication technology becomes a key factor that may give more advantages in competition by being able to communicate and present new products and services as well as innovations to respond to customers’ business demands, and to effectively control the quality, time frame and cost.

The Group realizes the importance of the risk management of all seven business groups. The Information Technology Steering Committee is founded to gives guideline and consultation in IT development for each business group to be able to respond to the need of customers. In the past year, in order to support business expansion, some IT development and operation in many projects were initiated including restructuring IT Network, establishing Data Center & Disaster Recovery & Business Continuity Plan, “BCP”, developing and installing POS system to support sales and Customer Relation Management, “CRM” system to support marketing activities.

TELEPHONE & FAX NUMBERS OF JURISTIC PERSONS

AS OF DECEMBER 31, 2013

TYPE OF BUSINESS	NAME OF COMPANY	TELEPHONE NUMBER	FAX NUMBER
SHOPPING CENTER BUSINESS	1 MBK Shopping Center Company Limited	0-2620-9000	0-2620-7000
	2 Paradise Park Company Limited	0-2746-0444	0-2746-0555
	3 Paradise Retails Company Limited	0-2746-0444	0-2746-0555
	4 Siam Delice Company Limited	0-2620-9000	0-2620-7000
	5 Glas Haus Building Company Limited	0-2260-6117 - 9	0-2260-6055
	6 Glas Haus Ratchada Company Limited	0-2693-9389	0-2693-9388
	7 MBK Smart Force Company Limited	0-2620-9000	0-2620-7000
	8 The Nine Center Company Limited	0-2716-7999	0-2716-7998
	9 MBK Center Company Limited	0-2620-9000	0-2620-7000
	10 MBK Bangyai Company Limited	0-2620-9000	0-2620-7000
	11 MBK Square Company Limited	0-2620-9000	0-2620-7000
	12 MBK Chiangmai Company Limited	0-2620-9000	0-2620-7000
	13 Siam Pivat Company Limited	0-2658-1000 - 19	0-2658-1020 - 1
HOTEL AND TOURISM BUSINESS	14 MBK Hotel & Tourism Company Limited	0-2216-3700	0-2611-4622
	15 MBK Business Company Limited	0-2620-9000	0-2620-7000
	16 MBK Hotels & Resorts Company Limited	Head Office 0-2620-9000 Branch 0-7562-8000	Head Office 0-2620-7000 Branch 0-7562-8048
	17 Supsinthanee Company Limited	Head Office 0-2620-9000 Branch 0-7783-5240	Head Office 0-2620-7000 Branch 0-7783-5239
	18 Lanta Land Development Company Limited	0-2216-3700 Branch 0-7560-7100	0-2611-4622 Branch 0-7560-7199
	19 MBK Capital Company Limited	0-2620-9000	0-2620-7000
	20 Paemala Spa Company Limited	0-2216-3700 # 14 Branch 0-7562-8885	0-2686-3665 Branch 0-7562-8028
	21 Tantara Gallery Company Limited	Head Office 0-2216-3700	Head Office 0-2216-3730
	22 Royal Orchid Hotel (Thailand) Public Company Limited	0-2266-0123	0-2236-6646
	23 DMS Property Investment Private Limited	(960) 333 0678	(960) 333 2515
GOLF BUSINESS	24 Riverdale Golf and Country Club Company Limited	Head Office 0-2620-9000 Branch 0-2501-2789	Head Office 0-2620-7000 Branch 0-2501-1833
	25 MBK Resort Public Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927-8
	26 Nasset Property Fund1	0-2126-8300	0-2263-0875
	27 Phuket Loch Palm Golf Club Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927 - 8
	28 Lam Luk Ka Golf and Country Club Company Limited	0-2995-2300-4	0-2995-2305

TYPE OF BUSINESS	NAME OF COMPANY	TELEPHONE NUMBER	FAX NUMBER
REAL ESTATE BUSINESS	29 MBK Real Estate Company Limited	0-2620-9000	0-2620-7000
	30 Plan Estate Company Limited	0-2260-6100	0-2260-6099
	31 Crystal Lake Properties Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927 - 8
	32 C L P Management Company Limited	Head Office 0-2620-9000 Branch 0-7632-1744	Head Office 0-2620-7000 Branch 0-7632-1609
	33 Plan Appraisal Company Limited	0-2260-6100	0-2260-6099
	34 Lan Bangna Company Limited	0-2260-6100	0-2260-6099
	35 Kathu Land Company Limited	0-2620-9000	0-2620-7000
	36 MBK Residence Company Limited	0-2620-9000	0-2620-7000
	37 Putornwiwata Company Limited	0-2620-9000	0-2620-7000
FOOD SOLUTION BUSINESS	38 Patum Rice Mill and Granary Public Company Limited	0-2501-2170 - 73	0-2501-2172
	39 PRG Granary Company Limited	0-2501-2170 - 73	0-2501-2172
	40 Ratchasrima Rice Company Limited	0-2501-2170 - 73	0-2501-2172
	41 Sima Pac Company Limited	0-2501-2170 - 73	0-2501-2172
	42 Innofood (Thailand) Company Limited	0-2501-2170 - 73	0-2501-2172
	43 MBK Food Island Company Limited	0-2620-9812	0-2620-9815
	44 MBK Food & Entertainment Company Limited	0-2620-9000	0-2620-7000
	45 MBK Food System Company Limited	0-2620-9000	0-2620-7000
FINANCIAL BUSINESS	46 MBK Guarantee Company Limited	0-2620-7123	0-2620-7138
	47 Primacy Elegance Investments Limited	Contact to office 0-2620-9000	Contact to office 0-2620-7000
	48 MBK Premium Company Limited	0-2620-9000	0-2620-7000
	49 T leasing Company Limited	0-2832-2522	0-2611-9488
	50 M G 1 Company Limited	0-2620-9000	0-2620-7000
	51 M G 2 Company Limited	0-2620-9000	0-2620-7000
	52 Max Asset Management Company Limited	0-2611-9533	0-2611-9494
OTHER BUSINESS	53 X-GEN Premium Company Limited	Head Office 0-2620-9000 Bangcare Branch 0-2455-4388 Samrong Branch 0-2757-9100	Head Office 0-2620-7000 Bangcare Branch 0-2757-8590 Samrong Branch 0-2455-4350
	54 M Racing Company Limited	0-2620-9000	0-2620-7000
	55 MBK Asset Company Limited	0-2620-9000	0-2620-7000
	56 Apple Auto Auction (Thailand) Company Limited	Head Office 0-2620-9000 Branch 0-2399-2299	Head Office 0-2620-7000 Branch 0-2399-2244
SUPPORT BUSINESS	57 MBK Advanced Company Limited	0-2620-9000	0-2620-7000
	58 MBK Training Center Company	0-2620-9000	0-2620-7000
	59 MBK Broker Company Limited	0-2620-9000	0-2620-7000
	60 MBK Insurance Broker Company Limited	0-2620-9000	0-2620-7000
	61 MBK Service Solution Company Limited	0-2620-9000	0-2620-7000
	62 Absolute Travel Company Limited	0-2620-9934 - 44	0-2620-9936
	63 MBK Leisure Company Limited	0-2620-9934 - 44	0-2620-9936
	64 Puen Pob Paet Company Limited	0-2620-9000	0-2620-7000

JURISTIC PERSONS WHICH MBK HOLDS MORE THAN 10%

AS OF DECEMBER 31, 2013

TYPE OF BUSINESS	NAME OF COMPANY	HEAD-QUARTERS	MAIN BUSINESS	REGISTERED CAPITAL (BAHT)	PAID-UP CAPITAL (BAHT)	DIRECT SHARE-HOLDING (%)	INDIRECT SHARE-HOLDING (%)
SHOPPING CENTER BUSINESS	1 MBK Shopping Center Company Limited	Bangkok	Investment	300,000,000	300,000,000	99.99	-
	2 Paradise Park Company Limited	Bangkok	Shopping center and Real estate rental	700,000,000	700,000,000	-	65.36 ^{1/2}
	3 Paradise Retails Company Limited	Bangkok	Shopping center	5,000,000	5,000,000	-	65.36 ³
	4 Siam Delice Company Limited	Bangkok	Shopping center and Real estate rental	1,020,000,000	1,020,000,000	50.00	15.36 ²
	5 Glas Haus Building Company Limited	Bangkok	Real estate rental	195,000,000	195,000,000	-	99.99 ⁵
	6 Glas Haus Ratchada Company Limited	Bangkok	Real estate rental	1,083,500,000	1,083,500,000	100.00	-
	7 MBK Smart Force Company Limited	Bangkok	Security service	1,000,000	1,000,000	99.97	-
	8 The Nine Center Company Limited	Bangkok	Shopping center and Real estate rental	95,000,000	95,000,000	-	99.98 ⁴
	9 MBK Center Company Limited	Bangkok	Dormant	2,000,000	2,000,000	99.99	-
	10 MBK Bangyai Company Limited	Bangkok	Dormant	20,000,000	20,000,000	99.97	-
	11 MBK Square Company Limited	Bangkok	Property management	1,000,000	1,000,000	99.99	-
	12 MBK Chiangmai Company Limited	Bangkok	Dormant	1,000,000	1,000,000	99.97	-
	13 Siam Pivat Company Limited	Bangkok	Shopping center and Real estate rental	174,000,000	174,000,000	30.72	-
HOTEL AND TOURISM BUSINESS	14 MBK Hotels and Tourism Company Limited	Bangkok	Hotel and traveling management	5,000,000	5,000,000	99.99	-
	15 MBK Business Company Limited	Bangkok	Recruitment service	570,000,000	570,000,000	99.99	-
	16 MBK Hotels and Resorts Company Limited	Bangkok	Hotel	2,200,000,000	2,200,000,000	100.00	-
	17 Supsinthanee Company Limited	Bangkok	Hotel	505,325,000	505,325,000	100.00	-
	18 Lanta Land Development Company Limited	Bangkok	Hotel	340,000,000	340,000,000	99.99	-
	19 MBK Capital Company Limited	Bangkok	Land rental	5,000,000	5,000,000	-	99.93 ⁹
	20 Paemala Spa Company Limited	Bangkok	Spa	5,000,000	5,000,000	-	25.00 ⁹
	21 Tantara Gallery Company Limited	Bangkok	Dormant	2,500,000	2,500,000	-	63.20 ^{6/7}
	22 Royal Orchid Hotel (Thailand) Public Company Limited	Bangkok	Hotel	937,500,000	937,500,000	-	29.85 ⁹
	23 DMS Property Investment Private Limited	Republic of Maldives	Hotel and tourism	1,157,527,525	1,157,527,525	-	30.00 ⁹
Golf business	24 Riverdale Golf and Country Club Company Limited	Bangkok	Golf course service and real estate development	4,000,000,000	4,000,000,000	99.99	-
	25 MBK Resort Public Company Limited	Bangkok	Golf course service	200,000,000	160,000,000	-	72.60 ^{9/11}
	26 Nasset Property Fund1	Bangkok	Property Fund	305,430,900	305,430,900	-	72.45 ¹²
	27 Phuket Loch Palm Golf Club Company Limited	Bangkok	Dormant	2,000,000	2,000,000	-	72.60 ¹²
	28 Lam Luk Ka Golf and Country Club Company Limited	Pathum Thani	Golf	1,454,000,000	1,454,000,000	35.66	-
REAL ESTATE BUSINESS	29 MBK Real Estate Company Limited	Bangkok	Dormant	1,000,000	1,000,000	99.97	-
	30 Plan Estate Company Limited	Bangkok	Real estate development for selling	200,000,000	200,000,000	-	72.60 ¹²
	31 Crystal Lake Properties Company Limited	Bangkok	Real estate development for selling	8,000,000	8,000,000	-	72.60 ¹²
	32 C L P Management Company Limited	Bangkok	Property management	2,000,000	500,000	-	72.60 ¹³
	33 Plan Appraisal Company Limited	Bangkok	Asset appraisal services	55,000,000	55,000,000	-	72.60 ¹⁴
	34 Lan Bangna Company Limited	Bangkok	Ceased operations	5,000,000	5,000,000	-	72.60 ¹⁴
	35 Kathu Land Company Limited	Bangkok	Dormant	4,000,000	4,000,000	-	70.36 ⁹
	36 MBK Residence Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.96 ⁴
	37 Putornwivata Company Limited	Bangkok		71,200,000	71,200,000	-	55.00 ¹⁸

TYPE OF BUSINESS	NAME OF COMPANY	HEAD-QUARTERS	MAIN BUSINESS	REGISTERED CAPITAL (BAHT)	PAID-UP CAPITAL (BAHT)	DIRECT SHARE-HOLDING (%)	INDIRECT SHARE-HOLDING (%)
FOOD SOLUTION BUSINESS	38 Patum Rice Mill and Granary Public Company Limited	Pathum Thani	Rice business	900,000,000	600,000,000	74.52	-
	39 PRG Granary Company Limited	Pathum Thani	Ceased operations	250,000,000	250,000,000	-	74.51 ^{/15}
	40 Ratchasrima Rice Company Limited	Pathum Thani	Manufacturing and distribution of rice	62,500,000	62,500,000	-	74.51 ^{/16}
	41 Sima Pac Company Limited	Pathum Thani	Plastic bag production	50,000,000	50,000,000	-	37.25 ^{/16}
	42 Innofood (Thailand) Company Limited	Pathum Thani	Manufacturing and distribution of health food "GABA rice"	21,000,000	21,000,000	-	74.52 ^{/15}
	43 MBK Food Island Company Limited	Bangkok	Food center	1,500,000	1,500,000	-	74.50 ^{/15}
	44 MBK Food and Entertainment Company Limited	Bangkok	Food center	50,000,000	50,000,000	-	55.89 ^{/7/15}
	45 MBK Food System Company Limited	Bangkok	Food business	60,000,000	60,000,000	-	44.71 ^{/15}
FINANCIAL BUSINESS	46 MBK Guarantee Company Limited	Bangkok	Lender and surety of debt	500,000,000	500,000,000	-	99.98 ^{/4}
	47 Primacy Elegance Investments Limited	British Virgin Island	Investment	2,218,000	110,900	100.00	-
	48 MBK Premium Company Limited	Bangkok	Leasing and hire purchase	528,319,300	528,319,300	100.00	-
	49 T leasing Company Limited	Bangkok	Motorcycle hire purchase	500,000,000	500,000,000	99.99	-
	50 M G 1 Company Limited	Bangkok	Dormant	466,000,000	466,000,000	-	99.97 ^{/5}
	51 M G 2 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.96 ^{/5}
	52 Max Asset Management Company Limited	Bangkok	Asset management	572,000,000	572,000,000	16.56	-
OTHER BUSINESS	53 X-Gen Premium Company Limited	Bangkok	Motorcycle dealer and service center	50,000,000	50,000,000	99.99	-
	54 M Racing Company Limited	Bangkok	Motorcycle purchase, fix and motorcycle service business	10,000,000	10,000,000	99.99	-
	55 MBK Asset Company Limited	Bangkok	Dormant	300,000,000	300,000,000	99.99	-
	56 Apple Auto Auction (Thailand) Company Limited	Bangkok	Broker of cars and motorcycles	90,000,000	90,000,000	49.99	-
SUPPORTING BUSINESS	57 MBK Advanced Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.87 ^{/17}
	58 MBK Training Center Company	Bangkok	Training and seminar service	1,000,000	1,000,000	99.97	-
	59 MBK Broker Company Limited	Bangkok	Life assurance and insurance broker business	4,000,000	4,000,000	99.98	-
	60 MBK Insurance Broker Company Limited	Bangkok	Dormant	2,000,000	2,000,000	99.98	-
	61 MBK Service Solution Company Limited	Bangkok	Service and counseling	150,000,000	150,000,000	99.99	-
	62 Puen Pob Paet Company Limited	Bangkok	Ceased operations	1,000,000	1,000,000	36.29	-

NOTE	/1 Held by MBK Shopping Center Company Limited	/2 Held by Siam Piwat Company Limited
	/3 Held by Paradise Park Company Limited	/4 Held by Riverdale Golf and Country Club Company Limited
	/5 Held by MBK Guarantee Company Limited	/6 Held by MBK Business Company Limited
	/7 Held by Paemala Spa Company Limited	/8 Held by Glas Haus Ratchada Company Limited
	/9 Held by MBK Hotels and Resorts Company Limited	/10 Held by MBK Entertainment Company Limited
	/11 Held by MBK Premium Company Limited	/12 Held by MBK Resort Public Company Limited
	/13 Held by Crystal Lake Properties Company Limited	/14 Held by Plan Estate Company Limited
	/15 Held by Patum Rice Mill and Granary Public Company Limited	/16 Held by PRG Granary Company Limited
	/17 Held by MBK Insurance Broker Company Limited	/18 Held by MBK Real Estate Company Limited

SHAREHOLDING STRUCTURE AND MANAGEMENT



SHAREHOLDING STRUCTURE

On October 17, 2013, the latest closing date of the registration book, there were 26 shareholders holding more than 0.5% of MBK paid-up shares, totaling 77.91% of its paid-up capital and 3,324 minority shareholders holding not exceeding 0.5% of its paid-up capital, totaling 22.09% of its paid-up capital. The top ten major shareholders of MBK Public Company Limited were as follows:

No.	Name	Number of shares*	%
1	PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED	38,300,000	20.304
	PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED	9,124,953	4.838
	PRG. GRANARY COMPANY LIMITED	2,500,000	1.325
		49,924,953	26.467
2	THANACHART CAPITAL PUBLIC COMPANY LIMITED	18,856,209	9.996
	THANACHART LIFE INSURANCE CO.,LTD.	7,684,200	4.074
	THANACHART SECURITIES PUBLIC COMPANY LIMITED	7,560,300	4.008
	THANACHART INSURANCE CO.,LTD.	3,436,500	1.822
		37,537,209	19.900
3	THAI NVDR COMPANY LIMITED	5,295,623	2.807
4	MR.YONGSAK KANATHANAVANICH	4,826,400	2.559
5	KRUNGSRI DIVIDEND STOCK LTF	4,024,400	2.133
	KRUNGSRI DIVIDEND STOCK FUND	2,686,900	1.424
		6,711,300	3.557
6	DBS BANK A/C DBS NOMINEES-PB Clients	3,598,400	1.908
7	MS.SINEE THIENPRASIDDHI	2,487,233	1.319
8	MR.CHANIN DONAVANIK	2,453,433	1.301
9	FOUNDATION OF THAILAND	2,018,200	1.070
10	DUSIT THANI PUBLIC COMPANY LIMITED	1,977,000	1.048
	TOTAL	116,829,751	61.936

Note: * The number of shares included with the shares held by the related parties according to section 258 of Securities and Exchange Act (No. 4) B.E. 2551

MANAGEMENT

(1) MANAGEMENT STRUCTURE

The Company's management structure consists of the Board of Directors and specialized committees responsible for supporting important management areas and works in respect of which the Board of Directors has adopted resolutions including the Audit Committee, the Executive Committee as well as the Compensation and Nomination Committee. There are still various sub - committees, the sub-committee for the consideration of rents, and the sub-committee for management of the real estate business. The details of the responsibilities of the various committees are as follows:

1) THE BOARD OF DIRECTORS

The Company's Board of Directors is comprised of 11 members including:

- 10 non-executive directors (of whom 5 are independent, exceeding one-third of the whole number of the Board)
- 1 executive director.

LIST OF THE BOARD OF DIRECTORS ARE AS FOLLOWS:

NAME		POSITION	APPOINTED DATE
1) Mr. Banterng	Tantivit	Chairman	September 14, 1989
2) Mr. Suphadej	Poonpipat	Vice Chairman	September 14, 1989
3) Professor Paichitr	Rojanavanich	Independent Director	October 6, 1999
4) Ms. Prakong	Lelawongs	Independent Director	April 8, 1994
5) Mr. Pracha	Jaidee	Independent Director	October 31, 2007
6) First Lieutenant Chatrachai	Bunya-Ananta	Independent Director	December 9, 1998
7) Ms. Panit	Pulsirivong	Independent Director	April 8, 1994
8) Mr. Piyaphong	Artmangkorn	Director	October 8, 1998
9) Mr. Suvait	Theeravachirakul	Director and President	October 26, 2000
10) Mr. Hatchapong	Phokai	Director	October 26, 2000
11) Mr. Atipon	Tantivit	Director	October 8, 2003

The Board of Directors' meeting is held once per month and for the year 2013, the number of meetings held by the Board of Directors amounted to 12.

The definition and qualifications of independent directors according to the Company's policy on good corporate governance are in line with the criteria established by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), with details as follows:

- (1) Not to hold more than 5 percent of the voting shares of the Company, or of each of its subsidiary, associate or affiliate companies or juristic persons that may have a conflict of interest;
- (2) Not to be an officer, employee, consultants being paid a fixed salary or having authority to control the Company, its subsidiary, associate or affiliate companies or juristic persons that may have a conflict of interest;
- (3) Not to be related by blood or by registration as a parent, spouse, brother or sister, or siblings or any of their spouses, to or of an executive, a major shareholder having a controlling power, or a person to be appointed an executive or a person having a controlling power of the Company or its subsidiary company;
- (4) Not to have a business relationship with the Company or any of its subsidiary, associate or affiliate company or juristic person that may have a conflict of interest or otherwise which may render the director to be unable to give an independent opinion in relation to the operation of business of the Company.

SCOPE OF AUTHORITY AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. The Board of Directors is responsible for managing all the Company's businesses in line with the legal requirements, the Company's objectives and Articles of Association, as well as the resolutions adopted at the shareholders' meetings.
2. The Board of Directors is authorized to assign one or more of its members or other persons to conduct any business affairs on behalf of the Company.
3. Names and number of directors authorized to sign on behalf of the Company:
Mr. Suvait Theeravachirakul and Mr. Hatchapong Phokai two directors are authorized to sign jointly with the Company's seal affixed.
4. The Board of Directors is authorized to appoint or change the directors serving as authorized signatories on behalf of the Company.

TENURE OF THE BOARD OF DIRECTORS

1. At the Annual General Meeting each year, one-third of the directors must retire from office. If the number of the directors retiring from office does not amount to exactly one-third, the nearest whole number of one-third shall be used.

The directors who must retire from office in the first year and the second year in line with the preceding paragraph shall be selected by random drawing. In the following years, the directors with the longest tenure in office shall be required to retire. In an event that the number of directors with the longest tenure in office exceeds the number of directors who must retire, the retiring directors shall be selected by random drawing. The retiring directors are eligible for re-appointment.

2. Apart from retiring from office upon the expiration of the tenure, the director shall retire from office upon:
 - (1) Death;
 - (2) Resignation by delivering a written notice of resignation to the Company;
 - (3) Lacking the required qualifications or becoming forbidden by any provisions of the law;
 - (4) Resolution for the director to retire, which is adopted by at least three-fourths of the shareholders attending their meeting and having voting rights, provided that the combined number of the shares owned by these shareholders at least half of the total shares owned by all the shareholders attending the meeting and having the voting rights;
 - (5) The order by the court of law
3. If the directorship becomes vacant due to other reasons than the expiration of the tenure, the Board of Directors shall appoint a replacement who possesses the required qualifications and is not forbidden by any provisions of the law. The replacement shall be appointed at the Board of Directors' next meeting and has to be voted in by at least three-fourths of the remaining directors, with the exception of the situation in which the remaining tenure of the vacant directorship is less than two months.
4. In case the number of vacant directorships results in inadequate quorum, the remaining directors can act on behalf of the Board of Directors only in organizing a meeting of shareholders for the purpose of appointing replacements to fill the vacant directorships.
5. The directors appointed as replacements in line with Item 3 and Item 4 above shall be in the office only for the remaining term of the directorships being replaced.

2) THE EXECUTIVE COMMITTEE

LIST OF THE COMPANY'S EXECUTIVE COMMITTEE, ITS SECRETARY AND THEIR POSITIONS ARE AS FOLLOWS:

NAME		POSITION
1) Mr. Banterng	Tantivit	Chairman of the Executive Committee
2) Mr. Suphadej	Poonpipat	Vice Chairman of the Executive Committee
3) Mr. Piyaphong	Artmangkorn	Member of the Executive Committee
4) Mr. Suvait	Theeravachirakul	Member of the Executive Committee
5) Ms. Dararat	Homrossukhon	Secretary of the Executive Committee

The Executive Committee's meeting is held once per month and for the year 2013, the number of meetings held by the Board of Directors amounted to 12.

SCOPE OF WORK OF THE EXECUTIVE COMMITTEE

Managing the Company's business affairs, ensuring that they follow the policies established by the Company's.

Duties and responsibilities of the Executive Committee

1. Proposing policies and strategies for managing the Company's and its subsidiaries' businesses to the Board of Directors for approval.
2. Ensuring that the management team implements the established policies and strategies effectively and efficiently.
3. Considering and approving on the Company's liquidity management, investing in debt instrument rated investment grade (rated BBB+ up) with total amount not greater than THB 200 million per one issue and reporting to the Board of Directors when such transaction was approved.
4. Considering and approving on the Company's requirement of other capital expenditures, not specified in the annual budget, with total amount not exceeding THB 50 million per one meeting of the Executive Committee and reporting to the Board of Directors when such transaction was approved.
5. Considering and approving on the Company's requirement of administrative and selling expenses, not specified in the annual budget, with total amount not exceeding THB 20 million per one meeting of the Executive Committee and reporting to the Board of Directors when such transaction was approved.
6. Managing risks of financial or investment activities relating to the Company's and its subsidiaries' projects by means of establishing risk management policies as well as monitoring and assessing results, the report of which to be presented to the Board of Directors for consideration.
7. Considering appropriateness of the annual business plan and budget in MBK and other subsidiaries before proposing them to the Board of Directors for approval.
8. Considering the Company's Organization Chart, authority, salary structure, and annual remuneration for the staff and the management team before presenting them to the Board of Directors for approval.
9. Managing the Company's business affairs, ensuring that they comply with the legal requirements and that there is no conflict of interest.
10. Supervising the works of various committees.
11. Acknowledging difficulties, obstacles and reviewing practical solutions.
12. Carrying out other duties as assigned by the Board of Directors.

TENURE OF THE EXECUTIVE COMMITTEE

The chairman, vice chairman and the members of the Executive Committee shall have the same tenure as the Board of Directors' tenure.

3) THE AUDIT COMMITTEE

The Board of Directors established the Audit Committee on February 4, 1999. The Committee is comprised of 3 members, all of whom are independent which is qualified and experienced in accounting, finance, law and management. Two of the members have adequate knowledge and experience in auditing financial statements. Their qualifications meet all the regulations of the Stock Exchange of Thailand. The current members of the Audit Committee include the following:

LIST OF THE AUDIT COMMITTEE, ITS SECRETARY AND THEIR POSITIONS ARE AS FOLLOWS:

NAME		POSITION	NOTES
1) Professor Paichitr	Rojanavanich	Chairman of the Audit Committee	Independent director having knowledge and experience in accounting and finance
2) Ms. Prakong	Lelawongs	Member of the Audit Committee	Independent director having knowledge and experience in accounting and finance
3) Mr. Pracha	Jaidee	Member of the Audit Committee	Independent director having knowledge and experience in law
4) Ms. Yupapun	Paritranun	Secretary of the Audit Committee	

The meeting of the Audit Committee will be held at least once every month. The minutes of the meetings will have to be sent to the Board of Directors for information. In addition, the Committee has to meet annually with the external auditors and the management to review the financial statements and meetings with the external auditors without any executive or management team and meetings with management specifically activates annually. For the year 2013, the number of meetings held by the Audit Committee amounted to 16.

SCOPE OF WORK OF THE AUDIT COMMITTEE

The Audit Committee is responsible for carrying out the assignments given by the Board of Directors.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Ensuring that the company has appropriate and efficient internal control systems and internal audit.
2. Ensuring that the company's financial reports are accurate, complete and adequate.
3. Considering, reviewing, and proposing the appointment of the company's external auditor, including the auditing fee.
4. Ensuring that the company complies with the related rules and regulations as well as the requirements of the Stock Exchange of Thailand, Securities and Exchange Act.
5. Ensuring that the Management takes action on the deficiency or errors which have been found as a result of auditing, as well as putting pressure on the business units involved to correct the matters.
6. Reviewing evidence from internal investigations when there is an observation or an inference that there might be fraud, irregularities or substantial loopholes in the company's internal control systems and to report them to the Board of Directors for further consideration.
7. Giving instructions and reviewing evidence when there is an observation or an inference that there might be violations of laws or breaking of rules imposed by the Stock Exchange of Thailand, which have or might have significant impact on the company's financial position and performance.
8. Suggesting to the external auditor to verify or review transactions which are considered important and material during the period of auditing the company's financial accounts.
9. Co-operating with the internal audit department to consider and review the company's annual audit plan.
10. Approving the appointment, transfer, and removal of the Head of the Internal Audit.
11. Preparing the Audit Committee's report, which is separated from the Board of Directors' report. The Audit Committee's report to be signed by the Chairman of the Audit Committee will be included in the company's Annual Report.
12. Carrying out other duties as assigned by the Board of Directors.
13. Carrying out duties and responsibilities as required by the Stock Exchange of Thailand.
14. Considering and reviewing the accuracy and adequacy of the disclosure of connected transactions or other conflict of interests' transactions.

TENURE OF THE AUDIT COMMITTEE

The chairman and the members of the Audit Committee shall have the same tenure as the Board of Directors' tenure.

4) THE COMPENSATION AND NOMINATION COMMITTEE

LIST OF THE COMPENSATION AND NOMINATION COMMITTEE, ITS SECRETARY AND THEIR POSITIONS ARE AS FOLLOWS:

Name	Position	Notes
1) First LieutenantBunya- Ananta Chatrachai	Chairman of the Compensation and Nomination Committee	Independent Director
2) Mr. Suphadej Poonpipat	Member of the Compensation and Nomination Committee	
3) Ms. Panit Pulsirivong	Member of the Compensation and Nomination Committee	Independent Director
4) Mr. Suvait Theeravachirakul	Secretary of the Compensation and Nomination Committee	

For the year 2013, the number of meetings held by the Company's Compensation and Nomination Committee amounted to 2.

SCOPE OF WORK OF THE COMPENSATION AND NOMINATION COMMITTEE

Nominating the Company's directors and president as well as determining their remuneration.

DUTIES AND RESPONSIBILITIES OF THE COMPENSATION AND NOMINATION COMMITTEE

1. Nominating suitable candidates for the Company's directorships and proposing them to the Board of Directors or to the shareholders at their meeting for approval, depending on the case.
2. Nominating suitable candidates to serve as the Company's President as well as determining the related remuneration package by taking into account the President's duties and responsibilities, the Company's financial position, the salary rate comparable to the standard rates of the same industry, and proposing them to the Board of Directors for consideration and approval.
3. Considering and evaluating the President's yearly performance. The performance result shall be proposed to the Board of Directors for considering and approving for a change in the President's salary or any other benefits.
4. Carrying out any duties as assigned by the Board of Directors.

5) SECRETARY OF THE COMPANY

The Company has appointed Ms. Dararat Homrossukhon, to act as company secretary of MBK in accordance with the Securities and Exchange Act and the Good Corporate Governance practices of listed companies concerning the Responsibility of Directors, having the responsibility relating to the convening of meetings and the preparation and safe-keeping of documents, such as the register of directors, the notices for the convening of the meeting of the Board of Directors, the minutes of the meetings of the Board of Directors, the annual report of the Company, the notices for the convening of the meetings of the shareholders of the Company, the minutes of the meetings of the shareholders, and the report on the fact and the nature of conflicting of interests of the directors/executives, and the giving of recommendations, information/various regulations in respect of which the directors must have knowledge and compliance, and the attending to the various activities of the directors to enable them to discharge their duty efficiently and in the manner most beneficial to the Company.

6) THE EXECUTIVE MANAGEMENT

	NAME	POSITION
1) Mr. Suvait	Theeravachirakul	President and CEO
2) Mr. Pongsak	Sabdasen	Senior Executive Vice President, Office of President
3) Mr. Kasemsuk	Chongmankhong	Senior Executive Vice President, Finance & Administration Division
4) Mr. Sakchai	Kengkijkosol	Senior Executive Vice President, Operation Division
5) Ms. Yupapun	Paritranun	Senior Executive Vice President, Internal Audit Division
6) Mr. Somboon	Wongrassamee	Senior Executive Vice President, Business Development Division
7) Mr. Somphol	Tripopnart	Senior Executive Vice President, Sales Division
8) Miss Supissara	Thongmalai	Executive Vice President, Marketing Division
9) Mr. Apichat	Kamoltham	Executive Vice President, Legal Division

(2) NOMINATION OF DIRECTORS / EXECUTIVE MANAGEMENT

In relation to selecting the candidates nominated or to be nominated as the Company's directors, the candidates are elected by the Compensation and Nomination Committee. Of the Board of Directors, a total of five members are representatives for the Company's major shareholders. In the appointment of directors, minor shareholders are also entitled to appoint the Company's directors. The mechanism which the Company appoints its directors is specified in the Company's Articles of Association with details as follows:

1. The number of the Company's directors shall be determined by the shareholders at their meeting, provided that the number is not less than five. The directors may hold shares in the Company. However, at least half of the member of the Board of Directors must be residents in Thailand.

2. The directors shall be appointed at the shareholders' meeting in line with the rules and mechanism as follows:
 - 2.1 Each shareholder shall have one vote for each of the shares held. (Each share entitles the holder to one vote.)
 - 2.2 The directors may be appointed by casting votes for each director or a number of directors at the same time or by any other procedures as the shareholders at their meeting deem appropriate, provided that, at each voting, the shareholders shall cast all their votes in Item 2.1 without allocating some or more of their votes to any particular directors.
 - 2.3 The persons in order of the votes received, starting from the one with the highest votes, shall be appointed to fill the vacant directorships. In an event that the persons appointed to fill the remaining vacant directorships receive the same number of votes (In case of ties), the Chairperson of the meeting shall cast the deciding vote.

(3) ADDITIONAL INFORMATION RELATING TO THE DIRECTORS AND THE EXECUTIVES OF THE COMPANY IS AS FOLLOWS:

In 2013, no director or executive of the Company has had any records of breaches of the law in respect of the following:

- 1) Being subject to a court judgment in respect of a criminal prosecution, except in the case of a prosecution arising from a traffic violation, petty offence, or any other similar offence;
- 2) Being adjudged a bankrupt person or placed under receivership in relation to his/her property;
- 3) Being an executive or a person having a controlling power over a company or partnership adjudged bankrupt or its asset being ordered to be placed under receivership;

The Company also appointed experts and executives from various departments to be in charge of considering and managing specific matters within the Company, ensuring that the matters were managed properly, efficiently, and effectively in the best interest of the Company. Committees and working groups were formed to look after and manage of the following specific matters.

COMMITTEE RESPONSIBLE FOR SUPERVISING AND DEVELOPING OF MBK GROUP

1. Information System Development Steering Committee and Working Group
2. Business Continuity Committee
3. Human Resource Committee
4. Management and quality control services Committee , MBK Group
5. Corporate Customer Service Policy Working Group
6. Centralization Procurement System Working Group
7. Quality Management System Committee
 - 7.1 Strategic Management and Balance Scorecard Committee
 - 7.2 Risk Management Committee
 - 7.3 Suggestion Committee
 - 7.4 ISO 9000 Quality Management System Committee
 - 7.5 Thailand Quality Award Committee (TQA)
 - 7.6 Internal Quality Audit Committee
8. Customer Relation Representatives to control the quality of MBK Group service

COMMITTEE RESPONSIBLE FOR SUPERVISING AND DEVELOPING SHOPPING CENTER BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Shopping Center Business
2. Risk Management Committee, Shopping Center Business
3. Development of Good Relationship between customers and Business groups Committee
4. Shopping Center Service Development Committee
5. Prevention against Vendors Causing Damage to the Shopping Center Committee
6. Shopping Center Major Renovation Committee
7. Uniqueness Creation Committee
8. Brand Development Committee
9. Welfare within Place of Business Committee (MBK Smart Force Co., Ltd.)
10. Company's Welfare (MBK Smart Force Co., Ltd.)

11. Knowledge Management and Corporate Culture Promotion Committee, Shopping Center Business Group
12. Knowledge Management and Corporate Culture Promotion Working Group, Shopping Center Business Group
13. N2 Community Relation Committee of N2 Parking Building
14. ISO9000 Quality Management Committee (The Nine Center Co.,Ltd.)
15. IT System Development Committee (The Nine Center Co.,Ltd.)
16. Parking System Development Committee (The Nine Center Co.,Ltd.)
17. Strategic Planning and Balanced Score Management Committee (MBK Center)

COMMITTEES RESPONSIBLE FOR SUPERVISING AND DEVELOPING HOTEL AND TOURISM BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Hotel and Tourism Business
2. Risk Management Committee, Hotel and Tourism Business
3. Strategy Management and Balance Scorecard Committee, (MBK Public Co., Ltd. Pathumwan Princess Hotel branch)
4. Strategic Management and Balance Scorecard Committee, (Supsinthanee Co., Ltd.)
5. The Executive Committee, Hotel and Tourism Business
6. Knowledge management and organizational culture Committee, Hotels Group
7. Knowledge management and organizational culture working group , Hotels Group

COMMITTEES RESPONSIBLE FOR SUPERVISING AND DEVELOPMENT OF GOLF BUSINESS

1. Strategic Management and Balance Scorecard Committee, Golf Business
2. Risk Management Committee, Golf Business
3. Website Organizer for Golf Business Group Committee
4. Strategic Management and Balance Scorecard Committee (MBK Resort Public Co., Ltd.)
5. Risk Management Committee (MBK Resort Public Co., Ltd.)
6. ISO Quality Management System Committee
7. Safety Occupational Health and Environment Committee (MBK Resort Public Co., Ltd.)
8. Welfare within Place of Business Committee (MBK Resort Public Co., Ltd.)
9. The Executive Committee, Golf Business
10. Risk Management Committee, (Riverdale Golf and Country Club Company Limited)
11. Knowledge management and organizational culture Committee, Golf Business
12. Knowledge management and organizational culture working group , Golf Business

COMMITTEES RESPONSIBLE IN SUPERVISING AND DEVELOPING REAL ESTATE BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Real Estate Business
2. Risk Management Committee, Real Estate Business
3. Risk Management Committee (CLP Management Co., Ltd.)
4. ISO Quality Management System Committee (CLP Management Co., Ltd.)
5. The Executive Committee, Real Estate Business
6. 55 Market Construction Committee
7. The nine 2 Construction Committee
8. Retail on Glass Haus Ratchada Construction Committee
9. Quinn Condo Management Committee
10. Quinn Condo Construction and Design Committee
11. Quinn Condo Marketing and Sales Committee
12. Knowledge and Corporate Culture Management Committee, Real Estate Business Group
13. Knowledge and Corporate Culture Management Working Group, Real Estate Business Group

COMMITTEES RESPONSIBLE ON SUPERVISING AND DEVELOPING FOOD SOLUTION BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Food Solution Business
2. Risk Management Committee, Food Solution Business
3. Strategic Management and Balance Scorecard Committee (Patum Rice Mill and Granary Public Co., Ltd.)
4. Strategic Management and Balance Scorecard Committee (Simapack Company Limited)
5. Knowledge management and organizational culture Committee, Food Solution Business
6. Knowledge management and organizational culture working group , Food Solution Business

COMMITTEES RESPONSIBLE IN SUPERVISING AND DEVELOPING FINANCIAL BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Financial Business
2. Risk Management Committee, Financial Business
3. Financial Management Business Committee
4. Risk Management Committee (MBK Guarantee Company Limited)
5. Risk Management Committee (T-Leasing Company Limited)
6. Information System Development Steering Committee (MBK Guarantee Company Limited)
7. Information System Development Steering working group(MBK Guarantee Company Limited)
8. Knowledge management and organizational culture Committee, Financial Business
9. Knowledge management and organizational culture working group , Financial Business

COMMITTEES RESPONSIBLE IN SUPERVISING AND DEVELOPING OTHER BUSINESS ARE AS FOLLOWS:

1. Strategic Management and Balance Scorecard Committee, Other Business
2. Risk Management Committee, Other Business
3. Risk Management Committee, (Apple Auto Auction (Thailand) Company Limited)
4. Knowledge management and organizational culture Committee, Other Business
5. Knowledge management and organizational culture working group , Other Business

MBK'S COMMITTEES THAT ARE RESPONSIBLE FOR SUPERVISING AND DEVELOPING HUMAN RESOURCES OF MBK ARE AS FOLLOWS:

1. Knowledge Management and organizational culture Committee, MBK Group
2. Organizational Culture Development Committee
3. MBK Public Co., Ltd. Welfare Committee
4. Safety Occupational Health and Environment Committee
5. Social and Environmental Responsibilities Committee
6. Provident Funds Committee
7. Savings and Credit Cooperative Committee
8. MBK office Major Renovation 2012 Working Group
9. Consider fraud Committee
10. Consider fraud Working Group

MBK'S COMMITTEES THAT ARE RESPONSIBLE FOR TAKING CARE OF STAKEHOLDERS SUCH AS USERS OF THE SERVICES, LESSEES, CREDITORS AND DEBTORS ARE AS FOLLOWS:

1. Procurement Committee
2. Sale of Assets Committee
3. Tenant Selection Working Group
4. The 6th floor Food Center Management Working Group

MOREOVER, MBK ENCOURAGES ALL LEVEL OF ITS EMPLOYEES TO BE PART OF THE WORKING GROUPS TO ENHANCE THE POTENTIAL OF ITS HUMAN RESOURCES. THESE WORKING GROUPS ARE AS FOLLOWS:

1. Learning Organizational Development Working Group
2. Promotion of 5-Sor Activities Working Group
3. In-house Energy Management Evaluator Working Group
4. Community Relation Working Group
5. Good Corporate Governance Working Group
6. Thailand Quality Award Working Group (TQA)

(4) DELEGATION OF AUTHORITY TO ACT ON BEHALF OF THE COMPANY

The Company has put in place operational rules which provide details related to the exercise of authority to approve transactions on behalf of the Company. The objective is to delegate the authority to the staff holding different positions and in charge of performing various duties. To make the performance of their duties more flexible and efficient, they are authorized to act on behalf of the Company within the scope of authority specified by the Company. In this connection, the delegated authority is also subject to the Company's appropriate internal control systems.

(5) REMUNERATIONS FOR DIRECTORS AND EXECUTIVES MANAGEMENT

5.1 DIRECTOR REMUNERATIONS (1 JANUARY – 31 DECEMBER 2013)

DIRECTOR REMUNERATIONS

LIST OF NAME	DIRECTOR ALLOWANCE (THB)	MEETING ALLOWANCE (THB)				GRATUITY (THB)	TOTAL REMUNERATION (THB)
		BOARD OF DIRECTORS	AUDIT COMMITTEE	EXECUTIVE COMMITTEE	COMPENSATION AND NOMINATION COMMITTEE		
1. Mr. Banterng Tantivit	480,000.00	480,000.00		840,000.00		1,659,936.08	3,459,936.08
2. Mr. Suphadej Poonpipat	288,000.00	288,000.00		504,000.00	50,000.00	1,244,952.06	2,374,952.06
3. Professor Paichitr Rojanavanich	260,000.00	260,000.00	700,000.00			829,968.04	2,049,968.04
4. Ms. Prakong Lelawongs	240,000.00	240,000.00	350,000.00			829,968.04	1,659,968.04
5. Mr. Pracha Jaidee	240,000.00	240,000.00	350,000.00			829,968.04	1,659,968.04
6. First Lieutenant Chatrachai Bunya-Ananta	230,000.00	230,000.00			100,000.00	829,968.04	1,389,968.04
7. Ms. Panit Pulsirivong	240,000.00	240,000.00			50,000.00	829,968.04	1,359,968.04
8. Mr. Piyaphong Artmangkorn	240,000.00	240,000.00		300,000.00		829,968.04	1,609,968.04
9. Mr. Suwait Theeravachirakul	240,000.00	240,000.00				829,968.04	1,309,968.04
10. Mr. Hatchapong Phokai	240,000.00	240,000.00				829,968.04	1,309,968.04
11. Mr. Atipon Tantivit	240,000.00	240,000.00				829,968.04	1,309,968.04
Total	2,938,000.00	2,938,000.00	2,938,000.00	1,644,000.00	200,000.00	10,374,600.50	19,494,600.50

COMPARISON OF DIRECTOR REMUNERATIONS FROM 2009 – 2013

REMUNERATIONS	JULY 1, 2009 – JUNE 30, 2010		JULY 1, 2010 – JUNE 30, 2011		JULY 1, 2011 – DECEMBER 31, 2011		JANUARY 1, 2012 – DECEMBER 31, 2012		JANUARY 1, 2012 – DECEMBER 31, 2013	
	NUMBER (PERSONS)	AMOUNT (THB)	NUMBER (PERSONS)	AMOUNT (THB)	NUMBER (PERSONS)	AMOUNT (THB)	NUMBER (PERSONS)	AMOUNT (THB)	NUMBER (PERSONS)	AMOUNT (THB)
Allowances for Directors Meeting	11	7,150,000.00	11	8,229,500.00	11	4,490,000.00	11	9,100,000.00	11	6,182,000.00
Director Remunerations	11	8,131,736.75	11	8,959,882.25	11	9,431,455.00	11	4,715,727.50	11	10,374,600.50
Total		15,281,736.75		17,189,382.25		13,921,455.00		13,815,727.50		16,556,600.50

5.2 OTHER REMUNERATION

-None-

5.3 REMUNERATIONS FOR THE EXECUTIVE MANAGEMENT (JANUARY 1 – DECEMBER 31, 2013)

REMUNERATIONS OF THE EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT	NUMBER (PERSONS)	AMOUNT (MILLION THB)
Executive Management	8	38.04

COMPARISON OF THE REMUNERATIONS FOR EXECUTIVES MANAGEMENT FROM 2009 TO 2013

REMUNERATIONS	JULY 1, 2009 – JUNE 30, 2010		JULY 1, 2010 – JUNE 30, 2011		JULY 1, 2011 – DECEMBER 31, 2011		JANUARY 1, 2012 – DECEMBER 31, 2012		JANUARY 1, 2012 – DECEMBER 31, 2013	
	NUMBER (PERSONS)	AMOUNT (MILLION THB)	NUMBER (PERSONS)	AMOUNT (MILLION THB)	NUMBER (PERSONS)	AMOUNT (MILLION THB)	NUMBER (PERSONS)	AMOUNT (MILLION THB)	NUMBER (PERSONS)	AMOUNT (MILLION THB)
REMUNERATIONS (Salaries and Bonuses)	8	32.25	8	34.51	8	24.90	8	34.75	8	38.04

(6) PERSONNEL

6.1 NUMBER OF EMPLOYEES

As of December 31, 2012, MBK Public Company Limited employed a total of 505 employees, consisting of Managing Director, Deputy Managing Director, 8 Managing Director Assistants and 497 employees. This also included 237 employees of MBK Smart Force Co., Ltd., The number of employees in each department are as follows:

DIVISION	NUMBER OF EMPLOYEES (PERSON)*				
	1 JULY 2008 – 30 JUNE 2009	1 JULY 2009 – 30 JUNE 2010	1 JULY 2010 – 30 JUNE 2011	1 JULY 2011 – 31 DECEMBER 2011	1 JANUARY 2013 – 31 DECEMBER 2013
1. Office of President	80	42	39	49	52
2. Legal	9	14	16	12	18
3. Business Development	9	17	16	11	19
4. Finance & Administration	101	120	115	125	122
5. Internal Audit	17	22	18	19	26
6. Marketing	85	101	88	91	105
7. Operation Division	194	139	131	139	142
8. MBK Smart Force Co., Ltd.	133	169	207	218	290

Note : Number of employees are calculated from the average of employee in each year.

6.2 REMUNERATION OF EMPLOYEES (EXCLUDE THE PRESIDENT AND THE EXECUTIVE MANAGEMENT)

Unit : Baht

REMUNERATIONS	1 JULY 2008 – 30 JUNE 2009	1 JULY 2009– 30 JUNE 2010	1 JULY 2010 – 30 JUNE 2011	1 JANUARY 2012 TO 31 DECEMBER 2012	1 JANUARY 2013 TO 31 DECEMBER 2013
Salary, Bonus and Provident Fund (MBK)	179,006,971.50	170,627,253.73	166,220,258.48	302,433,364.70	228,550,187.15
Salary, Bonus and Provident Fund (MBK-SF)					38,188,484.94

6.3 OTHER REMUNERATIONS

The Company has provided for other remunerations and welfare benefits in addition to salaries, such as bonuses, savings and credit cooperative, working at upcountry expenses, OT, uniform expenses, provident funds, medical treatment cost, group insurance, social security and yearly check up.

The Company had established provident funds entitled “MBK Group Staff Provident Funds” on 1st July 1992. Under the terms and conditions specified in the Provident Funds, the Company agrees to make its subsidy and the employees who are members of the Provident Fund also agreed to make their contributions, the details of which are as follows:

SAVING RATE OF EMPLOYEES	SUBSIDY BY THE COMPANY		PAYMENTS FROM FUNDS	
- Members are required to contribute at least 5% of their salary but not more than the employer's subsidy for the members	<u>Years of Membership</u>		Years of Membership	<u>Subsidy and Benefits (%)</u>
	<u>Membership</u>			
	Commencement	Subsidy Rate 5%		
	2 years –less than 4 years	" 6%	Less than 1 year	0
	4 years- less than 6 years	" 7%	1 year–less than 3 years	30
	6 years- less than 8 years	" 8%	3 years–less than 5 years	50
	8 years-less than 10 years	" 9%	5 years- less than 7 years	70
	10 years or more	" 10%	7 years or more	100

6.4 HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT

The Company is well aware that each employee is a valuable resource in helping the Company to achieve its goals or vision and enhancing it into a leading company with sustainable growth. So the Company had adopted a policy in developing human resource for all level of employees. The objectives of this policy are to increase the efficiency of human resources in skills, knowledge, competency, attitude and good working behavior in their field of work. The Individual Development Plan will encourage each individual to learn, do research and continuously share their experiences. These management and Development programs such as Developing Human Resources Management System, training, giving scholarship to study in bachelor/ master level, work field trip both domestic and international, employees development plan and executive development plan to carry on important position in the Company, works management, building relationship of personnel and develop the organization of knowledge. These will lead the staff and Executive into topmost professional.

6.4.1 DEVELOPMENT OF HUMAN RESOURCES MANAGEMENT SYSTEM

6.4.1.1 Using Program to manage human resource database

The Company is proceeding with installing and developing PeopleSoft HCM 9.0, which is the system with functions that fully support management process in human resources such as recruit system, employment system, salary system, time record system, leave system, works management system, position successor management and progress in the occupation system. Moreover, this program allowed the manager of each division and the staff to enter into the data and use the system to manage (Self Service). It can also be connected to working system of other division, which is called Enterprise Resources Planning (ERP). This will enhance the efficiency in working and improving the Personnel management system into a higher system as well as enhance the level of satisfaction to the staff and any related individuals.

6.4.2 STRENGTHEN AND DEVELOP PERSONNEL COMPETENCY

6.4.2.1 Strengthen and Develop Personnel Competency

Developing Competency Model to be utilize in Human Resource division, start from searching and recruiting employees, training employees, develop employees in the form of Non Classroom Training, Career Development plan, Succession Planning and performance evaluation. The Company work together with the advisor in preparing competency to set a way to evaluate and prepare employees to handle the business demand both present and future. This also includes the ability to respond efficiently to changes of the Company.

6.4.2.2 Career Path & Career Group Development

The Company plan uses competency to top up in order to create Career Model of each Job Family, both that developed according to the field of work in the same career group and those that developed cross functional or cross career group, which will culminate in employees competency development, to have clear goal and able to respond to both business demand and growth in the employees obligations.

6.4.2.3 Training

Training is one of our significant policies to enhance working engagement continuity and to increase competency standard to be as effective as other companies, together with an effort to implement institution progress and sustainability. We held a contemporary internal and external program for employees in all levels and specifically followed each measurement with effective tools. There are also capability trainings that highlighted skill improvement, Core Competency, Managerial Competency and Functional Competency.

6.4.2.3.1 MBK Core Course The Core Course emphasizes on behavioral and attitude reinforcement toward Organization Culture, SMOOTH®, the specific program including Corporate Culture, Organization Achievement and Business Plan Advantage of an Organization.

6.4.2.3.2 Managerial Course Enriching Resources, Administration and Management skill, the program is launched for Administrators and Managers in order to control and manage a good work result, team player and organization within a leader vision to get along with adaptive change which can be divided in 3 categories as followed:

- Leader of Change
- Decisiveness
- People Development

6.4.2.3.3 Functional Course The Functional Course perspective is to integrate resources, understanding and skills for each certain employee. The course marks on specific responsibility and duty of employees by utilizing Training and OJT as tools.

6.4.2.3.4 Master and Bachelor's Scholarship The Company adopts a strong willing to increase employees' competency and multiple their performances to handle with shift able technology and finally create ultimate advantages. Master and Bachelor's Scholarship such as Technical Scholarship and Business Scholarship was given domestically to efficient employees so that they can utilize resources to enhance the company potential.

6.4.3 PREPARING PERSONNEL

6.4.3.1 Succession Plan

The Company had prepared employees to meet both the present and future demand to handle with the business expansion by compiling Chief Executive Succession Planning and Individual Development Plan for employees, which are considered from functional competency, core competency and managerial competency that suits with present responsibility and future responsibility.

6.4.3.2 Performance Management System

The Company aimed at manager and employees of all level to be involved and understand target direction and expected results of the organization by brainstorming ideas, specify target and action plan together with organizational level, sector level and department level. This is to be certain that the performance and success of each individual will be part of the success of the organization.

Performance evaluations are set twice a year, mid year evaluation and at the end of the year evaluation. Moreover, the Company also applied Core and Managerial Competency evaluation with 360-degree style to use in the performance improvement and development plan as well as continuously help improve employees' competency to be better.

6.4.4 EMPLOYEE ENGAGEMENT

The Company is well aware that employee engagement is one important fact in exerting and dedicating oneself to work and this will help the Company to be outstanding and reach its goals. The Company had established Quality of Work Life management system by continuously taking care of the employees as well as encourage employees to be part in a specify privileges through the welfare committee. The Company had established Savings and Credit Cooperative and provident funds to build stability for employees. Moreover, the Company had organized activities that will strengthen love and engagement for employees' family such as Family Day.

6.4.5 DEVELOPMENT OF KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL CULTURE AND DEVELOPMENT OF KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL CULTURE WORKING GROUP.

The Company has established cultural organization development committee and Learning Organization Activities working group to help employees to become aware and be part of the activities. This is the techniques in moving and enhancing organization vision by setting Company's core value and continuously set up activities so that each individual in the organization can together put into practice. This will impact on behavior, which is said to be the standard of reaching the organization goals or vision. "Learning Organization" was established from all level of personnel's learning and then knowledge is shared with each other and within the personnel, together with gaining knowledge from outside. The primary purpose of this is to give opportunities in seeking the best practice to use it in developing and building strong knowledge base of the organization which will be in time to the change and stability growth in a fierce business competitive and to achieve the vision of the organization and be the Learning Organization. We should have believes and hold on to the values and ways in practicing together which we called SMOOTH©

Service Mind	Service mind, primarily emphasizing on customer
Merit & Integrity	Perform duties in a transparent manner, behave appropriately and adhere to the ethics principle.
Ownership	Love and proud of the organization, hold conscious of being the owner of the work.
Openness	Ready to be open-minded, listen, be open-minded and communicate openly.
Teamwork	Establish outstanding teamwork for the same goal.
High Commitment	Determined and dedicated to work and efficiently responsible for work assigned.
Continuous Learning	Learning creatively, continuously and systematically seeking new knowledge and self-development. Have the courage to change for a new way of working or new working system, which will enable the organization to grow and develop without limits.

Apart from behaving themselves to set a good example which is in line with the above-mentioned SMOOTH© values, the leaders or staff at the executive level should adhere to a set of leadership values called "L D P", which will help them guide and lead their teams to the achievement of the organization goals. These additional values are as follows:

Leader of Change	Act as the change agent, lead with positive attitudes and vision as well as acceptable to all staff.
Decisiveness	Confident, have courage to make decisions based on knowledge, reasons and timely.
People Development	Develop ethical and competent staff. Give opportunities to others to grow in their career

In addition, the Company sees the importance of developing its personnel to become good citizens and participate in the development of corporate social responsibility on the basis of good corporate governance policy, as a framework to which the executives and the employees adhere.

Moreover, the Company had used Knowledge Management (KM) as one of the strategy, emphasizing on learning and developing of personnel to be in time with the expanding of business and to become Learning Organization (LO). The knowledge management committee, the representative of Chief Executive from each division, works together in carrying out the KM to manage knowledge so that it will develop in the same path and are compatible throughout the organization. Operating plan were set to create body of knowledge database (Km Website) to enhance culture in exchanging knowledge through activities such as KM Session and KM Corner for the purpose of continuously learning and to expand the cycle of exchanging knowledge which will increase competency and develop group and organization personnel level.

GOOD CORPORATE GOVERNANCE

The Company's Board of Directors places strong emphasis on making the Company's business management appropriate, transparent, fair and accountable. The Company established a good corporate governance policy which was in line with the rules and principles of good corporate governance of the Stock Exchange of Thailand and Thai Institute of Directors which will bring about transparent business management and control as well as stability for the Company's business operations.

In 2003, the Company established a good corporate governance policy which was in line with the 15 principles of the good corporate governance promoted by the Stock Exchange of Thailand. The Company also prepared handbook on business ethics and the code of conduct for directors, executives and staff. The written information was disseminated to all the Company's executives and staff for compliance.

In 2010/2011 the Company's Board of Directors has considered to review and improve the good corporate governance policy, the business moralities, the committee ethics, the management ethics and the staff ethics. They were completely improved in according to a good corporate governance policy for listed company of The Stock Exchange of Thailand principles. The policies consist of the recommended best practices under the five categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Consideration of the Roles of Stakeholders
4. Information Disclosure and Transparency
5. Responsibilities of Directors

The Company has prepared handbook on its corporate governance policies and code of business conduct of MBK Public Company Limited. The contents include the good corporate governance policies, the code of business conduct, the code of ethics for directors and executives, and the code of ethics for employees. They have been given to all directors, executives and employees for their information and practice. The information, knowledge and the related news on the corporate governance are also distributed to the executives and employees regularly through the Company's internet and website. The orientation activities which are organized for new executives and employees also cover the topics on corporate governance as well as code of ethics for executives and code of ethics for employees for their information and practice guidelines. Moreover, when the Company makes their investments in various areas of businesses, it has applied the principles of good corporate governance to the business operations of those subsidiaries. The Company's Board of Directors is mainly determined to conduct all the Company's business affairs in an appropriate, transparent and fair manner. The adherence to the principles of good corporate governance will not only enhance the confidence of all concerned, including its shareholders and stakeholders, but also will add value to the Company in the long term.

The corporate governance policy of MBK Public Company Limited covers the following practices:

- 1) Factors and responsibilities of the Company's Board of Directors which include with the following
 - 1.1 The composition of the Board of Directors
 - 1.2 Independent of directors
 - 1.3 Roles and responsibilities directors
 - 1.4 Tenure of directors
 - 1.5 The specific Committees
 - 1.6 Directors Meeting
 - 1.7 Separation of duties between the Board of Directors and the management
 - 1.8 Training and development of directors
 - 1.9 Self assessment of the Board of Directors
 - 1.10 Leadership and vision
 - 1.11 Remuneration of directors and senior executives
 - 1.12 Succession plan
- 2) Rights and equitable treatment of shareholders and the dividend payment policy.

- 3) Rights of the Company's stakeholders including customers, trading partners, competitors, creditors, employees, society, communities and the environment.
- 4) Information disclosure and transparency as well as investor relations.
- 5) Internal control and risk management.
- 6) Business ethics.
- 7) Conflicts of interest which include the supervision of use of inside information.

The Company's code of business conduct, code of ethics for directors and executives and code of ethics for employees cover the following practices and behaviors:

1. In the conduct of the Company's business affairs, the directors, executives and employees are required to comply with all the laws, rules and regulations. The compliance is beneficial to the overall management systems.
2. The directors, executives and employees have responsibility towards the Company's shareholders and treat them in an honest and equitable manner. For the convenience of the shareholders, the Company puts in place channels for the shareholders to file their complaints and to obtain information about the Company.
3. The directors, executives and employees have responsibility towards the Company's customers and treat them in a fair and equitable manner. The directors, executives and employees establish good relationships with the customers and provide them with correct information in a timely manner and keep confidentiality of their information. The Company also puts in place procedures for the customers to file their complaints and to give their opinions or suggestions about the management.
4. In their conduct of business affairs, the directors, executives and employees show their responsibility towards the Company's trading partners, competitors, and officials by behaving in an appropriate, equitable and fair manner within the established framework, rules and regulations and without seeking undue benefits for themselves. The Company also puts in place procedures for the trading partners, competitors and officials to file their complaints and to give their opinions or suggestions about the management.
5. The directors, executives and employees show their responsibility towards the society, communities and environment by giving their assistance and cooperation to the state, communities, society and environment, educational institutions and political activities within the constitutional framework. The Company puts in place management systems of occupational health, safety and environment in line with the legal requirements.
6. The Company has responsibility towards its employees and treats them fairly. The Company looks after their employees in areas of benefits, welfare, working environment, and safety at work. The Company encourages the employees to develop their knowledge and skills and to make progress in their careers. The Company puts in place procedures for the employees to file their complaints on various matters.
7. The Company encourages all employees to live corporate values and safeguard the organization, taking into account the interests of the organization or the public.
8. The directors, executives and employees are prohibited from abusing their authority in seeking information for their own benefits.

THE KEY POINTS RELATED TO THE IMPLEMENTATION OF THE CORPORATE GOVERNANCE CAN BE SUMMARIZED AS FOLLOWS:

1. RIGHTS OF SHAREHOLDERS

The Company realizes that each shareholder is the owner of the Company. As a result, it places emphasis on the appropriate maintenance of the shareholders' basic rights as stipulated by the law as well as other rights as deemed appropriate. These rights include, among others, to right to participate in the meetings of shareholders to be informed of the Company's performance and the right to receive a share of profit/dividends. The shareholders are provided with convenience to exercise their various rights such as proposal of agenda items, proposal of candidates for appointment as new directors, sending their questions about the Company prior to the shareholders' meetings, as well as the right to vote on agenda items under which a resolution needs to be adopted, with the understanding that the voting rights of all the shareholders will depend on the types of the shares they own. The Company has also established an investor relations unit responsible for providing the shareholders with the convenience to exercise their rights on various matters. Moreover, the Company has established the following policies in compliance with the principles of good corporate governance.

1.1. Sending the notice of meeting to the shareholders

The Company has assigned Thailand Securities Depository Company Limited to send the notice of the meeting to the shareholders, both in Thai and English. The shareholders can use them as supporting information in making voting decisions

on various matters. For example, under the meeting agenda, each agenda item clearly specifies the purpose and gives the opinion of the Board of Directors. As well, the notice of the meeting includes an annual report, financial statements annual report of MBK Public Company Limited and other related documents as well as the proxy statement. The notice of the meeting and the documents are sent to the shareholders whose names are on the share register not less than 14-21 days in advance. In addition the notice is posted on the Company's website not less than 30 days in advance and posted on newspapers for no fewer than 3 consecutive days prior to the meeting in order to allow the shareholders to prepare for the meeting in advance.

However, for the 2013 AGM meeting the Company sent an invitation letter to shareholders 14 days in advance and publish the invitation letter along with other relevant documents on the Company's website 30 days prior to the meeting. The purpose is to enable the shareholders to study the information before the meeting. Taking into consideration the convenience of shareholders in attending the meeting, the Company fixes appropriate date, time and place of meeting. In case any shareholders are unable to attend the meeting, they may appoint proxy holders to attend the meeting on their behalf, using the proxy statement provided by the Company. Or they may wish to appoint two independent directors proposed by the Company as their proxy holders. In voting on various agenda items, one share is equal to one vote.

1.2. Setting the annual general meeting

The Company holds an annual general meeting of shareholders within four months from the end of its accounting period. In case it is urgent for the shareholders to consider special agenda items, an Extraordinary General Meeting of Shareholders will be held. The special agenda items include matters that may affect the interests of the shareholders or those that are related to the conditions, rules, laws or articles that need approval by the meeting of shareholders. During For the Year 2013, the Company organized an Annual General Meeting of Shareholders on April 5, 2013 in Jamjuree Ballroom, Mezzanine Floor, Pathumwan Princess Hotel, Bangkok. In this connection, the Company provided the shareholders with convenience in an equitable manner. It put in place staff to welcome and look after the shareholders. For efficiency and the convenience of the shareholders, it made use of the barcode reader in registering the attendance of the shareholders. To check and verify the attendants' supporting documents, the Company started accepting registrations three hours before the meeting and stopped accepting registrations just before the last agenda item of the meeting is considered.

All 11 members of the Board of Directors participated in the Annual General Meeting of Shareholders. Among them were the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee. As well, all its senior executives and its auditor attended the meeting.

Ms. Ratana Jala, a certified public accountant, who was an independent auditor and did not hold any share of the Company, served as a neutral party in checking and counting votes. At the meeting, the Chairman conducted the meeting in compliance with all the requirements imposed by the law. He provided the shareholders with clarifications on all the meeting procedures including vote counting methods and the exercise of voting rights. The Chairman also provided the shareholders with a report on the Company's annual performance and other agenda items. Under each agenda item, the Chairman gave the shareholders an opportunity for giving opinions and suggestions as well as asking questions. In response to the questions, the Chairman and the executives gave the shareholders appropriate answers and explanations. The shareholders were requested to vote and adopt resolutions on all agenda items. In appointing new directors, the Company made arrangements for the shareholders to vote on each candidate separately. In this connection, the shareholders could also propose candidates for appointment as directors through the Company's website prior to the date of the meeting of shareholders. As well, they could propose additional candidates at the meeting. The minutes of the meeting were also accurately kept.

The Annual General Meeting of Shareholders 2013 took about two hours and thirty minute. Following the commencement of the registrations at 12.30 pm., the meeting started at 14:15 pm. and closed at 16.45 pm.

1.3. Actions undertaken after the meeting of shareholders

The Company submitted the report of the voting result during the AGM to the Stock Exchange of Thailand (SET) within 1 day since the meeting was adjourned and also submitted the minutes of Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days after the date of the meeting concerned. As well, the video recordings of the meetings are available on the Company's website (<http://www.mbk-center.co.th>). The purpose was to provide the shareholders with convenient access to the information.

2. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company places very strong emphasis on the equitable treatment of all the shareholders. As a result, it has included the upholding of the rights of shareholders and the equitable treatment of shareholders in its policies on the good corporate

governance, the Company's performance, voting on appointment or removal of directors as well as dividend payments, proposing additional items to the agenda, and asking questions or giving opinions on various matters which the Board of Directors brings to the attention of the shareholders for information or consideration. Although some shareholders might not be able to attend the meeting, they can appoint other persons or the independent directors who are proposed by the Company to attend the meeting on their behalf by filling in the proxy statement sent by the Company together with other supporting details. To provide the shareholders with convenience, the Company also makes available the proxy statement as well as the related details and procedures on the Company's website 30 day prior to the meeting, from which the shareholders can download the form and the information. The shareholders can obtain additional information from the Company's investor relations unit.

All shareholders also have access to the information about the Company through various channels or sources such as its website (<http://www.mbk-center.co.th>), annual reports, Form 56-1 or the investor relations unit. In addition the Company has set up the investor relations unit to communicate with investors, shareholders and all stakeholders. The investor relations unit can be contacted by the following contact information:

Contact person and address of the Company's investor relations unit:

Mr. Pongtip Pongkham
 MBK Public Company Limited
 8th Floor, MBK Center Building, 444 Phayathai Road,
 Kwaeng Wangmai, Pathumwan, Bangkok 10330
 Telephone : 0-2620-7120
 Fax : 0-2620-7138
 Email address : inv@mbk-center.co.th

3. CONSIDERATION OF STAKEHOLDERS' ROLE

The Company looks after various groups of stakeholders whether they are internal stakeholders or external of the company such as shareholders, customers, trading partners, competitor, creditors, staff at all levels, as well as society in general and the environment to ensure that the stakeholders will receive appropriate rights. MBK Public Company Limited the stakeholders interest and feel confident that their rights are always taken care of and to foster cooperation between the stakeholder groups. This is also another factor that will support the sustainable and stable growth of the Company.

Moreover, in 2011, the Company declared its intention to participate in the anti-corruption campaign "Private Sector Collective Action Coalition against Corruption". The campaign includes 7 organizations, Thai Institute of Directors, Thai Chamber of Commerce, Foreign Chamber of Commerce in Thailand, Thai Listed Companies Association, Thai Banks Association, and Federation of Thai Capital Market Organizations, in order to declare its intention to operate a transparent business, and stand against corruption with the consideration of the utmost benefits of all stakeholders.

In order that, the details of related policies which the Company established to the Board of Director, the Executive Management and all of staff in order to treat to the stakeholders unless the shareholders are as follows:

1) Customers

The Company realizes that it is important for its customers to feel completely satisfied. This is because the Company's success depends on the customer satisfaction. To win customer confidence in its services, the Company needs to treat every customer fairly. The following policies and measures have been undertaken.

1. The Company honors all the terms and conditions agreed upon with the customers. In case it is not possible to honor any terms and conditions, the Company will try to find a satisfactory resolution or make necessary adjustments.
2. The Company treats all customers fairly and equitably.
3. The Company always keeps good relation with the customers.
4. The Company takes good care of the customers, taking into consideration their safety.
5. The Company provides the customers with accurate, adequate and timely information. It keeps the customers' information confidential. It will not use the customers' information for one's own benefit or for the benefit of the related parties.
6. The Company puts in place a system or process, through which the customers can file their complaints or give their suggestions about its services.

In 2012, no complaint was filed. Moreover, the Company undertook the following activities in line with the established policies.

- Organized “Car Boot Swop” to allow people to exchange items and forbid any sale. In the event there were activities such as toys for ice cream, used paper for Chang folders, or items for eggs.
- “Orange Blessing for tenants” Activity was held to tie relationship between entrepreneurs in the shopping center.

2) Trading partners, competitors and creditors

In conducting its business affairs, the Company takes into account the benefits of its trading partners, competitors and creditors. It treats them equitably and fairly, in the best interest of the Company and based on the principles of righteousness and suitability as well as the business relationship. The following are the Company’s practice guidelines.

1. The Company’s conduct of business affairs is under the framework of fair competition rules and in line with the good culture and tradition.
2. The Company honors all agreements, terms and conditions, as well as rules and regulations. If it is not possible to honor them, the Company will try to find a satisfactory resolution or make necessary adjustments.
3. The Company places emphasis on treating these stakeholders appropriately, equitably and fairly.
4. The Company does not ask for or accept or pay any undue benefits dishonestly. The Company also does not violate confidentiality. As well, it will not attempt to gain access to trade secrets in a dishonest manner.
5. The Company puts in place a system or process, through which its trading partners, competitors and creditors can file complaints.

In 2013 no complaint was filed. Moreover, the Company undertook the following activities in line with the established policies.

3) Society, communities and the environment

The Company has always been committed to operating its business in a manner that shows responsibility towards society, communities and the environment. As part of its efforts, it takes actions that are of benefit to the society and communities. In particular, it complies with the building standards and requirements imposed by the authorities concerned. It has adopted the policies and measures as follows:

1. The Company complies with the laws as well as rules and regulations related to the environment.
2. It gives assistance to and cooperates with state agencies, communities, and educational institutions in their activities. The Company assists in preserving the local customs and traditions of the communities in which the Company and its offices are located. It also encourages its subsidiaries to adopt the same policy.
3. The Company encourages staff of the Company and its subsidiaries to be mindful of their responsibility towards society, communities and the environment.
4. The Company puts in place a system or process, through which complaints can be filed.

In 2013, no complaint was filed. Moreover, the Company undertook the following activities in line with the established policies.

Health-related activities, such as:

- The Company, in corporation with Mission Hospital, organized a free healthcare check for clients who brought mothers with them. The health check included the bone mass, or fasting blood sugar, etc.
- The Company, in corporation with Mission Hospital, organized a free healthcare check in the occasion of Father’s Day for clients who brought fathers with them. The health check included the blood pressure level, body composition, sugar level, or blood cholesterol, etc.
- “World Breast Cancer” Activity was established to introduce Breast Cancer’s self check up including Breast Cancer Festival and Lingerie Donation to starvation.
- “The 3rd Adventist Health Expo” was a total free check up for fundamental check up, Electrocardiography, Eye Care Measurement, Bone Mineral Density Measurement and “Natural Therapy” Fair.
- “Safe Love by Condom” Activity was held to publicize information and the present situation about sexual transmitted disease and AIDS to people and to encourage them to protect themselves from such symptoms in the right direction.

- “World Kidney Day” Activity’s purpose is to promote healthy kidneys by broadcasting informative brochures to people.
- “World No Tobacco Day” Activity was held to encourage and implant non-smoking attitude to people as well as inform fatal effects of smoking.

Activities for society and communities, such as:

- “The Immigration Rehearsal of Fire and Earthquake Incident” was held to prepare for protection and emergency at MBK Center, 2012.
- LOVE 2 SHARE PETS FUNNY CHARITY SHOW 2012” Activity was held to fund the project, “LOVE 2 SHARE GO TO SCHOOL”, aiming to implant a good attitude for pet care in youth.
- “Safe Travel for Kids from Kind Adults” Activity was held to encourage importance of children’s safety and arise the safe footpath issue.
- “Thai Tuk-Tuk to Take Care of tourists” Campaign was raised to alarm criminal rate according to Community Policing. The policy involves tri-cycle services, taxis and people nearby to work as one. They can help police by reporting skeptical incidents that happen to tourists, both Thai and international.
- “3E For KIDS” Activity brought children a good opportunity to act and perform in the right way.
- “MBK Rally Charity Tour” Activity opens for all entrepreneurs in the Shopping Center to donate stationery and sport equipments.
- The company, in collaboration with Culture, Sports and Tourism Department conducted “Bangkok Cartoon Festival 2012” to create reading habits to youth and people.
- “Fullfill...Build a Happy Community” Project was operated to renovate ancient pavilions, paths at Tientawai temple, Pathumthani.
- Youth and No More Drugs Activity
 - o Hello! Korea by MBK, Korean cover dance
 - o YYT Street Challenge 2012
 - o J-TREND IN TOWN for J-Pop music enthusiasts

Activities for promoting arts and culture, such as:

- “MBK Fight Night” Activity was held to serve boxing lovers: Thai, Traditional Thai and international boxing.
- “THAILAND ARTS AND CULTURE FESTIVAL” was the rare grand showcase of Thai culture focusing on Chakrok Kon, human puppets, Kongrand parade, stores and rare rural workshops.
- “Puppet and its shadow in the stream” reflected traditional puppet show which should be preserved since Ayutthaya such as Se-ma puppet crew, Porchang, Hua Chiew Human Puppet, Lakorn Lek from Bangluang canal, Faculty of Apply and Fine Arts, Chulalongkorn university.
- “Gossip Market” Activity was the idea-surrounded market for individuals and unique people. There were handmade, idea-sparkling gadgets and good music and good artists.
- “Disco Loy Krathong Jikko Lang Wang” Activity was organized to reinforce Loy Krathong ceremony under the concept, 60-70 vintage gangster. There were the young gangster contest for kids aged 3-11, grocery stores, vintage photoshoot, Krathong workshop, prediction luck, Ko Klong Kee and 2 outdoor films per day with live soundtrack.

Educational activities, such as:

- “This Summer Power of Music” Activity was the creative music contest for university students in the 3rd Triple H Music including Contemporary band, local band, artists from Triple H Music.
- “Rapid Ride” Activity was held to support university students from Faculty of Communication Arts, ABAC. Fixed-gear, festival, fashion show and games were offered.

Environmental activities, such as:

- The Company promoted the use of degradable plastic bags instead of the normal plastic bags. It also launched a campaign aimed at encouraging people to use cloth bags in replacement of plastic bags.
- The Company has set aside additional spaces in front of MBK center to build a green wall for the purpose of reducing the pollution for the surrounding communities.

- Installing Deep Shaft Waste Water Treatment System which is a standard system to treat waste water in MBK Center building by reusing the treated water in cleaning the area around the building, the parking space and in the Cooling Tower system.
- Controlling the air quality within the Shopping Center by measuring the air quality annually.
- Collecting sample water for the lab to test for Legionella Bacteria for every 4 month.
- Evaluating the quality of water supply in every 3 month.

4) Employees

The Company is aware that employees are the valuable assets and essential to the Company's achievement. The Company hopes that the employees will feel proud in the organization and have an equal opportunity to progress professionally and all are given a chance to continuously develop their skills. Therefore the Company has adopted the following guidelines in regards to its employees:

1. All employees shall be treated with equality and without prejudice.
2. The Company shall support and promote activities that allow employees to feel proud in the organization as well as strengthen the relationship among employees and between employees and that organization.
3. The Company shall provide fringe benefits for employees such as provident funds, healthcare and safety in the working environment.
4. The Company shall support and promote the development and professional progress of employees.
5. The Company shall set up a system and procedure that allows employees to file a complaint in case of injustice.

In 2013 there was no complaint from any employee. The Company also organized the following activities consistent with the policy:

- Training Program "First aid and rescue operations" for employee understanding of the principles of aid and aid properly.
- "9th MBK Karaoke Fun" activity to strengthen the relationship among employees and encourage them to express themselves in a creative way.
- The Company organized "MBK Birthday Party" for executive staffs and employees whose birthdays fall on each month.
- The Company set up a budget for training sessions for all levels of employees.
- Welfare Establishment for employees' uniform, medical fee, insurance, health and accidental insurance.
- Providing training courses in various topics to develop the knowledge, ability and attitudes of employees in all levels:
 - MBK Service Standard
 - Basic Knowledge of Energy Management
 - Knowledge Management
 - Basic First Aid
 - How to Prevent and Distinguish Fire
 - Basic knowledge of fundamental standard (ISO 9001:2008)
 - Building Organization Culture Activity (Building MBK Culture : SMOOTH©)
 - Competency-Based Management
 - Social Security Knowledge
 - Preventing Disasters and Bomb Danger
 - Enhancing Security's Capability (Traffic Volunteer)
 - Usage of Instant Open Office and Other Programs

There were also additional trainings for employees in executive levels:

- Rope Course for Executive Staff Development
- Good Corporate Governance Evaluation Criteria
- BSC: Strategy for Management
- Connected transactions and asset acquisition and disposition transactions
- Presentation Skill for Manager

- o Media Interview Technique
- o Internal Quality Audit for Executive
- Giving scholarships to employees in bachelor and master degree level every year to promote employees' professional progress.
- Setting up the Occupational Health and Safety at Work Environment committee by selecting employees' representatives to be responsible for the Company's occupational health and safety at work environment.
- Setting up a budget for employees' activity club that allow them to spend time together and strengthen their relationship.
- Setting up a budget for various clubs as employees' relationship will be increase.
 1. **Football Club** to promote exercise among employees and creating a bonding among employees in the company and the company's associates that could produce positive effects towards working performance.
 2. **Health Club** to encourage employees to make use of their free time by exercising for health and for the better working performance.
 3. **Fulfill Club** to encourage employees to make use of their free time by planting good values and attitudes in sharing and giving to the underprivileged.
 4. **Book Club** to encourage employees to make use of their free time by learning from reading books, contemplating more ideas, developing their brains and helping them become more focus and have a better memory.
 5. **Photo Club** which is the center of employees who love taking pictures and travelling to get together and share their knowledge and experience and develop their photo-taking skill.
 6. **Music Club** is the center of employees who are interested in music. It is also an exchange terminal of knowledge and activity initiation.
 7. **We Love Movie Club** is the center of employees who love watching movies to get together and share their knowledge in movie which in turn will strengthen the relationship among employees within the organization

4. INFORMATION DISCLOSURE AND TRANSPARENCY

The Company places strong emphasis on disclosure of its information. In this connection, the Company has adopted a policy on equitable disclosure of a policy on equitable disclosure of key information both financial and non-financial, to shareholders and stakeholders in a complete, timely and reliable manner, in both Thai and English, through various channels as follows:

4.1 Through annual reports and the Company's website (<http://www.mbk-center.co.th>) The disclosed information covers all areas in line with the practice guidelines given by the Stock Exchange of Thailand for directors. The information includes, among others, the following:

1. Financial statements, notes to the financial statements, and financial statement analysis as well as the report on the responsibility of the Board of Directors towards the financial report together the report of the auditor in the annual report.
2. Report of the Audit Committee.
3. Related party transactions.
4. Policy and report on corporate governance.
5. Composition of the Board of Directors, their profiles showing experiences which are of benefit to the Company's business performance, as well as the role, duties and responsibilities of the Board of Directors and committees on various specific areas, in addition to details on the meeting attendance of members of each committee.
6. Policy on remuneration for directors and senior executives, both in cash and other fringe benefits, as well as information about compensation for directors, members of various committees, and senior executives, (Notes: As regards directors and members of various committees, the Company will disclose details about the compensation of each person.).
7. Shareholdings of directors and senior executives.

8. Organizational structures of the Company and its subsidiaries.
9. Vision and mission statements.
10. Internal control and risk management.

4.2 Website of the Office of the Securities and Exchange Commission (SEC). In full compliance with the requirements imposed by the Office of the Securities and Exchange Commission (SEC), the Company has disclosed all the information and various developments. The information is disclosed to members of the general public through SEC's website such as Annual Report, Report of 56-1, Financial Statement. This includes, among others, related party transactions and details about company share holdings of the directors.

4.3 The Company has established an investor relations unit responsible for disclosing information to shareholders, investors, and stock analysts through its website (www.mbk-center.co.th) under the tab entitled Investor Relations. The available information includes the information sent to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, information about the Company's shareholders, analyses, as well as its quarterly investor magazine entitled "MBK Today" which contains information such as the Company's quarterly performance, share price movements, businesses of MBK Group's member companies and the Company's activities in the past quarter. The information on the website is regularly updated. The objective is to enable investors and interested members of the general public to have efficient and equitable access to the information.

Interested person can contact of the Company's investor relations unit at

Mr. Pongtip Pongkham
 MBK Public Company Limited
 444, 8th Floor, MBK Center Building,
 Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330
 Telephone number : 0-2620-7120
 Fax number : 0-2620-7138
 E-mail : inv@mbk-center.co.th
 Homepage : www.mbk-center.co.th

Filing complaints and requesting for information

In conduct its business affairs, the Company has adopted a policy which takes into account the satisfaction of all stakeholders. They can file complains, make suggestions, or request for information as well as sharing news, leads, and clues or giving information about the Company through its various channels such as web-based Intranet, through its various channels, both internal and external, such as web board, Internet, television or written

The related contact details are as follows:

1. Call center phone number : 0-2620-9000
2. Website : www.mbk-center.co.th
3. Email address of the investor relations unit : inv@mbk-center.co.th
4. Complaint boxes :
 - A compliant box is placed in the office near the public relations department.
 - Complaint boxes are placed on all floors of MBK Center.

The Company has set up procedures in dealing with complaints from all groups of stakeholders. As part of its policy, it will keep all information about its customers and stakeholders confidential. The information includes complaints, suggestions, information requests, news, leads or clues about the Company. The Internal Audit is required to witness the opening of all the complaint boxes. The departments concerned will be requested to find solutions or make adjustments. In return, the Company will notify.

5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

To manage the Company efficiently, the Board of Directors must consist of individuals with knowledge, expertise and work experience in different fields of endeavor. Importantly, they must be able to dedicate themselves fully to their work and act at all times in the best interest of the Company.

5.1 Composition of the Board of Directors

- 1) The total number of members of the Board of Directors must be in line with the number specified by the meeting of shareholders. However, the number of the directors must be at least five.

- 2) The number of independent directors must account for at least one-third of the total members of the Board of Directors.
- 3) All directors must have proper qualifications and possess none of the characteristics prohibited under the Public Company Limited Act.
- 4) The appointment of directors must be transparent and clear. They must be appointed at the meeting of the shareholders or by the Board of Directors in case the director post becomes vacant before the end of the tenure.

5.2 Independence of the Board of Directors

The independent directors must possess qualifications as specified by the Company. The qualifications are in line with those prescribed in the notifications issued by the Office of the Securities and Exchange Commission. The related details are given on Page under the subject entitled 'Management Structure'.

In 2013, the Company had five independent directors, accounting for 45.45% of the Board of Directors. There names were as follows:

- | | |
|--------------------------------|---------------|
| 1) Professor Paichitr | Rojanavanich, |
| 2) Ms. Prakong | Lelawongs, |
| 3) Mr. Pracha | Jaidee, |
| 4) First Lieutenant Chatrachai | Bunya-Ananta, |
| 5) Ms. Panit | Pulsirivong. |

5.3 Executive directors

Executive directors are those directors who participate in the management of the business, in line with the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of the Offer for Sale of Newly Issued Shares. According to the Notification, "Executive director" means any director who holds an executive position, or any director who is in charge of any actions deemed to be taken by executive, and shall include any authorized director except where it can be demonstrated that such authorized director signs on transactions which have been approved by the board of directors and jointly with other directors. In 2012, the Company had 1 executive director, accounting for 9.09% of the Board whose name was Mr. Suvait Theeravachirakul.

5.4 Directors authorized to sign on behalf of the Company

The directors who are authorized to sign on behalf of the Company and whose names are specified in the Company's Articles of Association include the following:

- | | |
|-------------------|-------------------|
| 1. Mr. Suvait | Theeravachirakul, |
| 2. Mr. Hatchapong | Phokai, |

In signing on behalf of the Company, two directors jointly sign with the Company's seal affixed.

5.5 Responsibilities of directors

In considering the holding of directorships of its members, the board of directors takes into account the appropriate arrangements that will result in the highest efficiency possible for the Company. As well, the arrangements must add value the all groups of the stakeholders.

5.6 Committees on Specific Areas

The Board of Directors may appoint committees to perform some of its duties on specific areas. These committees assist the Board in carrying out some of its duties, conducting detailed studies, and checking things as deemed necessary and appropriate. These committees consist of the following:

- 5.6.1 The Executive Committee
- 5.6.2 The Audit Committee
- 5.6.3 The Nomination and Remuneration Committee
- 5.6.4 The Other Committees

The characteristics of the committees must be in compliance with the requirements stipulated by the Stock Exchange of Thailand. As well, the Board of Directors has clearly specified the scope of responsibilities of each committee. It also requires that the committees present their respective report at each meeting of the Board of Directors.

5.7 Holding of Directorships

The Board of Directors has considered the appropriateness of time allocation in carrying out the responsibilities of each director who is required to assume positions in various subsidiaries. The objective is to achieve the maximum efficiency possible in ensuring that each subsidiary adopts policies and conducts its business affairs in alignment with the parent company and that its business is beneficial and adds value to all groups of stakeholders. The fact that the directors assume positions in the subsidiaries also enhances the good relationships among the members of MBK Group. As a result, some directors may hold directorships in more than five subsidiaries.

5.8 Segregation of duties between the Board of Directors and the management

The Company clearly defines and segregates the authority between the Board of Directors and the management at various levels. In addition, the Chairman of the Board of Directors and the Company's President must not be the same person. As well, the Company clearly segregates the authority and duties of the Chairman and the President. The objective is to strike a proper balance in managing the Company's business. The system in segregating the roles, duties and responsibilities between the Board of Directors and the management is in line with the segregation principle that is based on the corporate governance policy. This includes systematic delegation of decision-making authority. The management is independent in making decisions and managing the business within the limits of the delegated authority. In this connection, the Company has prepared a handbook on the delegation of authority. It gives details about the roles and authority of the management and serves as its practice guidelines. The delegation of authority handbook will be reviewed as deemed appropriate for the conduct of the Company's business affairs, taking into account the prevailing situation. Moreover, the Board of Directors closely monitors the performance of the management.

5.9 Training and Development of Directors

The Company regularly pays attention to the training and development of the directors. All the newly appointed directors will be required to attend the orientation session which will provide them with adequate information about the Company before they start carrying out their responsibilities. The information includes the Company's vision, missions, strategies, goals, Memorandum of Association, Articles of Association, roles and responsibilities of the Board of Directors, policies on good corporate governance, code of business ethics, code of conduct for directors, information about the business of the related companies, as well as the related rules and regulations. All the directors will be regularly provided with training and additional knowledge. In particular, they will be required to participate in training courses related to the performance of their responsibilities as director. These courses are organized by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, Securities and Exchange Commission. The Company will regularly inform the directors of the details about these courses in advance. The training will enable the directors to carry out their responsibilities and look after the Company's business affairs in an efficient manner. The directors who have participated in the training courses organized by the Thai Institute of Directors Association (IOD) include the following:

NAME OF DIRECTORS		NAME OF TRAINING COURSE FROM THE THAI INSTITUTE OF DIRECTORS
1. Mr. Banterng	Tantivit	- Director Accreditation Program (DAP) Course
2. Mr. Suphadej	Poonpipat	- Director Accreditation Program (DAP) Course - Role of the Compensation Committee (RCC) - Role of the Chairman Program (RCP) - Financial Institutions Governance Program (FGP)
3. Professor Paichitr	Rojanavanich	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course
4. Ms. Prakong	Lelawongs	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course
5. Mr. Pracha	Jaidee	- Director Accreditation Program (DAP) Course - Audit Committee Program (ACP) Course
6. First Lieutenant	Chatrachai Bunya-Ananta	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course

NAME OF DIRECTORS		NAME OF TRAINING COURSE FROM THE THAI INSTITUTE OF DIRECTORS
7. Ms. Panit	Pulsirivong	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course - Role of the Compensation Committee (RCC)
8. Mr. Piyaphong	Artmangkorn	- Director Accreditation Program (DAP) Course
9. Mr. Suvait	Theeravachiraku	- Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course
10. Mr. Hatchapong	Phokai	- Director Accreditation Program (DAP) Course
11. Mr. Atipon	Tantivit	- Directors Certification Program (DCP) Course

In 2012, one of our committees participated in Role of the Compensation Committee (RCC) program from Thai Institute of Directors to support and inform the Board's resource.

5.10 Leadership and Vision

The Company's Board of Directors has established clear vision and mission statements as well as business directions, policies, strategies and targets. They serve as guidelines for the management in formulating business plans and budgets as well as future business expansion plans in order to enable the Company to achieve sustainable growth and stability.

The vision of MBK Public Company Limited is "The leading company managed by professionals with continuous and stable growth by investing in steady return generated businesses with strong determination in producing wealth, reliability and trust for all related parties, in compliance with principles of Good Corporate Governance".

5.11 Company Secretary

The related details are given on Page 83 under the subject entitled "Management Structure"

5.12 The Company's Board of Directors has formulated a succession plan.

The objectives are to ensure availability of qualified people for positions at the level of department head and above and to support the Company's business expansion. In implementing the plan, the efficiency and potential of executives will be assessed. As well, they will be required to participate in appropriate training and development activities which are aimed at enhancing their skills and knowledge. Their professional development will be closely monitored.

5.13 Remuneration of the Board of Directors and the Executives Management

The remuneration of the Board of Directors is paid in the form of the meeting allowances, director allowances and gratuity. The directors who also serve as members of other committees such as the Audit Committee and the Executive Committee will receive additional payments as deemed appropriate and in line with the resolution adopted at the shareholders' meeting.

The payments of remuneration for senior executives are made in the form of monthly salaries, bonuses or other fringe benefits. The remuneration is based on the Company's performance as well as the performance of the executives concerned, taking into account the standard benchmarks in the same industry. The Company is required to disclose its remuneration policy and the remuneration of directors and senior executives in the annual report, in compliance with the notification issued by the Securities and Exchange Commission.

The remuneration of directors and senior executives for 2013 is disclosed on Page 89 under the subject entitled "Management".

5.14 Meetings of the Board of Directors

The Company's various committees including the Board of Directors, the Executive Committee, and the Audit Committee plan their meeting schedules one year in advance. They are required to hold their meeting at least once a month. They may organize additional meetings as deemed appropriate, to consider special agenda items. The purpose is to acknowledge and monitor the Company's performance and business operations. The Company will send the notice of the meeting together with the agenda and supporting documents to each director before the meeting date so that the directors will have adequate time to read through the documents. At the meetings, the directors can give their opinions openly and independently. The minutes of

the meetings will be taken and made available for the parties concerned for future reference. As regards the Compensation and Nomination Committee, their meeting will be held when the Company has to nominate directorships or when the President's performance has to be evaluated. For the 2013, the various committees regularly held their meetings within the scope of their prescribed duties.

Meeting attendances of the members of the Company's current committees in the 2013 financial year

NAME LIST	MEETING ATTENDANCES OF THE MEMBERS (ATTENDANCES/TOTAL MEETINGS)			
	THE BOARD OF DIRECTORS (12 MEETINGS)	THE EXECUTIVE COMMITTEE (12 MEETINGS)	THE AUDIT COMMITTEE (16 MEETINGS)	THE COMPENSATION AND NOMINATION COMMITTEE (2 MEETING)
1. Mr. Banterng Tantivit	12/12	12/12	-	-
2. Mr. Suphadej Poonplipat	12/12	12/12	-	2/2
3. Professor Paichitr Rojanavanich	12/12	-	16/16	-
4. Ms. Prakong Lelawongs	12/12	-	16/16	-
5. Mr. Pracha Jaidee	12/12	-	16/16	-
6. First Lieutenant Chatrachai Bunya-Ananta	12/12	-	-	2/2
7. Ms. Panit Pulsirivong	12/12	-	-	2/2
8. Mr. Piyaphong Artmangkorn	12/12	12/12	-	-
9. Mr. Suvait Theeravachirakul	12/12	12/12	-	-
10. Mr. Hatchapong Phokai	12/12	-	-	-
11. Mr. Atipon Tantivit	12/12	-	-	-

Note The Board of Directors at present:

>> The Executive Committee amount of 4 persons such as the name list 1, 2, 8 and 9

>> The Audit Committee amount of 3 persons such as the name list 3, 4 and 5

>> The Compensation and Nomination Committee amount of 3 persons such as the name list 2, 6 and 7

5.15 Self Appraisal of the Board of Directors and the Audit Committee

Since 2004, the Company has made arrangements for annual performance appraisal of the Board of Directors and the Audit Committee. The Company prepared and improved forms for performance appraisal of the Board of Directors and the Audit Committee to be clearly evident and properly in line with the guidelines provided by the Stock Exchange of Thailand which has been regulated. The purpose was to reflect the efficiency of their performance and compliance with the good corporate governance principles. As regards the responses to the self appraisal questionnaire for each committee, each member of the committees was first required to answer the questions. Their responses would then be summarized. The criteria of the appraisal are calculated into percentage of total score of each item as follows:

- Above 90% = A (Excellent)
- Above 80% = B (Very good)
- Above 70% = C (Good)
- Above 60% = D (Satisfactory)
- Below 60% = F (Need improvement)

The performance evaluation of 2013 is as follows:

1) Performance evaluation of the Board of Directors: The overall performance is at an excellent level. The evaluation score of 2013 is 94.58%. The additional comments of the directors are as follows:

- **Directors' readiness**

The directors commented that the Board of Directors was ready to develop the company's business because the company recruited its directors from the persons who were both qualified and interested in the company's business.

- **Strategic and business planning**

The directors commented that there should be an additional annual meeting in regards to strategic and business planning in order to improve the company's business efficiency.

- **The Board of Directors' meeting**

The directors commented that the meeting documents such as IRR and NPV documents may not be in line with the theory. The management should present more reasons for investment (that cannot be converted into the indicators) so that the project approvals can be done reasonably and based on adequate information.

2) Audit Committee's Performance

An overall measurement was excellent. The Audit Committee had performed their tasks according to the guideline of Stock Exchange of Thailand so that the Company could maintain and improve its good corporate governance and credibility of its financial reports, internal audit system, risk management system, law and regulations and the prevention of corruption which can be described below:

- **The Audit Committee Composition:** The selected Audit Committee was independent directors whose experiences fit the certain duty and specialized in financial statements. All process was achieved professionally and accurately as The Audit Committee had abided by the written charter and always reported performance to the Board of Directors as well as reporting its activities done during the year to the shareholders in the annual report.

- **Meetings:** There has been a constant meeting at least once a month and special meetings on occasion. In the year 2013 there was a total of 16 meetings in which every director attended and received the meeting documents in advance and The Audit Committee who was a part of the interested party in any agenda would not express opinions on such agenda. Moreover, a meeting between the Audit Committee and internal auditors, without the presence of the management division, was also arranged while there was also a separate meeting between the Audit Committee and the management division.

- **The Audit of Internal Control System:** The Audit Committee was done with the internal audit department and auditors to evaluate the problems in the internal control and review the performance of the internal audit department and auditors in order to ensure that the performance of the Company was efficient there was also an evaluation of the effectiveness of the internal control system, the risk management system, data processing and safety in the computer system, the compliance of laws and regulations including systems to track edits as suggestions, the use of company assets and the follow-up system.

- **The Audit of Financial Statement:** The Audit Committee evaluated the accuracy of the financial statement, the compliance of the accounting standard, the important changes in the financial statement as well as skeptical items involving in the financial statement. The Audit Committee also reviewed the disclosure of the Company's information in case there was a related transaction or a transaction with conflict of interest to ensure that everything was correct and in order. There was also an audit on the letter expressing the responsibility of the management team on the financial statement. The Audit Committee also worked with the management team and auditors in reviewing significant issues that may have an effect on the financial statement.

- **The Relationship among the management team, auditors and internal audit department:** The Audit Committee examined the clean independence of auditors and the internal audit department. To select an auditor, there were a review about the qualified performance of the auditor and accurate competency of the auditors and internal audit department. The Audit Committee also reviewed the approvals on appointments, transferring or terminating the contract of the head of the internal audit department as well as evaluated working performance and remuneration of the personnel within the internal audit department, the workforce and the budget of the department, the charter of the internal audit department, the performance of the standard internal auditing, the result of the performance. The Audit Committee also followed up on important issues found by the audit of the internal audit department and the Control Self-Assessment (CSA) of the internal auditors and the corporation between auditors and the internal audit department.

- **Information and training:** The Audit Committee was given adequate information and trainings for fulfilling their duties efficiently. They were also constantly and systematically informed of news and information.

INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL

The Board of Directors and executive Management was aware that the internal control system played a crucial role on planting confidence to the management team in terms of reducing business risks and helping the business run efficiently by suitably managing the resources to achieve the target goal.

The Board of Directors allowed the Audit Committee to supervise the internal control system, the risk management system, the corporate governance system, and the compliance of related laws, orders and regulations to prevent conflict of interest. Besides, related transactions are being operated to control the performance of subsidiary companies, the abuse of the assets of the company and subsidiary companies, and to protect the property of the company from being lost or abused and the rights infringement, care and use of property to prevent fraud or misconduct. The Company set up an auditing mechanism and balance by including the internal audit department who was independent in performing auditing work, evaluating performance and sufficiency of the internal control system, the risk management system and the corporate governance system in the performances of all units in the companies and its affiliates. They adopt the framework of COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and Enterprise Risk Management in order to allow the Company's performances pursuing every aspect of effective and efficient work.

The management sector of the Company and Affiliated Company will bring evaluation result on process. Improvements and developments will be identified and the internal audit department will always follow up the Company performance.

Besides, the Board Committee evaluated an internal system control annually according to Securities and Exchange Commission (SEC).

In the year 2013 the Company did not find any significant problem in the Company's internal control system:

- **Control Environment:** The Company set up a good internal control environment by creating a clear and appropriate organization's structure and chain of command. The Company also set the business goal and key performance indicators to evaluate the efficiency of the operation and performance tracking compared with goals of the organization regularly. There was to be a manual on the use of authority and written manuals concerning the operation of every system so that they become a guideline in performing in line with the Company's objectives. The Company also emphasized the concept of good corporate governance among the executive members and employees by setting up policies concerning good corporate governance, business ethics, and the codes of conducts for directors and employees. The Company set up the training activities annually to educate employees about transparent and just business operation for the benefits of all stakeholders.

- Corporate values and culture are set in accordance with the vision, mission and direction of the company. The executive team aims to be a role model in promoting various activities to employees and the subsidiaries and make it a concrete key performance index.

- **Risk Management:** The Company set up a risk management policy by having the Risk Management Committee supervises the operation of the Company's risk management and maintain the Company brilliant performance, cover all the risks in every work process by connecting the organization's objectives and strategies together. The risks could be categorized into the strategic risk, operational risk, financial risk, rules and safety risk. There was a management of risks remaining in the Company's compromising level. A report to the Risk Management Committee and reevaluation of the risk factors that could change and affect the organization should be handed in every quarter and report to Board of Directors annually.

- **Control of the Management's Performance:** The Company divided the responsibility of each position clearly and reviewed and published the authority manual and working methods as a suitable tool for the current structure and operation of the organization. Each position was designed to balance and trace back to one another. There was also an evaluation process of the performance to ensure that it was done according to the rules and regulations in the authority manual and working manuals. This was to guarantee that the operation was efficient and under an appropriate internal control system.

- **IT and Communication System:** The Company realized the importance of the IT and Communication System and always encouraged the improvement of the system to ensure that all information was accurate and up-to-date. An efficient and modern IT system was adopted to guarantee the safety of the information from the process of collecting, processing, storing and following-up to bring such information to advantage management work of the executive members and interested parties. This process should be carried out as a complete, accurate method and within an appropriate time so that it could be used in the

business decision makings. There is also a policy regarding the security in the information technology and the use of information. Intranet function is initiated as an organization channel to broadcast policy, regulations, authority manual and working manual and other bulletins.

In addition the Company assigned its secretary to take care of the preparing of information and meeting documents in advance including providing clear meeting minutes, summary of opinions and decisions of the meeting.

- **Tracking System and Evaluation:** The Board Committee conducts an internal system that covers all fields : accounting, finance, working performance, law, regulation and property care and has the internal audit department gets in charge of this duty to ensure that any problems can be promptly and appropriately taken care of. Moreover, the evaluation of the internal accounting and financial control was done by a licensed auditor. The evaluation result was presented to the audit committee quarterly and annually. Anyhow, the auditing result from both the licensed auditor and internal auditor did not show any significant issue.

INTERNAL SYSTEM CHECKING

The internal audit department is granted to work individually and accurately when checking on sufficient internal control system and following working performance flaw. They report directly to the committee to ensure the appropriateness and efficient state of the Company as well as managing the risk tendency of the Company in the satisfying level and principles of good corporate governance. Company operation is led under the code of conduct and morality of the internal audit department in the very clear facet. Their duties can be divided as followed:

- 1) Administrative and Management Checking
- 2) Regulation Checking
- 3) Operation Checking
- 4) Computer Checking

The internal audit department develops the internal system function to be as efficient as International Standards for the Professional Practice of Internal Auditing. Control Self-evaluation is established according to the professional standard in order to improve the efficiency of the internal audit department and to acquire the knowledge of the real state and performance of the department so that any problems, obstacles and working limitations can be analyzed. Resources and universal standard must be the core quality to commit efficient performance. Consequently, business trainings, occupation specializations and examinations are established for them to acquire certificates.

RISK MANAGEMENT

MBK Public Company Limited realizes the importance of risk management as an important mechanism and tool to help the organization achieve the target objective and goal. Therefore, the Company has set up a risk management policy that focuses on the improvement of the risk management system according to the good corporate governance guideline. There is also an integrated risk management that is implemented systematically and consistently throughout the organization.

In 2013, MBK Public Company Limited enforced risk management in all levels - from MBK GROUP level which has 23 risks, Business Unit (BU) with 34 risks, and MBK Center level with 14 risks.

In Sub Business Unit (SBU), risk management has been implemented with MBK Resort Public Company Limited ("MBK-R") and CLP Management Company Limited (CLP-M) in the fiscal year of 2009/2010 that the risk management plan has been executed since July 2011. In 2012, risk management was being developed for Paradise Park Company Limited ("PDP"), Paradise Retails Company Limited ("PDR"), MBK Guarantee Company Limited ("MBK-G"), T Leasing Company Limited ("TLS"), and Apple Auto Auction (Thailand) Company Limited ("AAA"). Risk management plan for PDP, PDR and MBK-G has been executed since July 2012. In 2013 the risk management system is being processed for Riverdale Golf and Country Club (RDGCC) and Plan Estate Co.,Ltd. (PST)

Risks in all levels of the organization and may directly affect the business can be divided into 5 aspects:

1. **Strategic Risk** is the risk in important strategies and policies of the Company. It could arise from an appropriate strategy or the operation by the strategy or the inconsistency of the policy, target, strategy, organization's structure, the state of competition, resources, plan implementation and environment. However, the Company has always followed up on important strategies and plans that can affect the Company' strategic goals.

2. **Operational Risk** is the risk that could arise from every operation process. It covers all factors related to the process, tools, IT, and personnel that could affect the operation of the organization. However, the Company has set up a clear operational process and a measure to supervise the work of each unit that could cause a damage on the organization so that the operation can be correct and appropriate.

3. **Financial Risk** is the risk that could arise out of the ineffectiveness of budget, financial problems and risks that could affect the performance and financial status of the organization. The Company has always generated sufficient fund in time to reduce the risks that could affect the Company's investments.

4. **Compliance Risk** is the risk that could arise out of the inability to comply by the related rules and laws. It could be that the rules and laws were not appropriate and become an obstacle to the operation. However, the Company has also considered the compliance by the rules within and outside the organization as well as important laws by supervising and examining the strict compliance by the related rules and laws.

5. **Hazard Risk** is the risk that could affect the life safety of customers, tenants, employees and the organization's property. The hazard could come from both internal and external factors. The Company has set up a policy and safety measure to strictly prevent such risk that could cause damage to the Company.

Additionally, in regards to the investments in different projects, the Risk Management Committee (RMC) in each level (MBK GROUP / BU / MBK Center) has implemented a rule stipulating that the request for the approval of the budget exceeding 5 million Baht requires a risk analysis and an approval from the relevant directors. The Risk Management Committee (RMC) must always be informed to prevent any investment risk of the Company.

The Company continues to track the execution of risk management. All levels are required to submit a quarterly risk management report in order to reduce the risk to an acceptable level and allow the risk management plan to be reviewed and updated annually.

CODE OF ETHICS AND CODES OF CONDUCT

The Board of Directors has made available the Code of Ethics and the Codes of Conduct for directors, executives and Company's staff. They serve as guidelines for all directors, executives and staff of the Company and its subsidiaries in carrying out their duties in honest, upright and fair manner. The purpose is to ensure that the Company's conduct of business affairs meets with the established objectives, taking into consideration the responsibility towards all groups of stakeholders including shareholders, customers, trading partners, competitors, creditors, staff, society, communities, as well as the environment. The codes also help enhance the positive corporate image that will bring greater stability to the Company. Adhering to the codes is also in line with the Company's good corporate governance principles.

In 2009, the Board of Directors improved the codes, making them clear and in line with the policy on the good corporate governance, which was also improved. The codes have been announced and the related compliance manuals have been prepared. Having been distributed to the directors, executives and employees of the Company as well as its subsidiaries, the compliance manuals serve as guidelines for performing their responsibilities. Newly recruited employees will be provided with training on basic code of ethics and codes of conduct, ensuring that they have a correct understanding and are able to put them into practice. The Company also regularly and continuously organizes activities aimed at providing all its employees with the knowledge about the codes and inculcating in them the consciousness of the codes.

CONFLICTS OF INTEREST

The Board of Directors has adopted a policy and various measures that serve as guidelines for dealing with conflicts of interest. The policy and the measures are in compliance with the guidelines given by the Stock Exchange of Thailand. In this connection, all employees of the Company are required to take into consideration the best interest of the Company when they make business decisions. In addressing conflicts of interest, the employees have to consider carefully and adhere to the principles of honesty, integrity and rationality as well as independence within the framework of good ethics. The Board of Directors also ensure that complete information is disclosed, mainly in the best interest of the Company. In considering and deciding on matters which require approval, those with conflicts of interest or those who are involved in the matters under consideration are prohibited from participating in the process. At the meetings of the Board of Directors in the past year, if there was an agenda item in which a director might have a conflict of interest, the director concerned would refrain from giving opinions or voting on the item. In this connection, the Audit Committee is responsible for giving opinions on the related party transactions or any transactions which might involve a conflict of interest, in an appropriate and careful manner and in compliance with the requirements imposed by the Stock Exchange of Thailand. The information about the transactions has to be disclosed in the annual report.

As regards the transactions which might involve a conflict of interest, the Audit Committee will consider such transactions in an appropriate and careful manner and in compliance with the requirements imposed by the Stock Exchange of Thailand before

proposing them to the Board of Directors for consideration and approval. The information about the transactions has to be disclosed in the annual report (Forms 56-1 and 56-2).

To follow the code of efficient Company, committees and executives have to report their advantages and disadvantages according to law and regulations. Also, they must send documents to the secretary of the Company as crucial information of the benefit control for the committees, executives, administrators and affiliated company.

In the year 2013, there was no event that showed inappropriate behavior or practice involving a conflict of interest.

SUPERVISION OF USE OF INSIDE INFORMATION

The Company places strong emphasis on the supervision of use of inside information. As a result, it has adopted a policy on good corporate governance. As well, it has established its Code of Ethics and the Codes of Conduct. The directors, executives and staff are prohibited from using inside information for their own benefit by taking advantage of their positions. They are also prohibited from getting involved in either any business that competes with the Company or any other related business. As well, they shall not use inside information in trading the company shares for their own or others' benefit. The related details are as follows:

SUPERVISION OF USE OF THE COMPANY'S INSIDE INFORMATION

The Board of Directors, executives or staffs who have access to inside information are prohibited from disclosing it to any third party or person who is not involved in the matter. They are also prohibited from using the information for their own benefit.

CHANGES IN SHAREHOLDINGS

Members of the Board of Directors and executives including their spouses and minor children are required to prepare and disclose reports annually to the Securities and Exchange Commission (SEC) when there are changes in their holdings of shares in MBK Public Company Limited, in compliance with Section 59 of Securities and Exchange Act B.E. 2535.

TRADING OF COMPANY SHARES

They are prohibited from trading the company shares before the financial statements are disclosed to the public. The Company issues a notification prohibiting the share trading every time before the disclosure schedule.

In the year 2013, there was no event that showed inappropriate behavior's supervision of use of inside information.

LEGAL DISPUTE

MBK Public Company Limited has an ongoing lawsuit on trial in the Supreme Court.

1. Case Number : Undecided Case No. 1211/2545
Decided Case No. 2197/ 2549
2. Suing Court : Southern Bangkok Civil Court
3. Trial Court : The Supreme Court
4. Case Date : February 19, 2002
5. Parties : Mrs Piyamon Konkawinkarn Plaintiff
MBK Public Company Limited Defendant 1
Mr. Pratchaya Wisavait Defendant 2
Mr. Cherdkiat Siewteerakul Defendant 3
Mr. Suvait Theeravachirakul (MBK Director) Defendant 4
Mr. Kemapat Nitsaisorakarn (MBK Director) Defendant 5
Mr. Pongsak Subdasen (MBK Executive) Defendant 6
6. Charge : Violating lease agreement, promise, reciprocal contract, recover damage
7. Capital : THB 568, 136, 518.42 or 3.56% of the shareholders' equity as at December 31, 2013
8. Case Progress : On March 24, 2006 South Bangkok Civil Court (court of first instance) dismissed the case; the plaintiff appealed; the 6 defendants objected the appeal.
: On January 26, 2011, South Bangkok Civil Court read the ruling of the Court of Appeal; the Court of Appeal confirmed the ruling of the Court of First Instance.
: On April 22, 2011, the plaintiff submitted a petition for appeal.
: On July 12, 2011, the defendants objected the appeal. The case is now on trial in the Supreme Court.
9. Opinion of the Management on the effect of the case on the company's operation : In this case, the company as the first defendant should not accept the charge. The lease agreement had expired. The company occupied the leased space according to conditions in the lease agreement. The plaintiff was not injured as claimed. As a result, the case does not affect the company and its subsidiaries' businesses nor does it cause the business operation to be halted.

PROFILES OF DIRECTORS AND EXECUTIVE MANAGEMENT OF the Company

(1) The background and designation details of the Board of Directors and the Executive Management as of December 31, 2013

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record		
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course		Year	
BOARD OF DIRECTORS																	
1 Mr. Banterng Tantivitt Chairman	69	- Master of Science (Finance) in Management, Massachusetts Institute of Technology (MIT), U.S.A.	-	-	Mr. Banterng Tantivitt is the father of Mr. Atipon Tantivitt	10	2	-	2006 - Present 1989 - Present 1989 - 2006 Present Sep 2012 - Present 2005 - Present 2003 - Present 2002 - Present 2001 - Present	- Chairman of the Board of Directors - Chairman of the Executive Committee - Vice Chairman of the Board of Directors - Chairman of the Board of Directors and Director - Chairman of the Board of Directors - Chairman of the Board of Directors - Director - Chairman of the Board of Directors - Advisor - Advisor	- MBK Public Company Limited ("MBK") - MBK - MBK - The subsidiaries and associates of MBK as shown on page 120-121 - Thanachart Insurance Public Company Limited - Thanachart Life Assurance Public Company Limited - B.V. Holding Company Limited - Thanachart Bank Public Company Limited - Patum Rice Mill and Granary Public Company Limited - Dusit Thani Public Company Limited - Thanachart Capital Public Company Limited - Dee Buk Company Limited - Thai Farming Company Limited	✓	DAP	2004	None		

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record	
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course		Year
2 Mr. Suphadej Poonpipat Vice Chairman and Member of the Compensation and Nomination Committee	63	- Master of Science, University of Wisconsin, U.S.A.	-	-	-	9	4	-	2006 - Present	- Vice Chairman of the Board of Directors	- MBK	✓	✓	DAP	2004	None
									2003 - Present	- Vice Chairman of the Executive Committee	- MBK	✓	✓	RCC	2012	
									2002 - Present	- Member of the Compensation and Nomination Committee	- MBK	✓	✓	RCP	2012	
										- Director	- The subsidiaries and associates of MBK as shown on page 120-121		✓	FGP	2012	
									2007 - Present	- Director	- Royal Orchid Hotel (Thailand) Public Company Limited					
									2007 - Present	- Director	- Thai Royal Orchid Real Estate Company Limited					
									2005 - Present	- Vice Chairman of the Board of Directors and Chairman of the Executive Committee	- Thanachart Bank Public Company Limited					
										- Director and Chairman of the Executive Committee	- Thanachart Insurance Public Company Limited					
									Sep 2012 - Present	- Vice Chairman of the Board of Directors	- Thanachart Insurance Public Company Limited					
									2003 - 2009	- Director	- Thanachart Life Assurance Public Company Limited					
									2005 - 2009	- Chairman of the Executive Committee	- Thanachart Life Assurance Public Company Limited					
									2003 - Present	- Director	- Siam Piwat Company Limited					
									2006 - Present	- Director	- Siam Piwat Holding Company Limited					
									2011 - Sep 2012	- Vice Chairman of the Board of Directors	- Patum Rice Mill and Granary Public Company Limited					
									2011 - Present	- Chairman of the Executive Committee						
									Sep 2012 - Present	- Chairman of the Board of Directors						
									2007 - Present	- Vice Chairman of the Board of Directors and Chairman of the Executive Committee	- Thanachart Capital Public Company Limited					
									2010 - Present	- Chief Executive Officer	- Thanachart Capital Public Company Limited					

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record	
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course		Year
3 Professor Paichitr Rojanavanich Independent Director and Chairman of the Audit Committee	85	- MGA, Fiscal Policy, University of Pennsylvania, U.S.A. - Higher Diploma in Accountancy (equivalent with the master's degree) Thammasat University - Bachelor of Law, Thammasat University - College Diploma, National Defence Batch 25, Year 1982, National Defence College	-	-	-	2	3	-	Present	- Independent Director and Chairman of the Audit Committee - Independent Director and Chairman of the Audit Committee - Independent Director and Chairman of the Audit Committee - Chairman of the Board of Directors - Chairman of the Board of Directors	- MBK - Muramoto Electron (Thailand) Public Company Limited - G Steel Public Company Limited - The Far East Law Office (Thailand) Company Limited - Kam Jean Company Limited	✓ ✓ ✓		ACP DAP DCP	2006 2004 2003	None
4 Ms. Prakong Lelawongs Independent Director and Member of the Audit Committee	83	- Master of Business Administration, Pennsylvania University, U.S.A.	215,500	0.114	-	1	1	-	2003 - Present 1993 - Present	- Independent Director and Member of the Audit Committee - President	- MBK - Alpha Business Center Company Limited	✓ ✓		DCP DAP	2005 2004	None
5 Mr. Pradha Jaidee Independent Director and Member of the Audit Committee	58	- Master of Business Administration, Kasetsart University	-	-	-	2	1	-	2007 - Present 2006 - Present 2004 - Present 2004 - Present	- Independent Director and Member of the Audit Committee - Director - Member of the Audit Committee - Advisor	- MBK - Baian Marble Company Limited - MBK Resort Public Company Limited - MBK Resort Public Company Limited	✓ ✓		ACP DAP	2007 2004	None
6 First Lieutenant Chatrachai Bunya- Ananta Independent Director and Chairman of the Compensation and Nomination Committee	81	- Bachelor of Arts in Economics University of Wales, England - Management Technique Program, Harvard, U.S.A. - College Diploma, National Defence Batch 28, Year 1985/1986, National Defence College	-	-	-	2	4	-	2006 - Present 1998 - Present Present 1998 - Present Present 1998 - 2006	- Chairman of the Compensation and Nomination Committee - Independent Director - Chairman of the Board of Directors - Director - Director - Director - Member of the Audit Committee	- MBK - MBK - Royal Orchid Hotel (Thailand) Public Company Limited - The subsidiaries and associates of MBK as shown on page 120-121 - Dusit Thani Public Company Limited - Italian-Thai Development Public Company Limited - MBK	✓ ✓		DAP DCP	2005 2005	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record	
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course		Year
7 Ms. Parit Pulsirivong Independent Director and Member of the Compensation and Nomination Committee	65	- Honorary Degree of Director of Philosophy Faculty of Journalism and Mass Communication, Thammasat University - Master of Arts Faculty of Journalism and Mass Communication, Thammasat University	40,499	0.021%	-	3	1	3	2006 - Present Present	- Independent Director and Member of the Compensation and Nomination Committee - Chairman of the Board of Directors and General Manager - Executive Director - Managing Director - Director - Advisor	- MBK - Naew Na Newspaper Company Limited - World Express Company Limited - Naew Na Network Company Limited - United Way of Thailand, Thailand, National Council on Social Welfare of Thailand - Committee on Social Development and Children, Youth, Women, the Elderly, the Disabled and the Underprivileged Affairs of the Senate, Kingdom of Thailand - Administrative Office Bearers of the National Council on Social Welfare of Thailand - MBK	✓ ✓ ✓ ✓		RCC ACP DCP DAP	2009 2006 2005 2004	None
8 Mr. Piyaiphong Artmangkorn Director	56	- Master Degree, Public Administration (Taxation), University of Southern California, U.S.A.	-	-	-	1	1	-	1998 - Present 2006 - Present 2005 - Present 2005 - Feb. 2009 2001 - 2008 2000 - 2008 2005 - 2007	- Director - Member of the Executive Committee - Executive Vice President - Chairman of the Board of Directors and Chairman of the Executive Committee - Director - Director - Director and Executive Director	- MBK - MBK - Thanachart Bank Public Company Limited - Thanachart Securities Public Company Limited - Thai Royal Orchid Real Estate Company Limited - Royal Orchid Hotel (Thailand) Public Company Limited - Thanachart Capital Public Company Limited	✓		DAP	2003	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course	
9 Mr. Suwatt Theeravachirakul Director and CEO	54	- Master of Business Administration, Wagner College, New York, U.S.A. - Chief Executive Program, Capital Market Academy (CMA), Class 10	141,700	0.075%	-	65	5	1	2002 - Present 2002 - Present Present 2011- Present 2007 - Present 2005 - Present	- Director and CEO - Member of the Executive Committee - President - Chairman of the Board of Directors and Director - Director - Independent Director and Member of the Audit committee - Member of the Audit Committee and Member of Risk Management Committee - Vice Chairman of the Executive Committee - Director - Director	- MBK - MBK - MBK - The subsidiaries and associates of MBK as shown on page 120-121 - Golden Lime Company Limited - IFS Capital (Thailand) Public Company Limited - Thai Rung Union Car Public Company Limited	✓ ✓ ✓	SFE ACP DCP	2010 2006 2001	None
10 Mr. Hatchapong Phokai Director	52	- Master of Business Administration, Chulalongkorn University	-	-	-	9	1	-	2000 - Present Present 2000 - 2007 1999 - 2004	- Director - Director - Director - Director	- MBK - The subsidiaries and associates of MBK as shown on page 120-121 - NFS Asset Management Company Limited - Thanachart Securities Public Company Limited	✓	DAP	2004	None
11 Mr. Atipon Tantivit Director	37	- Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration, Chulalongkorn University	645,000	0.342%	Mr. Atipon Tantivit is a son of Mr. Banterng Tantivit	10	1	-	2003 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2003 - Present 2003 - Present Present	- Director - Managing Director - Director - Director - Director - Director - Director - Director - Director - Director	- MBK - B.V.Holding Company Limited - G.M.R.Company Limited - Kata Villages Company Limited - Learnsai Villages Company Limited - Phuket Development Company Limited - A.T. Design and Jewelry Company Limited - Thai Farming Company Limited - B.V. Company Limited - S.L.S Holding Company Limited - A.T. Venture Media Company Limited	ü	DCP	2006	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK*		Relationship	5 years previous working experience					Details of Training Program from IOD				Illegal Record		
			Shares	(%)		Number of position in company limited (company)	Number of position in Public company limited (company)	Number of position in legal person (unit)	Period	Position	Name of company- agency	Do not pass	Passed	IOD Course		Year	
7 Mr.Somphol Tripphant Senior Executive Vice President Sales Division	55	- Master of Business Administration (M.B.A.) Kasetsart University	-	-	-	-	-	-	2013 - Present	- Senior Executive vice president Sales Division - Executive Vice President - Marketing director	- MBK - Islamic Bank of Thailand - Krunghthai Panich Insurance Public Company Limited - Ua Withya Public Company Limited					None	
8 Mr. Apichat Kamoltham Executive Vice President Legal Division	53	- Master of Law Ramkhamhaeng University - Barrister at Law, Thai Bar Association	-	-	-	36	1	-	2010 - Present	- Executive Vice President, Legal - Acting Vice President, Case & Juristic Person Department - Director - Vice President Case & Juristic Person Department - Vice President of Legal & Debt Collection Department	- MBK - MBK - The subsidiaries and associates of MBK as shown on page 120-121 - MBK - Navaleasing Public Company Limited	✓		DCP	2011	None	
9 Miss Supissara Thongmalai Executive Vice President Marketing Division	43	- Master of Science in Management State University of New York at Oswego - Bachelor of Political Science and Government Chulalongkorn University	-	-	-	-	-	-	2013 - Present 2010 - 2013 2007 - 2010	- Acting Executive Vice President Marketing - Marketing Director - Senior Marketing Manager	- MBK - Shwe Taung Development - The Mall Shopping Complex					None	
SECRETARY OF THE COMPANY																	
1 Miss Dararat Homrossukhon Secretary of the Company	46	- MA in Applied Economic Policy Analysis, Northeastern University, Boston, MA., USA - MBA in Finance, Kasetsart University - BBA in Finance, Thammasat University - Company Secretary Program (CSP # 32/2009) - Effective Minute Taking (EMT # 19/2011)	118,000	0.06%	-	-	-	-	2008 - Present 2005 - Present 2005 - 2009	- Secretary of the Company and Vice President Compliance Department - Secretary of the Executive Committee - Vice President Business Investment	- MBK - MBK - MBK	✓		DCP	2006	None	

NOTE * Shareholding in MBK includes MBK's shares held by their spouse and minor child

List of The Board of Directors and The Executive Management Entitled in MBK's subsidiaries and associates as of December 31, 2013

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	COMPANIES														
		Paradise Park Company Limited	Paradise Retail Company Limited	Stam Delice Company Limited	Glas Haus Building Company Limited	Glas Haus Hatchada Company Limited	MBK Smart Force Company Limited	The nine center Company Limited	MBK Center Company Limited	MBK Bangyai Company Limited	MBK Square Company Limited	MBK Chiangmai Company Limited	Stam Pivat Company Limited	Stam Pivat Holding Company Limited	MBK Business Company Limited
THE BOARD OF DIRECTORS	Mr. Banterng Tantavit	x	x	/	x	x	x	x	x	x	x	x	/	/	
	Mr. Suphadej Poonpipat												/	/	
	Professor Paichitr Rojanavanich														
	Ms. Prakong Lelawongs														
	Mr. Pracha Jaidee														
	First Lieutenant Chatrachai Bunya-Ananta														
	Ms. Panit Pulsirivong														
	Mr. Piyaiphong Artmangkorn														
	Mr. Suvaith Theeravachirakul		x	/	x	x	x	x	x	x	x	x	/	/	
	Mr. Hatchapong Phokai														
EXECUTIVE MANAGEMENT	Mr. Atipon Tantavit														
	Mr. Suvaith Theeravachirakul	x	x	/	x	x	x	x	x	x	x	x	/	/	
	Mr. Pongsak Sabdasen														
	Mr. Kasemsuk Chongmankhong	/	/	/	/	/	/	/	/	/	/	/	/	/	/
	Mr. Sakchai Kengkijkosol	/	/	/	/	/	/	/	/	/	/	/	/	/	/
	Ms. Yupapun Paritranun														
	Mr. Sombon Wongassamee														
	Mr. Somphol Tripopnart														
	Mr. Apichat Kamoltham														
	Ms. Supissara Thongmalai														
	Crystal Lake Properties Company Limited														
	Plan Estate Company Limited														
	Lam Luk Ka Golf and Country Club Company Limited														
	Phuket Loch Palm Golf Club Company Limited														
	Nasset Property Fund														
	MBK Resort Public Company Limited														
	Riverdale Golf and Country Club Company Limited														
	DMS Property Investment Private Limited														
	Sheraton Royal Orchid Company Limited														
	Thai Royal Orchid Company Limited														
	Royal Orchid Hotel (Thailand) Public Company Limited														
	Tantara Gallery Company Limited														
	Paemala Spa Company Limited														
	MBK Leisure Company Limited														
	MBK Capital Company Limited														
	Lanta Land Development Company Limited														
	Supsinthanae Company Limited														
	MBK Hotels and Resorts Company Limited														
	MBK Food Island Company Limited														
	MBK Hotels and Tourism Company Limited														

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	COMPANIES	THE BOARD OF DIRECTORS																				EXECUTIVE MANAGEMENT		NOTE		x = Chairman		= Director		= Subsidiaries		= Associates		// = Chairman of the Audit Committee		/// = Member of the Audit Committee																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
		Mr. Banterng Tantivit	Mr. Suphadej Poonpipat	Professor Paichitr Rojanavanich	Ms. Prakong Lelawongs	Mr. Pracha Jaidee	First Lieutenant Chatrachai Bunya-Ananta	Ms. Panit Pulsirivong	Mr. Piyaphong Artmangkorn	Mr. Suvait Theeravachirakul	Mr. Hatchapong Phokai	Mr. Atipon Tantivit	Mr. Suvait Theeravachirakul	Mr. Pongsak Sabdasen	Mr. Kasemsuk Chongmankhong	Mr. Sakchai Kengkijosol	Ms. Yupapun Paritranun	Mr. Somboon Wongrassamee	Mr. Somphol Tripponart	Mr. Apichat Kamoltham	Ms. Supissara Thongmalai	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/

CONNECTED TRANSACTION

In the previous year there were related transactions between MBK and subsidiaries and related parties. MBK disclosed the transactions in the notes to the financial statements for the year ended 31 December 2013 (No. 41 Page 226) However, there is additional information to be disclosed as follows:

1. Stock Sale of MBK Food and Entertainment Co.,Ltd (“MBK-FE”) from Glas Haus Ratchada Co.,Ltd (“GHR”) (Seller) to Patum Rice Mill and Granary Public Co.,Ltd (Buyer)

1. Transaction Date 1 March 2013
2. Details of Parties

(as at 1 February 2013)

NAME OF MBK OR ITS SUBSIDIARIES' PARTNERS OF CONTRACT AND PARTIES RELATED TO PARTNERS OF CONTRACT	RELATIONSHIP		SHAREHOLDING PROPORTION (OF PAID-IN CAPITAL)	NAME OF INTERESTED DIRECTOR
	STATUS TO MBK	SHAREHOLDER		
1. PRG	Direct subsidiary	MBK	74.52%	1. Mr Supadej Poonpipat 2. Mr Suvet Teerawachirakul
	Major shareholder MBK	PRG	26.47%	
2. GHR	Direct subsidiary	MBK	99.99%	
3. MBK-FE	Indirect subsidiary of MBK	GHR	74.99%	
	Indirect subsidiary of MBK	Pamala Spa Co.,Ltd. ("PMS")	25.00%	
4. PMS	Indirect affiliate of MBK	MBK Business Co.,Ltd. ("MBK-BUS")	25.00%	
5. MBK-BUS	Direct subsidiary	MBK	99.99%	

3. Details of Traded Stock
 - 3.1 Stock Type Common stock and preferred stock MBK-FE
 - 3.2 Business Operation Food center
 - 3.3 Authorized share capital 90,000,000 Baht divided into 900,000 shares

3.4 Sale Volume

ITEM	VOLUME BEFORE SALE				VOLUME AFTER SALE			
	STOCK TYPE		TOTAL	SHAREHOLDING PROPORTION [%]	STOCK TYPE		TOTAL	SHAREHOLDING PROPORTION [%]
	COMMON STOCK	PREFERRED STOCK			COMMON STOCK	PREFERRED STOCK		
1. MBK	374,997	300,000	674,997	74.9997	0	0	0	0
2. Minor shareholders	3	0	3	0.0003	0	0	0	0
3. PMS	125,000	100,000	225,000	25.0000	125,000	100,000	225,000	25.0000
Total	500,000	400,000	900,000	100.00	125,000	100,000	225,000	100.00

3.5 Total Sales 94,889,200 Baht

3.6 Transaction Size 0.6605% of NTA

(calculated from financial statements for the year ended 31 December 2012)

3.7 Pricing Method Discounted cash flow

3.8 Sales Objective To sell the company that was not the main business of GHR

4. Need and appropriateness of the transaction

The company's board of director and audit committee agreed that it was appropriate for Glas Haus Ratchada Co.,Ltd ("GHR"), which is an MBK's subsidiary, sold the common stock and preferredstock of MBK-FE to Patum Rice Mill and Granary Public Co.,Ltd ("PRG"), which is an MBK's subsidiary because it was sold by the suitable means of discounted cash flow.

AUDIT COMMITTEE'S REPORT

Dear Shareholders of MBK Public Company Limited

The Board of Directors has decided to set the structure, qualifications, tenure, duties and responsibilities of the Audit Committee into a written charter. In the past year, the Audit Committee consists of three following independent directors with qualifications and expertise in accounting, finances, laws and management.

- | | | |
|-----------------------|--------------|---------------------------------|
| 1. Professor Paichitr | Rojanavanich | Chairman of the Audit Committee |
| 2. Mrs. Prakong | Lelawongs | Member of the Audit Committee |
| 3. Mr. Pracha | Jaidee | Member of the Audit Committee |

The head of Company's Internal Audit department as the secretary of the Audit Committee.

The Audit Committee has performed its duties within the scope of responsibilities assigned and in accordance with the charter of the Audit Committee, which is in compliance with the regulation of the Stock Exchange of Thailand. In the accounting period 2013 the Audit Committee had convened a total of 16 meetings, each of which was attended by all members on the Audit Committee together with the management, internal audit team and auditors to discuss relevant issues and report the meeting outcomes to the Board of Directors. The essence of the work performed can be summarized as follows:

Financial Statement Report

The Audit Committee, the auditors, management division and Internal Audit had reviewed the Company's quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. By considering from important aspect and give advices and useful suggestions to ensure that the internal control process of the Company financial budget is accurate and reliable, as well as to ensure that the disclosure of important information is sufficient and timeliness for the financial statement users. Which is also in accordance with the laws and related notices as well as in accordance with the regulations of Stock Exchange of Thailand and Securities and Exchange Commission and in comply with Financial Reporting Standards. In addition, the Audit Committee had a meeting with the auditors without any executives or management attended the meeting for inquiring about various issues of the results of auditing and the auditors did not have any information or special observation from the audit.

Related Transaction or Conflict of interest transaction

The Audit Committee had considered and given opinions about connected transactions or transactions that may give rise to a conflict of interest with the Company and its subsidiaries. The purpose is caution, rationality and taking into account the interest of the stakeholders and also includes adequate information in line with the conditions imposed by the Stock Exchange of Thailand.

Internal Control System and Risk Management

The Audit Committee had reviewed the adequacy of the Internal Control Systems of the Company and its subsidiaries, based on the reports of the Internal Audit and the auditors. The purpose is to assess the appropriateness and the efficiency of the Internal Control System, the risk management, and the business operations of the management that are in line with the established policies and the delegation of the authority.

Regulatory compliance and regulations

The Audit Committee reviewed the Company's business operation to ensure that it is in line with the securities and exchange law, regulation of the Stock Exchange of Thailand and laws relation to the business of the Company and acknowledge the changing of regulations which have an effect on the company's business operation.

Good Corporate Governance

The Audit Committee had conducted such audits as to ensure that the administration of the business of the Company was in compliance with the Good Corporate Governance in order to transparency and fair operates and build confidence to the stakeholders

Internal Audit Governance

The Audit Committee had considered the independence of the Internal Audit Department, its scope of responsibilities and annual audit plan as well as considered the audit report and monitoring the implementation of solutions to significant issues mentioned in the audit report. Giving advice on how to improve and streamline the audit performance. The committee also considered the appropriateness of the budget, the workforce, training and personnel development and the annual performance appraisal of the Internal Audit. In addition, the committee considered key performance index (KPI) to evaluate the performance of the internal audit department from the past year.

Considering the appointed Auditors and Compensation

The Audit Committee had considered the auditors and the annual auditor remuneration. By considering knowledge, capability, experience and quality of the auditors' works in the past year, auditors' statuses, significant limitations or the regulations of the Stock Exchange of Thailand or other related organizations to ensure that independence of the auditor and the neutrality on work performance.

The Audit Committee had selected the auditors of Ernst & Young Office Limited and considered the auditors remuneration and proposed to the Board of Directors to reappoint Ernst & Young Office Limited as the Company's auditor for another period. The Audit Committee deemed that the auditors had good understanding of the Company's businesses, practiced in a neutral and independence manner as well as regularly delivered its work on time, and as a result the Board of Directors proposed to the Annual General Meeting of Shareholders 2013 to appoint Ernst & Young Office Limited as the Company's auditor for another period. The appointed auditors are:

Ms Ratana	Jala	Certified Public Accountant license number 3734 and/or
Mr. Sophon	Permsirivallop	Certified Public Accountant license number 3182 and/or
Mrs. Nonglak	Pumnoi	Certified Public Accountant license number 4172 and/or
Ms. Sumalee	Reewarabandith	Certified Public Accountant license number 3970

For the Accounting period that ended on 31st December 2013, Ms. Ratana Jala is the Certified Public Accountant who audited the Company's financial budget.

The Audit Committee deemed that during for the accounting period that ended on 31st December 2013, the company had put in place the transparent, adequate and appropriate Internal Control Systems covering risky management and the company had established procedures that helped build confidence in Company's operation in accordance with the related laws by having good corporate governance along with the compilation and disclosure of adequate and reliable Company's financial report information.



PROFESSOR PAICHITRA ROJANAVANICH
 Chairman of Audit Committee
 26th February 2013

REPORT ON THE RESPONSIBILITY OF THE BOARD OF DIRECTORS TOWARDS FINANCIAL REPORTS

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year end December 31, 2013 have been prepared in accordance with Thailand's Generally Accepted Accounting Principles (GAAP). In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from Ernst & Young Office Limited has audited the financial statements and issued an unqualified opinion on them. To enable the auditor to conduct the audit and provide the opinion in line with the audit standards, the Company provides the auditor with its support in terms of information and documents.

The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems as well as appropriate and efficient corporate governance. The purpose is to ensure that the accounting information is accurate, complete and adequate, and that not only the Company's assets and risk protection are properly maintained but also fraud and significant irregular actions are prevented.

In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report.

The Board of Directors is of the opinion that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year end December 31, 2013 are reliable and in compliance with the Generally Accepted Accounting Principles (GAAP) as well as the related laws and regulations.



BANTERNG TANTIVIT
Chairman of the Board of Directors



SUVAIT THEERAVACHIRAKUL
President and CEO

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Company's Board of Directors approved the establishment of the Nomination and Remuneration Committee on 23rd February 2007. Currently, the Nomination and Remuneration Committee consists of three members as follows:

- | | | |
|----|--|--|
| 1. | First Lieutenant Chatrachai Bunya-Ananta | Chairman of the Nomination and Remuneration Committee,
(Independent director) |
| 2. | Mr. Suphadej Poonpipat | Member of the Nomination and Remuneration Committee, |
| 3. | Mrs. Panit Pulsirivong | Member of the Nomination and Remuneration Committee
(Independent director) |

The Nomination and Remuneration Committee is responsible for searching for qualified candidates for directorship and propose them to the Board of Directors or the meeting of shareholders for consideration. It is also responsible for searching for qualified candidates for the position of President and Chief Executive Officer as well as considering the remuneration of the position. The Committee will appraise the performance of the Chief Executive Officer annually.

For the year 2013, the Nomination and Remuneration Committee carried out its duties cautiously, carefully and in a rational manner. To fill vacancies as a result of the retirement of directors by rotation, the Committee held two meeting during the period to review and propose names of candidates who were qualified legally and in compliance with the rules and regulations related to directorship. The Committee also considered the remuneration of the Board of Directors and the various committees. The names of the qualified candidates were proposed to the Board of Directors and the meeting of the shareholders for appointment. The shareholders were also provided with an opportunity to propose names of persons whom they considered appropriate for appointment as directors. As regards the consideration of the remuneration of President and Chief Executive Officer, the Committee took into account the position's duties and responsibilities, the assignments given to the Officer as well as the performance of the Company in comparison with the established targets. The Committee also took into account the real economic conditions and the levels of remuneration earned by the same position in similar industries.



FIRST LIEUTENANT CHATRACHAI BUNYA-ANANTA
 Chairman of The Nomination and Remuneration Committee

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

For THE YEAR ENDED 31 DECEMBER 2013

Analysis of operating results

1. Overall operating results

The operating results of MBK Public Company Limited and its subsidiaries ("the Group") for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	2013	2012	Increase/Decrease	
Operating revenue	9,272	8,343	929	11%
Operating profit	1,419	1,824	(405)	(22%)
Other revenue/(expense) - net	3,514	592	2,922	494%
Income tax expense	(804)	(407)	(397)	(98%)
Non-controlling interest of the subsidiaries	(21)	(114)	93	82%
Net profit – attributable to equity of the Company	4,108	1,895	2,213	117%
Earnings per share (Baht)	28.90	12.51	16.39	131%

The overall operating revenue for the years ended 31 December 2013 and 2012 were Baht 9,272 million and Baht 8,343 million, respectively, increased by Baht 929 million or 11%. The significant increases in revenue were from the shopping center business by Baht 295 million, the food solution business by Baht 304 million and the finance business by Baht 461 million.

The net profit attributable to equity of the Company ("the net profit") for the years ended 31 December 2013 and 2012 were Baht 4,108 million and Baht 1,895 million, respectively, increased sharply by Baht 2,213 million or 117%. The major factors were that during the current year, the Group recognised gain on sale of investment in a subsidiary, gain on sales of investments in available-for-sale marketable securities and gain on sale of land located at Amphur Koh Samui in Surat Thani in the amount of Baht 2,462 million, net of related tax impact. Meanwhile, in the same period of last year, the Group recognised gain on sales of investment properties, plant and equipment amounting to Baht 127 million, net of related tax impact. However, if the mentioned gain on sales of assets transactions are excluded, the net profit for the year ended 31 December 2013 and 2012 would be Baht 1,646 million and Baht 1,768 million, respectively.

2. Revenue and operating results by segment

The Groups' business operations are divided into 8 principal segments as follows:

1. Shopping Center business engages in the business of rental space to retail tenants in the shopping centers and the business of office space for rent.
2. Hotel and Tourism business engages in hotel business, package tour services, and air ticket agent.
3. Golf business engages in golf services, clubhouse and selling golf equipment.
4. Real-estate business engages in residential for sale, property management and asset appraisal.
5. Food Solution business (formerly "rice business") engages in selling rice for both local and export markets, and the food center business.
6. Finance business engages in providing general loan for housing and bridge loan of which the security is marketable property in good location, and motorcycle hire purchase business.
7. Other business engages in the business of car and motorcycle auction and motorcycle dealer business.
8. Supporting business performs as back office functions for the Group.

The significant movements in operating revenue and operating profit/(loss) by segment, and other income (expense) for the year ended 31 December 2013 when compared to the same period of 2012 were as follows:

2.1 Operating revenue – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2013	2012	Increase/(Decrease)	
Shopping Center	3,797	3,502	295	8%
Hotel and Tourism	1,215	1,263	(48)	(4%)
Golf	382	368	14	4%
Real-estate	329	394	(65)	(16%)
Food Solution	2,213	1,909	304	16%
Finance	1,171	710	461	65%
Other	160	197	(37)	(19%)
Supporting	5	-	5	100%
Total	9,272	8,343	929	11%

The operating revenue of the Group for the years ended 31 December 2013 and 2012 were Baht 9,272 million and Baht 8,343 million, respectively, which increased by Baht 929 million or 11%. The major changes in operating revenue by segment were as follows:

- 2.1.1 The revenue of shopping center business increased by Baht 295 million or 8%. The main factor was that during the current year, MBK Shopping Center renewed many short-term and long-term lease agreements and increased annual rental rate according to the economic conditions resulted in higher revenue for the year by Baht 362 million. On the other hand, the revenue of Paradise Park Shopping Center decreased by Baht 68 million mainly due to the impacts from renovation of its central exhibition area and from the construction of public road (Srinakarin Road) in front of the shopping center.

- 2.1.2 The revenue of hotel and tourism business decreased by Baht 48 million or 4%. In the first quarter of 2013, the shareholding structure was changed by transferring a subsidiary that operates food center "The Fifth Food Avenue" from the hotel and tourism business to the food solution business, effective 1 January 2013 onwards and therefore, if the revenue excluded sale of food for the same period of last year, the hotel and tourism revenue would have the revenue for the years ended 31 December 2013 and 2012 of Baht 1,215 million and Baht 1,128 million, respectively, which increased by Baht 87 million or 8% as a results of a better performance according to the recovery of tourism business.

The revenue of food center "The Fifth Food Avenue" for the years ended 31 December 2013 and 2012 were Baht 169 million and Baht 135 million, respectively, which increased by Baht 34 million or 26% according to the growth in number of customers.

- 2.1.3 The revenue of real-estate business decreased by Baht 65 million or 16% because in the same period of last year, there was major revenue recognition for the residential project "Sabai Village" in Phuket. The project began to recognize revenue since December 2011. The transfer of houses and revenue recognition occurred during 2012. In 2013, the real-estate business is developing the projects "Sabai Village 2" in Phuket and "The Quinn Condominium" on Ratchadapisek Road. The project of Sabai Village 2 started its revenue recognition since August 2013 onwards. The Quinn Condominium is expected to be completed and recognized its revenue in 2015.

On 1 November 2013, the Group acquired a new subsidiary, Putornwiwata Company Limited, which engages in real-estate business, and paid for the purchase of ordinary shares amounting to Baht 39 million or equivalent to 54.98%. The purpose of acquiring this subsidiary is to expand the group real-estate business. The financial statements of the new subsidiary have been consolidated since 1 November 2013 onwards. The new subsidiary recognized revenue for the current period under the residential project "Baan Rommai Borwin" in Chonburi amounting to Baht 32 million.

- 2.1.4 The revenue of food solution business (excluded the revenue of a subsidiary that operates the food center business "The Fifth Food Avenue" which management structure was changed as mentioned in No. 2.1.2) for the years ended 31 December 2013 and 2012 were Baht 2,044 million and Baht 1,909 million, respectively, increased by Baht 135 million or 7%. The increase of Baht 111 million was from the revenue from the operation of food center called "MBK Food Island" located on 6th floor of MBK Shopping Center which started its operation under the food solution business in April 2013.

2.1.5 The revenue of finance business increased by Baht 461 million or 65% due to the growth of hire-purchase for motorcycles portfolio resulted in the higher revenue by Baht 247 million according to the increase of hire-purchase contracts. Currently the hire-purchase business expanded its market share by establishing 5 new branches which the first 2 branches opened in August and November 2012, and the other 3 branches opened in April and June 2013. In addition, the growth of lending secured loan portfolio resulted in the higher revenue by Baht 214 million.

2.2 Operating profit (loss) – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2013	2012	Increase/(Decrease)	
Shopping Center	1,165	1513	(348)	(23%)
Hotel and Tourism	33	123	(90)	(73%)
Golf	24	26	(2)	(8%)
Real-estate	(30)	22	(52)	(236%)
Food Solution	32	(105)	137	130%
Finance	218	251	(33)	(13%)
Other	(22)	(4)	(18)	(450%)
Supporting	(1)	(2)	1	50%
Total	1,419	1,824	(405)	(22%)

The operating profit of the Group for the years ended 31 December 2013 and 2012 were Baht 1,419 million and Baht 1,824 million, respectively, decreased by Baht 405 million or 22%. In overall, operating results varied according to the movements of revenue and normal economic conditions as mentioned above. In addition, the impact of the government minimum wage policy which effective on 1 April 2012 resulted in the cost increase of related goods and services as well as the higher personal and labor costs. However, the adjustment in selling price for goods and services are under the market mechanism.

2.2.1 The significant changes in expenses related to the new lease agreement in 2013

The agreement granting the right to utilize the shopping center at the Pathumwan intersection expired on 21 April 2013 and the Company extended the lease agreement with Chulalongkorn University for another 20 years starting on 22 April 2013 to 21 April 2033 as disclosed in the note to financial statements no.25. The new lease rental increased according to the economic conditions and competition situation, as a result that MBK Shopping Center and Pathumwan Princess Hotel recognized expenses related to the leasehold agreements (such as depreciation for building, land rental, interest expense, and deferred income tax) increased by Baht 832 million. Therefore, the overall operating profit of the shopping center business and the hotel business dropped in the current year. However, the Group has realized the impact of higher cost of rental and intended to maintain the level of growth in revenue and net operating profit by the followings: adjust annual rental rate according to the economic situation, acquire new retail tenants to expand its revenue base after the long-term lease agreement with major tenants expired since April 2013, boost the performance of the hotel business due to the overall recovery of tourism business, and promote the lending business continuously. Furthermore, several new investment projects are being studied and developed to fulfill the expected revenue and profit for the Group.

2.2.2 The operating profit of real-estate business decreased by Baht 52 million or 236% in the same direction of revenue. In addition, the expenses related to promote the new project under "The Quinn Condominium" on Ratchadapisek Road such as marketing, advertising and operating expenses, increased by Baht 56 million. The project is under construction and expected to be completed by July 2015, and the pre-sale condominium opened since March 2013.

2.2.3 The operating profit of finance business decreased by Baht 33 million or 13%, whereas the revenue increased because the hire-purchase for motorcycles business incurred operating expenses in higher proportion than the increase of revenue. The significant increase in expenses were staff costs and operating expenses from the expansion of branches (currently 5 branches), provision for doubtful debt, and debt collection.

2.3 Other income (expense) – net

(Unit: Million Baht)

	For the years ended 31 December			
	2013	2012	Increase/(Decrease)	
Interest income	78	36	42	117%
Dividend income	236	243	(7)	(3%)
Gain on sale of investment	2,098	-	2,098	100%
Gain on sale of assets	996	201	795	395%
Other income	156	161	(5)	(3%)
Share of profit from investments in associates	294	145	149	103%
Finance costs	(344)	(194)	(150)	(77%)
Total	3,514	592	2,922	494%

Other income (expense) – net, for the years ended 31 December 2013 and 2012 were Baht 3,514 million and Baht 592 million, respectively, increased significantly by Baht 2,922 million or 494% due to the major transactions as follows:

- 2.3.1 During 2013, the Group recognized gain on sales of investment in a subsidiary that operated land rental service and gain on sales of investments in available-for-sale marketable securities totaling of Baht 2,098 million (Baht 1,666 million, net of related tax impact).
- 2.3.2 During 2013, the Group recognized gain on sale of land located at Amphur Koh Samui in Surat Thani amounting to Baht 996 million (Baht 797 million, net of related tax impact).
- 2.3.3 During 2012, the Group accounted for gain on sales of investment properties, plant and equipment a total of Baht 198 million (the Group recognized such gain based on the percentage of shareholding interests in the subsidiaries, net related tax impact amounting to Baht 127 million). The major reasons were that a subsidiary, who engaged in warehouse rental service, sold its land and warehouse due to the lease contract with tenant was expired. Furthermore, the other subsidiaries that operated in the rice business relocated its factory from Pathumtani to a new factory at Sikhiu District, Nakhonratchasima so the unused silo and machinery were sold out.

- 2.3.4 Share of profit from investments in associates increased by Baht 149 million or 103% mainly due to a better performance of an associate who operates the hotel business at the Republic of Maldives in comparison with the same period of last year. Such associate commenced its business operation since March 2012 and recognized loss from operation during the first year operation. The Company recognized share of profit of the associate for 2013 amounting to Baht 15 million but recognized share of loss for 2012 amounting to Baht 76 million, so the change was to increase by Baht 91 million.
- 2.3.5 Finance costs increased by Baht 150 million or 77%. Such increase included amount of Baht 200 million which was a result of the accounted for liabilities under finance lease agreements related to the new lease agreements with Chulalongkorn University as mentioned in no. 2.2.1 and no.3. The deferred interest expense is amortised over the lease period.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 31 December 2013 when compared with the balance as at 31 December 2012 were as follows:

(Unit: Million Baht)

	31 Dec. 2013	31 Dec. 2012	Increase/(Decrease)	
Total assets	37,921	31,943	5,978	19%
Total liabilities	21,970	16,237	5,733	35%
Total shareholders' equities	15,951	15,706	245	2%

3. The significant changes in assets and liabilities related to the new lease agreement in 2013

Due to the new lease agreement granting the right to utilize the shopping center at the Pathumwan intersection that the Company signed with Chulalongkorn University as disclosed in the notes to financial statements no.25, effective 22 April 2013 onwards, resulted in the significant increase of both assets and liabilities under financial lease and operating lease of the Company. The balance of assets and liabilities related to the mentioned agreement as at 31 December 2013 and 2012 were as follows:

(Unit: Million Baht)

	31 Dec 2013	31 Dec 2012	Increase/(Decrease)	
<u>Assets</u>				
Prepaid of land rental	1,537	2,798	(1,261)	(45%)
Assets under financial lease – net accumulated depreciation				
- Investment properties	5,412	-	5,412	100%
- Building and equipment	635	-	635	100%
Deferred tax assets	73	-	73	100%
Total assets	7,657	2,798	4,859	174%
<u>Liabilities</u>				
Liabilities under financial lease	5,032	-	5,032	100%

4. Assets

4.1 Current investments and long-term investments

Current investments and long-term investments mainly represented investments in equity securities which are classified as available-for-sale marketable securities. The balance as at 31 December 2013 was Baht 5,256 million, decreased by Baht 884 million or 14%. The significant changes were as follows:

- The increase of Baht 466 million was from the investment in M G 1 Company Limited ("MG1") for a purpose of holding a plot of land at Krabi. The investment is classified as other long-term investment. The Group entered into an agreement to sell and to purchase shares to grant the right to purchase shares of MG1 to unrelated parties within 2 years and shall not make any obligations over the assets of MG1 during the determined period.
- The decrease of Baht 298 million was from sales (net of purchases) of available-for-sale marketable securities.
- The decrease of Baht 1,059 million was from the fair value adjustment of the securities on hand as at 31 December 2013 as a result of the lower stock market price.

4.2 Short-term loans to related companies

Short-term loans to related companies balance as at 31 December 2013 was Baht 357 million, decreased by Baht 923 million or 72% because the group of an associate, who operates the shopping center business, for the purposes of investment in a new project located on Charoennakorn area, repaid its entire borrowings in December 2013.

4.3 Loans to customers

Loans to customers (including current portion) balance as at 31 December 2013 was Baht 7,034 million, increased by Baht 2,056 million or 41%. Such increases amount were hire-purchase receivables by Baht 415 million from the growth of hire-purchase portfolio for motorcycles, and secured loan receivables by Baht 1,660 million as a result of the growth of loans portfolio for the lending business.

4.4 Inventories

Inventories balance as at 31 December 2013 was Baht 2,399 million, increased by Baht 820 million or 52%. The significant changes were as follows:

- The rice business increased its stock on hand level by Baht 63 million due to the auction of rice volume from the Government under the rice mortgage scheme to reserve the stock for future sales.
- The real-estate business increased costs of property development for sale by Baht 760 million arising from the following projects: costs of project "The Quinn Condominium", located on Ratchadapisek Road increased by Baht 455 million, costs of residential project "Sabai Village 2" located around the Red Mountain Golf Course in Phuket increased by Baht 98 million, and costs of residential project of a new subsidiary acquired on 1 November 2013 "Baan Rommai Borwin" in Chonburi increased by Baht 70 million. Furthermore, a plot of land located at the shopping center area "The Nine Center" on Rama 9 Road amounting to Baht 110 million was reclassified from land held for development to costs of property development for further development a new condominium project.

4.5 Investment in associates

Investment in associates balance as at 31 December 2013 was Baht 2,755 million, increased by Baht 197 million or 8%. The significant movements were as follows:

- a) The increase of Baht 294 million, from the recognition share of profit under equity method.
- b) The increase of Baht 51 million, from the additional investments in the associates who operated the golf business.
- c) The decrease of Baht 171 million, from the dividend income.

4.6 Investment properties

Investment properties balance as at 31 December 2013 was Baht 10,585 million, increased sharply by Baht 5,445 million or 106%. The significant movements were as follows:

	Description	Baht Million
1	Recognition of building under financial lease agreement signed with Chulalongkorn University as mentioned in No.3.- before depreciated	5,603
2	Purchased a plot of land at Sukhumvit Road 101 for future development	492
3	The Nine Center incurred construction costs related to car park and food court building and renovation costs for rental space of a supermarket under "MaxValu".	243
4	The costs of design and construction of a new shopping center located on Srinakarin Road Soi 55 or next to Paradise Park Shopping Center	379
5	Sale of investment in a subsidiary which operated land rental service – land cost	(664)
6	Sale of land located at Amphur Koh Samui in Surat Thani	(217)
7	Depreciation for the period	(540)
8	Others	149
	Total net movements	5,445

4.7 Property, plant and equipment

Property, plant and equipment balance as at 31 December 2013 was Baht 3,985 million, increased by Baht 368 million or 10%. The significant movements were as follows:

	Description	Baht Million
1	Recognition of building under financial lease agreement signed with Chulalongkorn University as mentioned in No.3- before depreciated	658
2	The renovation costs of hotel rooms at Sheraton Krabi Beach Resort in Krabi	114
3	The renovation costs of hotel rooms at Layana Resort and Spa in Krabi	39
4	Depreciation for the year	(487)
5	Others	44
	Total net movements	368

5 Liabilities

5.1 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions balance as at 31 December 2013 was Baht 1,390 million, increased sharply by Baht 1,050 million or 309%. The Group increased short-term borrowings from the financial institutions in order to invest in various projects as mentioned above in the assets section and share repurchase project ("treasury stock").

5.2 Advance rental and service deposits

Advance rental and service deposits (including current-portion) balance as at 31 December 2013 was Baht 3,310 million, increased by Baht 566 million or 21%. During March 2013, the partial long-term lease agreements of MBK Shopping Center were expired and the tenants agreed to extend the long-term lease agreements for another 10 years and as a result, the tenants paid the advance rental for long-term agreements as per schedule determined in the lease agreements. Advance rental and service deposits are realised as income based on a straight-line basis over the long-term lease periods.

5.3 Long-term debentures

Long-term debentures (including current-portion) balance as at 31 December 2013 was Baht 8,092 million, decreased by Baht 1,001 million or 11%. In July 2013, the Company issued the long-term debentures of Baht 2,000 million with tenor of 7 years, in order to repay the debenture which was due for repayment in the same period amounting to Baht 3,000 million.

6 Equity attributable to the Company's shareholders

Total shareholders' equity balance as at 31 December 2013 was Baht 15,951 million, increased by Baht 245 million or 2%. The significant movements were as follows:

6.1 Retained earnings increased by Baht 519 million derived from the net profit for the year ended 31 December 2013 of Baht 4,108 million, but a decrease of Baht 784 million from dividend payments and a decrease of Baht 2,805 million from the transfer of retained earnings to treasury stock reserve.

6.2 During 2013, the Company had total treasury stock of Baht 2,805 million in accordance with the treasury stock project for the financial management.

6.3 The decrease of Baht 837 million in other components of shareholders' equity was mainly due to the decrease of Baht 857 million in unrealized gains on available-for-sale marketable securities, net of related deferred tax impact, as a result of the lower stock market price.

6.4 The increase of Baht 563 million in equity attributable to non-controlling interest of the subsidiaries was mainly due to the increase in share capital in subsidiaries according to the percentage of shareholding amounting to Baht 551 million.

Analysis of the liquidity

7. Cash flows of the Group for the years ended 31 December 2013 and 2012 are summarised in table below.

(Unit: Million Baht)

	For the years ended 31 December			
	2013	2012	Cash flows Increase/(Decrease)	
Net income from operating activities before changes in operating assets and liabilities	1,971	1,901	70	4%
Net movements in operating assets and liabilities	(1,546)	(880)	(666)	76%
Net cash flows from operating activities	425	1,021	(596)	(58%)
Net cash flow received from (used in) investing activities	4,108	(657)	4,765	725%
Net cash flows received from (used in) financing activities	(4,610)	722	(5,332)	(739%)
Net increase (decrease) in cash and cash equivalents	(77)	1,086	(1,163)	(107%)

7.1 Cash flows from operating activities

The significant movements in cash flows from operating activities and operating assets and liabilities are as mentioned in the analysis of operating results and financial status above.

7.2 Cash flows from investing activities

Net cash flows received from investing activities increased by Baht 4,765 million or 725% due to the following major reasons:-

Factors in cash increases:

- a) In 2013, there was cash receipt from sale of investment in a subsidiary that operated land rental service amounting to Baht 2,348 million.
- b) Proceeds from non-controlling interest of the subsidiaries increased by Baht 251 million. The major factor was that in 2013, there was cash received amounting to Baht 500 million from the share increase in Siam Delice, a subsidiary, for a source of fund of the construction of a new shopping center project. However, in the same period of last year, there was cash received amounting to Baht 300 million from the share increase in Paradise Park, a subsidiary, for the purposes of repayment of long-term loans.
- c) Cash receipt (net from cash paid) from current investments increased by Baht 671 million mainly due to the sales of investments in available-for-sale marketable securities.
- d) Cash paid for short-term loans to related companies (net of cash received) decreased by Baht 2,129 million due to the entire repayment of the group associates' borrowings in December 2013 as mentioned in No. 4.2.

Factors in cash decreases:

- e) Cash paid for investment in M G 1 Company Limited for the share increase amounting to Baht 466 million as noted in No. 4.1.

7.3 Cash flows from financing activities

Net cash flows received from financing activities decreased by Baht 5,332 million or 739% mainly due to the following major reasons:-

Factors in cash increases:

- a) Cash receipt from short-term loans from financial institutions (net of cash repayment) increased by Baht 1,591 million. The increase in borrowings for the current year purposed for investments in various assets projects, the expansion of finance business and the treasury stock project.
- b) Repayment of long-term loans from financial institutions (net of cash receipt) decreased by Baht 630 million mainly because in the same period of last year, Paradise Park increased its share capital amounting to Baht 600 million in order to repay its long-term borrowings.

Factors in cash decreases:

- c) Cash receipt (net of cash repayment) for debentures decreased by Baht 4,398 million due to the maturity date of the debenture amounting to Baht 3,000 million which was due in July 2013. In addition, the cash received from issuance of debentures when compared with the same period of last year decreased by Baht 1,398 million.
- d) During 2013, there was cash paid for the treasury stock project for the financial management amounting to Baht 2,805 million.
- e) During 2013, there was cash paid for the payment of leasehold assets under financial lease amounting to Baht 285 million.



FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MBK PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated financial statements of MBK Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of MBK Public Company Limited for the same period.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MBK Public Company Limited and its subsidiaries and of MBK Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



RATANA JALA

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 26 February 2014

STATEMENT OF FINANCIAL POSITION

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Assets					
Current assets					
Cash and cash equivalents	6	1,664,844,320	1,741,115,612	1,146,343,694	1,389,350,829
Current investments	7, 41	575,536,360	1,096,186,929	18,600,000	576,126,927
Trade and other receivables	8, 41	688,663,161	576,967,481	84,885,817	96,760,896
Short-term loans to related companies	41	356,670,390	1,279,791,170	6,115,835,390	4,438,663,170
Current portion of loans to customers	9	3,831,284,710	1,102,252,373	1,180,943,289	3,470,304
Inventories	10	2,398,883,197	1,578,372,276	43,593,773	41,770,844
Other current assets	11	309,695,767	219,044,063	17,956,395	24,978,300
Total current assets		9,825,577,905	7,593,729,904	8,608,158,358	6,571,121,270
Non-current assets					
Restricted fixed deposits		3,312,877	4,257,534	-	-
Investments in associates	12	2,755,227,269	2,557,727,540	1,325,231,709	1,274,322,538
Investments in subsidiaries	13	-	-	11,583,295,250	12,030,991,782
Other long-term investments	14, 41	4,680,627,296	5,044,445,153	4,103,641,105	4,915,606,105
Loans to customers - net of current portion	9	3,202,659,290	3,875,284,277	3,564,346	1,124,019,209
Investment properties	15	10,584,761,544	5,139,877,397	5,657,242,634	231,295,836
Land held for development	16	644,548,536	713,119,829	-	-
Property, plant and equipment	17	3,984,585,793	3,616,131,226	956,598,528	440,095,602
Leasehold rights		340,531,603	383,373,589	-	17,706,327
Prepaid rental fee	25	1,537,116,074	2,797,904,805	1,537,116,074	2,797,904,805
Goodwill	19	72,733,276	72,493,179	-	-
Intangible assets	18	55,041,548	51,078,352	35,437,841	31,927,633
Deferred tax asset	34	178,981,757	54,373,780	100,461,537	11,300,885
Other non-current assets		55,857,773	38,991,921	74,896	74,896
Total non-current assets		28,095,984,636	24,349,058,582	25,302,663,920	22,875,245,618
Total assets		37,921,562,541	31,942,788,486	33,910,822,278	29,446,366,888

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (Continued)

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	20	1,389,607,878	340,000,000	600,000,000	
Trade and other payables	21, 41	976,028,355	831,027,403	413,358,014	352,899,365
Short-term loans from other company		39,000,000	-	-	-
Short-term loans from related companies	41	160,000,000	183,435,000	2,778,807,000	2,640,445,000
Current portion of long-term loans from financial institutions	23	28,000,000	96,000,000	-	-
Current portion of long-term debentures	24	-	2,999,450,697	-	2,999,450,697
Current portion of advance rental and service deposits		556,339,681	394,884,795	518,142,201	374,824,895
Current portion of long-term lease payable		-	85,000,000	-	85,000,000
Corporate income tax payable		250,231,408	184,700,076	88,612,813	89,023,250
Other current liabilities	22, 41	577,741,013	456,122,830	195,368,909	153,597,294
Total current liabilities		3,976,948,335	5,570,620,801	4,594,288,937	6,695,240,501
Non-current liabilities					
Long-term loans from financial institutions					
- net of current portion	23	-	191,000,000	-	-
Long-term debentures - net of current portion	24	8,091,960,382	6,093,279,350	8,091,960,382	6,093,279,350
Advance rental and service deposits - net of current portion		2,753,290,626	2,348,595,481	2,966,604,203	2,306,986,950
Long-term liabilities under financial lease agreements	25	5,032,271,912	-	5,032,271,912	-
Provision for long-term employee benefits	26	137,283,296	121,472,838	53,597,809	50,327,721
Deferred tax liabilities	34	771,044,851	939,858,535	484,581,955	707,297,161
Deposits		1,197,688,595	956,361,069	763,670,230	570,980,233
Other non-current liabilities	27	9,934,640	16,069,498	18,749,472	19,881,710
Total non-current liabilities		17,993,474,302	10,666,636,771	17,411,435,963	9,748,753,125
Total liabilities		21,970,422,637	16,237,257,572	22,005,724,900	16,443,993,626

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (Continued)

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Shareholders' equity					
Share capital					
Registered					
188,629,100 ordinary shares of Baht 10 each		1,886,291,000	1,886,291,000	1,886,291,000	1,886,291,000
Issued and paid-up					
188,629,100 ordinary shares of Baht 10 each		1,886,291,000	1,886,291,000	1,886,291,000	1,886,291,000
Premium on ordinary shares		1,276,037,500	1,276,037,500	1,276,037,500	1,276,037,500
Difference between the lower acquisition cost of business and fair value		172,206,406	172,206,406	-	-
Retained earnings					
Appropriated - statutory reserve	28	200,000,000	200,000,000	200,000,000	200,000,000
- treasury stock reserve		2,805,280,611	-	2,805,280,611	-
Unappropriated		9,293,847,305	8,774,576,622	6,604,441,058	6,810,856,117
Other components of shareholders' equity		2,055,273,122	2,691,955,366	1,938,327,820	2,829,188,645
Equity attribute to owners of the Company before treasury stock and non-controlling interests of the subsidiaries		17,688,935,944	15,201,066,894	14,710,377,989	13,002,373,262
Less: Treasury stock	29	(3,517,274,395)	(711,993,784)	(2,805,280,611)	-
Equity attributable to owners of the Company	30	14,171,661,549	14,489,073,110	11,905,097,378	13,002,373,262
Non-controlling interests of subsidiaries		1,779,478,355	1,216,457,804	-	-
Total shareholders' equity		15,951,139,904	15,705,530,914	11,905,097,378	13,002,373,262
Total liabilities and shareholders' equity		37,921,562,541	31,942,788,486	33,910,822,278	29,446,366,888

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit or loss:					
Revenues					
Sales		2,787,756,155	2,734,587,540	-	-
Service and rental income		4,125,503,167	3,792,660,375	2,645,652,699	2,260,174,064
Revenue from hotel operations		1,211,742,520	1,120,914,175	669,022,878	640,208,737
Revenue from financial business	31	1,147,379,473	695,601,459	114,556,683	65,783,105
Other income					
Interest income		78,299,369	36,341,606	320,467,907	120,070,687
Dividend income		235,850,945	243,466,163	1,688,969,160	778,065,310
Gain on sale of investments		2,098,356,949	-	1,534,315,198	-
Gain on sale of assets		996,329,641	201,207,917	-	-
Others		155,693,606	160,846,320	64,170,172	77,415,876
Total revenues		12,836,911,825	8,985,625,555	7,037,154,697	3,941,717,779
Expenses					
Cost of sales		2,326,958,262	2,318,361,587	-	-
Cost of service and rental		2,222,722,949	1,621,936,420	1,110,266,208	529,722,388
Direct hotel operating expenses		865,318,369	710,402,908	500,812,443	423,812,816
Selling expenses		612,430,656	517,190,731	132,222,151	121,310,658
Administrative expenses		1,494,568,484	1,211,135,868	483,059,330	435,334,401
Loss on sales of investments		-	-	-	233,534,514
Total expenses		7,521,998,720	6,379,027,514	2,226,360,132	1,743,714,777
Profit before share of profit from investments in associates,					
finance cost and income tax expenses		5,314,913,105	2,606,598,041	4,810,794,565	2,198,003,002
Share of profit from investments in associates	12.1	293,929,491	145,013,347	-	-
Profit before finance cost and income tax expenses		5,608,842,596	2,751,611,388	4,810,794,565	2,198,003,002
Finance costs		(674,892,536)	(336,062,882)	(796,550,377)	(461,981,307)
Profit before income tax expenses		4,933,950,060	2,415,548,506	4,014,244,188	1,736,021,695
Income tax expenses	34	(804,518,435)	(407,305,746)	(426,988,759)	(230,886,284)
Profit for the year		4,129,431,625	2,008,242,760	3,587,255,429	1,505,135,411

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME (Continued)

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Other comprehensive income:				
Gains (losses) on change in value of in available-for-sale investments	(856,868,125)	1,463,045,272	(890,860,825)	1,361,127,469
Unrealised losses on investments in loans of an associate	(2,059,107)	(2,531,694)	-	-
Actuarial gains (losses)	434,468	(49,529,792)	-	(20,803,257)
Actuarial losses of associates	-	(3,105,082)	-	-
Translation adjustment of an associate	22,244,988	(1,758,969)	-	-
Other comprehensive income for the year	(836,247,776)	1,406,119,735	(890,860,825)	1,340,324,212
Total comprehensive income for the year	3,293,183,849	3,414,362,495	2,696,394,604	2,845,459,623
Profit attributable to:				
Equity holders of the Company	4,107,986,908	1,894,596,543	3,587,255,429	1,505,135,411
Non-controlling interest of the subsidiaries	21,444,717	113,646,217	-	-
	4,129,431,625	2,008,242,760		
Total comprehensive income attributable to:				
Equity holders of the Company	3,271,631,477	3,306,566,771	2,696,394,604	2,845,459,623
Non-controlling interest of the subsidiaries	21,552,372	107,795,724	-	-
	3,293,183,849	3,414,362,495		
Earnings per share				
35				
Basic earnings per share				
Profit attributable to equity holders of the Company	28.90	12.51	20.00	7.98

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
								Other components of shareholders' equity			
								Surplus (deficit)		Total other components of shareholders' equity	
								on changes in value of available-for-sale investments	Unrealised gains (loss) on investments in loans of an associate	Translation adjustment of an associate	Treasury stocks
	Issued and paid-up share capital	Premium on ordinary shares	Difference between the lower acquisition cost of business and fair value	Retained earnings	Appropriated	Unappropriated	Unrealised losses on investments in loans	Unrealised gains (loss) on investments in loans of an associate	Translation adjustment of an associate	Total other components of shareholders' equity	Total shareholders' equity attributable to the Company
					Statutory reserve	Treasury stock reserve					
Balance as at 1 January 2012	1,886,291,000	1,276,037,500	172,206,406	-	200,000,000	-	7,721,741,037	1,366,354,265	8,489,525	1,433,200,757	11,977,482,918
Total comprehensive income for the year	-	-	-	-	-	-	1,947,812,162	1,463,045,272	(1,758,969)	1,458,754,009	3,306,560,171
Dividend paid	-	-	-	-	-	-	-	-	-	-	(794,376,577)
Increase in share capital of subsidiary from non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2012	1,886,291,000	1,276,037,500	172,206,406	-	200,000,000	-	8,774,576,622	2,859,399,537	6,730,556	2,891,955,390	14,469,073,110
Balance as at 1 January 2013	1,886,291,000	1,276,037,500	172,206,406	-	200,000,000	-	8,774,576,622	2,859,399,537	6,730,556	2,891,955,396	14,469,073,110
Total comprehensive income for the year	-	-	-	-	-	-	4,108,313,721	(866,868,125)	22,244,988	(836,682,244)	3,271,631,477
Dividend paid	-	-	-	-	-	-	-	-	-	-	(793,762,427)
Increase in share capital of subsidiaries from non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Treasury stocks (Note 28)	-	-	-	-	-	-	-	-	-	-	-
Transfer of retained earnings to treasury stock reserve	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	1,886,291,000	1,276,037,500	172,206,406	-	200,000,000	-	9,203,847,205	1,972,531,412	28,975,544	2,055,273,122	14,171,661,549

The accompanying notes are an integral part of the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2013

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	4,933,950,060	2,415,548,506	4,014,244,188	1,736,021,695
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,031,241,849	901,229,307	438,092,402	324,486,137
Amortisation	13,366,253	10,580,711	8,872,957	6,596,246
Amortisation of underwriting fee	1,803,805	1,818,239	1,803,805	1,818,239
Amortisation of leasehold right and prepaid rental fee	564,787,439	79,112,188	541,238,888	53,118,979
(Gains) losses on sales of investments in subsidiaries and associate	(1,701,434,317)	-	(1,164,778,418)	233,534,514
Gains on sales of investments in available-for-sale securities and other investments	(396,922,632)	-	(369,536,780)	-
(Gains) losses on disposal of investment properties	(994,758,131)	(194,386,824)	(254,472)	61,140
(Gains) losses on disposal of equipment	109,800	(6,934,993)	485,040	758,953
Gains on disposal of property held for development	(2,197,461)	-	-	-
Losses on written-off intangible assets	516,151	113,900	31,553	113,550
Allowance for impairment of investments in subsidiaries	-	-	24,046,361	-
Allowance for impairment loss on plant and equipment (reversal)	(9,009,907)	8,460,403	-	-
Allowance for impairment of goodwill	14,775,177	-	-	-
(Gains) losses on exchange	25,016,000	(12,879,418)	25,920,000	(12,879,418)
Allowance for doubtful debts (reversal)	99,776,602	8,395,655	(217,808)	(865,828)
Allowance for diminution in value of inventories (reversal)	(737,753)	2,277,643	-	-
Income from rental deposits and revenue received in advance	(826,546,542)	(696,051,526)	(786,219,093)	(658,443,513)
Provision for long-term employee benefits	18,230,553	8,217,565	4,968,488	2,602,289
Interest income	(78,299,369)	(36,341,606)	(320,467,907)	(120,070,687)
Interest expenses	630,312,982	308,929,457	754,387,012	446,499,583
Dividend income	(235,850,945)	(243,466,163)	(1,688,969,160)	(778,065,310)
Share of profit from investments in associates	(293,929,491)	(145,013,347)	-	-
Profit from operating activities before changes in operating assets and liabilities	2,794,200,123	2,409,609,697	1,483,647,056	1,235,286,569
Net movements in operating assets and liabilities (Note 36)	(1,545,902,979)	(880,001,200)	1,405,323,379	308,938,299
Cash flows from operating activities	1,248,297,144	1,529,608,497	2,888,970,435	1,544,224,868
Cash paid for employee benefits	(1,882,163)	(4,687,668)	(1,698,400)	(3,568,200)
Cash paid for corporate income tax	(820,913,201)	(503,434,432)	(516,559,848)	(313,176,728)
Net cash flows from operating activities	425,501,780	1,021,486,397	2,370,712,187	1,227,479,940

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT (Continued)

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from financing activities				
Decrease in bank overdrafts	(5,135,012)	(3,695)	-	-
Proceeds from short-term loans from other companies	39,000,000	-	-	-
Repayment of short-term loans from other companies	(900,000)	-	-	-
Proceeds from short-term loans from related companies	241,065,000	53,275,000	2,236,700,000	140,180,000
Repayment of short-term loans from related companies	(320,442,000)	(58,500,000)	(2,098,338,000)	(953,826,000)
Proceeds from short-term loans from financial institutions	11,347,750,000	1,675,000,000	9,116,000,000	-
Repayment of short-term loans from financial institutions	(10,341,008,980)	(2,258,664,000)	(8,516,000,000)	(353,664,000)
Repayment of long-term loans from financial institutions	(259,000,000)	(888,960,000)	-	-
Repayment of long-term loans from related financial institutions	-	(56,412,000)	-	-
Repayment of long-term liabilities under finance lease agreements	(284,835,200)	-	(284,835,200)	-
Interest paid	(424,759,535)	(270,522,361)	(551,848,610)	(407,833,527)
Dividend paid	(713,802,632)	(794,976,577)	(988,389,877)	(990,302,774)
Dividend paid to minority shareholders	(79,599,078)	(73,947,960)	-	-
Proceeds from long-term debenture	1,997,426,530	3,395,320,798	1,997,426,530	3,395,320,798
Repayment of long-term debenture	(3,000,000,000)	-	(3,000,000,000)	-
Cash paid for treasury stocks	(2,805,280,611)	-	(2,805,280,611)	-
Net cash flows from (used in) financing activities	(4,609,521,518)	721,609,205	(4,894,565,768)	829,874,497
Net increase (decrease) in cash and cash equivalents	(76,271,292)	1,086,289,927	(243,007,135)	986,080,747
Cash and cash equivalents at beginning of year	1,741,115,612	654,825,685	1,389,350,829	403,270,082
Cash and cash equivalents at the end of year	1,664,844,320	1,741,115,612	1,146,343,694	1,389,350,829
Supplemental cash flows information:				
Operational cash flows from interest	1,145,280,702	959,587,055	115,813,875	65,586,324
Non-cash transactions:				
Classification of short-term investments to long-term investments	-	1,717,521,846	-	1,668,561,845
Classification of prepaid rental fee to cost of building and investment properties	1,147,140,970	-	1,147,140,970	-
Recorded building and investment in properties as assets under financial lease agreements	5,116,589,313	-	5,116,589,313	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2013

1. General information

MBK Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand and listed on the Stock Exchange of Thailand. Its registered offices is 8th Floor MBK Center Building, 444 Phayathai Road, Pathumwan, Bangkok 10330. The principal business operations of the Company and its subsidiaries (“the Group”) are summarised as follows:

- Shopping center business
- Hotel and tour business
- Golf business
- Property development business
- Food business
- Finance business
- Other businesses
- Support business

2. Basis of preparation

- 2.1** The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of MBK Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries")

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			%	%
Directly owned				
Paradise Park Company Limited*	Shopping center and property for lease	Thailand	-	50.00
Siam Delice Company Limited*	Shopping center and property for lease	Thailand	50.00	50.00
MBK Bangyai Company Limited	Dormant	Thailand	99.97	99.97
Glas Haus Ratchada Company Limited	Lease and real estate	Thailand	100.00	100.00
MBK Square Company Limited	Property for lease and management service	Thailand	99.99	99.97
MBK Smart Force Company Limited	Security service	Thailand	99.97	99.97
MBK Hotels and Resorts Company Limited	Hotel	Thailand	100.00	100.00
Supsinthanee Company Limited	Hotel	Thailand	100.00	100.00
Lanta Land Development Company Limited	Hotel	Thailand	99.99	99.99
MBK Business Company Limited	Personnel management service	Thailand	99.99	99.99
MBK Hotels & Tourism Company Limited	Hotel management and food center	Thailand	99.99	99.99
Riverdale Golf and Country Club Company Limited	Golf course and real estate	Thailand	99.99	99.99
Patum Rice Mill and Granary Public Company Limited	Rice distribution	Thailand	74.52	74.52
Primacy Elegance Investments Limited	Investment	British Virgin Island	100.00	100.00
MBK Premium Company Limited	Leasing and hire purchase	Thailand	100.00	100.00
T Leasing Company Limited	Motorcycle hire purchase	Thailand	99.99	99.99
X-Gen Premium Company Limited	Motorcycle dealer	Thailand	99.99	99.99
The Olympic Club Company Limited	Land rental	Thailand	-	100.00
MBK Center Company Limited	Dormant	Thailand	99.99	99.99
MBK Asset Company Limited	Dormant	Thailand	99.99	99.99
MBK Shopping Center Company Limited (Formerly named "MBK Arcade Company Limited")	Investment	Thailand	99.99	99.99
MBK Training Center Company Limited	Training service	Thailand	99.97	99.97
MBK Broker Company Limited	Life assurance and insurance broker	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			%	%
Directly owned (continued)				
MBK Insurance Broker Company Limited	Dormant	Thailand	99.99	99.99
MBK Chiangmai Company Limited	Dormant	Thailand	99.97	99.97
M Racing Company Limited	Motorcycle dealer	Thailand	99.99	99.99
MBK Service Solution Company Limited	Consulting services	Thailand	99.99	99.97
MBK Real Estate Company Limited	Real estate	Thailand	99.97	99.97
Indirectly owned				
The Nine Center Company Limited	Shopping center, property for lease and real estate	Thailand	99.98	99.98
Paradise Park Company Limited**	Shopping center and property for lease	Thailand	65.36	-
Paradise Retail Company Limited***	Retail business in shopping center	Thailand	65.36	65.36
Glas Haus Building Company Limited	Property for lease	Thailand	99.99	99.99
MBK Food and Entertainment Company Limited	Food center	Thailand	55.89	81.23
MBK Capital Company Limited	Land rental	Thailand	99.93	99.93
Absolute Travel Company Limited	Cessation since September 2013	Thailand	99.99	99.99
MBK Leisure Company Limited	Cessation since September 2013	Thailand	100.00	-
MBK Food Island Company Limited	Food center	Thailand	74.50	81.17
MBK Food System Company Limited	Restaurant	Thailand	44.71	-
Tantara Gallery Company Limited	Dormant	Thailand	63.20	63.20
MBK Resort Public Company Limited	Golf course hotel and real estate	Thailand	72.60	72.60
NASSET PROPERTY FUND1	Property fund	Thailand	72.45	72.45
Phuket Loch Palm Golf Club Company Limited	Dormant	Thailand	72.60	72.60
PRG Granary Company Limited	Warehouse rental	Thailand	74.51	74.51
Ratchsima Rice Company Limited	Rice distribution and plant and machinery for lease	Thailand	74.51	74.51
Sima Pac Company Limited****	Distribution and manufacture of plastic bags	Thailand	37.25	37.25
Innofood (Thailand) Company Limited	Rice distribution and development of rice product	Thailand	74.52	-
Plan Estate Company Limited	Real estate and property management service	Thailand	72.60	72.60
Crystal Lake Properties Company Limited	Real estate	Thailand	72.60	72.60

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			%	%
Indirectly owned (continued)				
C L P Management Company Limited	Property management service	Thailand	72.60	72.60
Plan Appraisal Company Limited	Survey and appraisal services	Thailand	72.60	72.60
Lan Bangna Company Limited	Cessation since February 2012	Thailand	72.60	72.60
MBK Guarantee Company Limited	Lending and debt guarantee business	Thailand	99.98	99.98
Kathu Land Company Limited	Dormant	Thailand	70.36	70.36
MBK Residence Company Limited	Real estate	Thailand	99.96	99.96
MBK Advance Company Limited	Dormant	Thailand	99.87	99.87
M G 1 Company Limited	Dormant	Thailand	99.97	99.97
M G 2 Company Limited	Dormant	Thailand	99.96	99.97
Putornwiwata Company Limited	Real estate	Thailand	54.98	-

* The Company has the direct holding of 50.00% and the indirect holding of 15.36% through Siam Piwat Company Limited, total direct and indirect holding of 65.36%.

** The Company has the indirect holding of 65.36% through MBK Shopping Center Company Limited (Formerly named "MBK Arcade Company Limited") of 50.00% and Siam Piwat Company Limited of 15.36%.

*** The Company has the indirect holding of 65.36% through Paradise Park Company Limited.

**** The Group has control over the finance and operating policies of Sima Pac Company Limited, through the Board of Directors of that company.

During the year 2013, there were the following significant changes:

On 1 March 2013, Glas Haus Ratchada Company Limited, a subsidiary, sold ordinary shares and preference shares in MBK Food and Entertainment Company Limited, total 374,997 shares and 300,000 shares, respectively at 143.50 Baht each, for total amounting to Baht 97 million, or equivalent to 75.00% of its registered capital, to Patum Rice Mill and Granary Public Company Limited, a subsidiary. The Group's equity interest in this company fell from 81.23% to 62.13%, however, the Group still has significant influence over this company. In this regard, the Company eliminated gain on sale of investments which is relevant to such related party transaction from the consolidated financial statements.

On 21 March 2013, the Company sold all ordinary shares (2 million shares) and preference shares (5 million shares) in The Olympic Club Company Limited, a subsidiary, to an unrelated company, at the price of Baht 349 per share, or a total of Baht 2,440 million, representing 100% of the registered capital. Thus the Company lost of control of such subsidiary since that transaction date. The Company recorded gain on sale of investments (before tax) in such subsidiary in profit or loss in the consolidated financial statements for the current period amounting to approximately Baht 1,701 million (the separate financial statements amounting to approximately Baht 1,729 million).

On 27 March 2013, Ratchsima Rice Company Limited, a subsidiary, acquired 131,250 ordinary shares of Innofood (Thailand) Company Limited, an associate, from the other existing shareholders, total amounting to Baht 4 million. The Company's shareholding interest in this company arose from 27.94% to 74.52% and its status has changed from an associate to a subsidiary.

On 31 May 2013, the Company sold all ordinary shares in Paradise Park Company Limited, a subsidiary, total 3.5 million shares (or equivalent to 50.00% of its registered capital) at 72.66 Baht each, for total amounting to Baht 254 million to MBK Shopping Center Company Limited (formerly named MBK Arcade Company Limited), a subsidiary. In this regard, the Company eliminated loss on sale of investments which is relevant to such related party transaction from the consolidated financial statements.

On 3 June 2013, the meeting of the Board of the Directors of Siam Delice Company Limited, a subsidiary, passed a resolution granting approval for the company to increase its registered capital from Baht 20 million to Baht 1,020 million, through the issuance of 100 million new ordinary shares with a par value of Baht 10 each, total amounting to Baht 1,000 million, to be allocated to the existing shareholders in proportion to their shareholding. On 21 June 2013, the Company made share payments as such company called up in proportion to its shareholding percentage, 50 million shares at 10 Baht each, for total amounting to Baht 500 million.

On 5 July 2013, a resolution of the extraordinary general meeting of T Leasing Company Limited, a subsidiary, authorised to increase registered capital from Baht 180 million to Baht 500 million, by issuing 32 million new ordinary shares with a par value of Baht 10, a total of Baht 320 million. The share allocation to the Company totaled 32 million new ordinary shares, at a price of Baht 10 per share, or a total of Baht 320 million. The Company paid in the called-up share subscription on 5 July 2013. However, the Company's shareholding interest will remain no change.

On 26 July 2013, MBK Arcade Company Limited, a subsidiary, changed the name to "MBK Shopping Center Company Limited" and registered with the Ministry of Commerce to conform with the operations of the business.

On 30 August 2013, MBK Business Company Limited, a subsidiary, acquired 5,355 ordinary shares of MBK Leisure Company Limited, an associate, from the other existing shareholders, total amounting to Baht 0.66 million. The Company's shareholding interest in this company arose from 49.00% to 100.00% and its status has changed from an associate to a subsidiary.

On 5 September 2013, a resolution of the extraordinary general meeting of MBK Service Solution Company Limited, a subsidiary, authorised to increase registered capital from Baht 1 million to Baht 150 million, by issuing 1,490,000 new ordinary shares with a par value of Baht 100, a total of Baht 149 million. The share allocation to the Company totaled 1,490,000 new ordinary shares, at a price of Baht 100 per share, or a total of Baht 149 million. The Company paid in the called-up share subscription on 5 September 2013. The Company's shareholding interest in this company arose from 99.97% to 99.99%.

On 5 September 2013, Patum Rice Mill and Granary Public Company Limited, a subsidiary, established of a new subsidiary company, named MBK Food System Company Limited, with registered share capital amounting to Baht 1 million. The subsidiary hold 9,997 ordinary shares with a par value of Baht 100 per share, 99.97% holding. The shareholding interest in such company of MBK group is 74.50%.

On 19 September 2013, a resolution of the extraordinary general meeting of Tantara Gallery Company Limited, a subsidiary, authorised to increase registered capital from Baht 1 million to Baht 2.5 million, by issuing 15,000 new ordinary shares with a par value of Baht 100 per share, a total of Baht 1.5 million. The share allocation to the Company totaling 7,650 new ordinary shares, or 51% of total new shares, at a price of Baht 100 per share, or a total of Baht 0.76 million. The Company paid in the called-up share subscription on 19 September 2013. However, the Company's shareholding interest will remain no change.

On 9 October 2013, a resolution of the extraordinary general meeting No. 1/2013 of MBK Food and Entertainment Company Limited, a subsidiary of the Group, authorised to decrease registered capital from Baht 90 million to Baht 50 million, by decrease preference shares total 400,000 ordinary shares with a par value of Baht 100, a total of Baht 40 million. Partial of decrease capital for deducting all of deficits and partial of decrease capital for redemption to the shareholders following the percentage of holding.

On 1 November 2013, MBK Guarantee Company Limited, a subsidiary, sold ordinary shares in M G 2 Company Limited, total 9,997 shares at 100 Baht each, for total amounting to Baht 1 million, or equivalent to 99.97% of its registered capital, to MBK Real Estate Company Limited, a subsidiary. The Group's equity interest in this company fell from 99.97% to 99.96%, however, the Group still has significant influence over this company. In this regard, the Company eliminated gain on sale of investments which is relevant to such related party transaction from the consolidated financial statements.

On 1 November 2013, MBK Real Estate Company Limited, a subsidiary, acquired 1 ordinary shares at 100 Baht each of Putornwiwata Company Limited, from the shareholders, and acquired to increase registered capital 391,599 ordinary shares at 100 Baht each of Putornwiwata Company Limited, total amounting to Baht 39.2 million or equivalent to 55% of its registered capital. The shareholding interest in such company of MBK group is 54.98%.

On 19 November 2013, a resolution of the extraordinary general meeting of MBK Square Company Limited, a subsidiary, authorised to increase registered capital from Baht 1 million to Baht 100 million, by issuing 990,000 new ordinary shares with a par value of Baht 100, a total of Baht 99 million. The share allocation to the Company totaled 990,000 new ordinary shares, at a price of Baht 100 per share, or a total of Baht 99 million. The Company paid in the called-up share subscription on 20 November 2013. The Company's shareholding interest in this company arose from 99.97% to 99.99%.

On 20 December 2013, MBK Guarantee Company Limited (MBK-G) entered into an agreement to sell and to purchase shares, whereby it grants an option to purchase shares of M G 1 Company Limited (MG1) to unrelated parties, for a period of 2 years from the agreement date, at the net book value of the investment plus future interest and some additional expenses. MBK-G has certain commitments under the agreement, including an undertaking not to sell, transfer, or allow creation of lien over any assets in MG1. As a result of this, the Company does not have control over MG1, and therefore reclassified the investment in MG1 from "investment in subsidiary" to "investment in other company" in the consolidated financial statements.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3** The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements. The Company and its subsidiaries adopted TAS 12 Income Taxes before the effective date.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014

		<u>Effective date</u>
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014

		<u>Effective date</u>
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied, except for TFRS 4, TSIC 27, TSIC 29, TSIC 32, TFRIC 4, TFRIC 7, TFRIC 12, TFRIC 13, TFRIC 17 and TFRIC 18 which are not relevant to the business of the Company and its subsidiaries.

4. Significant accounting policies

4.1 Revenue and expense recognition

a) Revenue from hotel and restaurant operations

Revenue from hotel and restaurant operations mainly comprises room sales, food and beverage sales and revenues from auxiliary activities, and is recognised when the services are completed.

b) Rental and service income related with property business

Rental and related services income from units in office buildings, residential buildings and shopping centers are recognised as revenue as time passes.

c) Sales

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

d) Service income

Service revenue is recognised when services have been rendered taking into account the stage of completion.

e) Revenues from sales of properties

The subsidiaries recognised revenues from sales of land and house constructed thereon and assigned ownership to buyers after receiving full payment from them. Since the group of customers who wanted to buy the properties had the limitation of ownership in land (mostly customers are foreigners), the subsidiaries were to make agreements in order to be legally enforced in the form of long-term lease contracts with customers for the period of 30 years with an option to renew the lease for the next 30 years or the maximum period as permitted by law. In this regard, the subsidiaries accounted for the revenues from such transactions as sales of properties in order to present the accounting transactions and events based on the substance and economic reality, not the legal form alone, to comply with the "Substance over Form" basis.

f) Hire purchase income

The subsidiary recognise interest income under hire purchase contracts under the effective interest method and ceases accruing interest income for hire purchases receivable on which payments have been defaulted for more than three months. Interest is then recognised as income on an accrual basis until settlement of the overdue debt has been received.

g) Interest income and dividend

Interest income is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

4.2 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on analysis of debtor aging, current status of receivables outstanding at the end of reporting period, and the likelihood of settlement of debt, on a specific account basis.

4.4 Hire purchase receivable and allowances for doubtful accounts

Hire purchase receivable is stated at the net realisable value of which comprises of contract value of the hire purchase receivable net of unearned income, and allowance for doubtful accounts.

The subsidiary provides allowance for doubtful accounts at percentages of the outstanding balances of account receivable net of unearned interest income, based on the number of months overdue. For amounts no more than 3 months overdue, the Company sets allowance for doubtful accounts based on the amount of debt remaining after deducting the value of collateral assets.

Any increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year. In addition, the Company written off receivables as bad debts when the relevant criteria under tax law are met, and the amount written-off is deducted from allowance for doubtful accounts. Bad debts recovery is recognised as income in profit or loss.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost being determined by the weighted average or the first-in, first-out basis. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory. The cost of finished goods comprises direct materials, direct labour, other direct costs and related production overhead, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimates of selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories for development business of commercial building for sales, which comprise land, building and equipment, are valued at the lower of cost and net realisable value. The cost is determined by the specific unit cost method.

Inventories for property development business, which comprise land, land development cost, houses under constructions, for sales are valued at the lower of cost and net realisable value. The costs of inventories are determined by the specific unit cost method.

4.6 Property development costs

Property development costs are stated at cost less allowance for loss of projects. Costs comprise the acquisition costs of land, land development costs, the construction costs of infrastructure and related other costs.

4.7 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined on based on the yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from unit trust's net asset value.

The Group use weighted average method for computation of the cost of investments.

In the event the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment which is reclassified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the profit or loss.

A summary of the useful lives of intangible assets with finite useful lives is as follows:

Computer software	3 - 10 years
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4.9 Leasehold right

a) Leasehold right to land

When a lessee enters into a land lease agreement, making payment to obtain the right to lease the land, or advance lease payments, or key money, under whatever name, the lessee recognises the amount paid as a prepaid rental expenses and amortises it to expenses over the lease term, in accordance with TAS 17 (revised 2009) Leases. This is because a characteristic of land is that it usually has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, and the lessee does not receive substantially all of the risks and rewards incidental to ownership, the lease agreement is classified as an operating lease. The lessee need to review for impairment at the end of each reporting period, whenever there are indicators that the leasehold right may be impaired.

b) Leasehold right to building

Land lease agreement that requires the lessee to construct a building on the leased land and transfer ownership of this to the landowner when construction is completed or termination of contract, and which have a term shorter than the useful life of building, will have rental rates that are lower than market rates since a part of the rental is embedded in the construction expense paid by the lessee. The lessee is to separate the land and building elements based on the market rental rate, and if the lease term covers the majority of the economic life of the building, the entire lease is classified as a finance lease. The lessee recognises the entire lease as a fixed asset in amount equal to the cost of construction net of the allocation to land rental.

4.10 Goodwill

Goodwill is initially recorded at cost, which equal to the excess of the cost of business combination over the fair value of the net assets. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Property held for development

Property held for development is presented at the cost less the allowance for loss on impairment of assets (if any).

4.12 Investment properties

Investment properties are initially recorded of investment properties at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 40 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.13 Property, plant and equipment and depreciation

Land is stated at cost. Land improvement, building and building improvements, and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 20 years
Buildings and building improvements	5 - 30 years and 40 years
Machinery and equipment	5 - 20 years
Furniture, fixture and office equipment	3 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation has been provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.15 Treasury stock

Treasury stock, which is the Company's ordinary shares purchased by its subsidiaries, is carried at cost and presented as a deduction item from the total shareholders' equity. Gains and losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to "Premium on treasury stock" or deducted from "Retained earnings".

4.16 Leases - where the Group is the lessee

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables while the interest element of the finance cost is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease period.

Lease of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.17 Leases - where the Group is the lessor

Lease agreement under which the Company transfers the risks and rewards of ownership to the lessee, excluding legal ownership, is deemed finance lease. The Company recognised income from financial lease by using effective interest rate method over the lease term, except that payments that have been outstanding for 6 consecutive months are recognised as income on a cash basis.

Lease of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease receipt are recognised as income in profit or loss on a straight line basis over the lease term.

4.18 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

4.19 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employee and the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Group elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.20 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 Income tax

Income tax comprised current tax and deferred tax, as follows:

Current tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of each reporting period, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.22 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.23 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

4.24 Segment reporting

Business segment provides products or services that are subject to risks and returns that are different from those of other business segments.

Segment information is presented by business segment of the Group.

4.25 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair values of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, with the calculation performed using an acceptable valuation basis. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Group treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment property

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and residual values of the investment properties and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment properties for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Cash on hand	14,906,684	15,183,254	6,127,284	3,821,805
Cash at banks	555,954,578	1,361,954,291	60,216,410	1,035,529,024
Bills of exchange with maturity				
not over 3 months	1,093,983,058	363,978,067	1,080,000,000	350,000,000
Cash and cash equivalents	1,664,844,320	1,741,115,612	1,146,343,694	1,389,350,829

As at 31 December 2013, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.13 and 3.20 percent per annum (2012: between 0.12 and 3.22 percent per annum).

7. Current investments

(Unit: Baht)

	Consolidated financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	426,162,245	574,041,600	707,003,925	1,084,186,929
Add: Unrealised gains on changes in values of investments	147,879,355	-	377,183,004	-
	574,041,600	574,041,600	1,084,186,929	1,084,186,929
Held-to-maturity within 1 year debt securities				
Debt securities	1,494,760	1,494,760	12,000,000	12,000,000
Current investments	575,536,360	575,536,360	1,096,186,929	1,096,186,929

(Unit: Baht)

	Separate financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	18,637,499	18,600,000	274,553,394	576,126,927
Add: Unrealised gains (losses) on changes in values of investments	(37,499)	-	301,573,533	-
Current investments	18,600,000	18,600,000	576,126,927	576,126,927

The movements on current investments during the year are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
Opening net book value - net	1,096,186,929	4,282,617,645	576,126,927	3,778,986,216
Increase in investments	3,098,614,972	12,000,000	3,018,971,818	-
Sales of investments	(3,747,902,711)	-	(3,644,424,493)	-
Repayment	(39,000,000)	(28,000,000)	-	-
Reclassified from current investments to long-term investments	-	(3,566,160,200)	-	(3,475,210,200)
Changes in fair values of available-for- sale securities	167,637,170	395,729,484	67,925,748	272,350,911
Closing net book value - net	575,536,360	1,096,186,929	18,600,000	576,126,927

During the year 2013, the Company and its subsidiaries sold available-for-sale securities with book values totaling Baht 3,787 million (the Company only: Baht 3,644 million) and recognised gains (after tax) on the sales amounting to Baht 323 million in profit or loss (the Company only: Baht 296 million). This amount is gains transferred from gain on valuation of available-for-sale securities in other comprehensive income, during the year.

8. Trade and other receivables

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Trade receivables - related parties</u>				
Aging from the maturity				
Not yet due	16,887,375	1,488,216	2,689,882	3,106,857
Past due				
Overdue 1-30 days	3,736,972	3,875,962	1,609,228	262,023
Overdue more than 30 - 60 days	86,000	266,438	329,886	257,307
Overdue more than 60 - 90 days	20,600	206,504	-	10,179
Overdue more than 90 days	604,080	630,781	506,787	480,991
Total	21,335,027	6,467,901	5,135,783	4,117,357
Less: Allowance for doubtful accounts	(198,128)	(69,874)	(198,128)	(69,874)
Total trade receivables - related parties, net	21,136,899	6,398,027	4,937,655	4,047,483
<u>Trade receivables - unrelated parties</u>				
Aging from the maturity				
Not yet due	191,035,314	301,229,280	12,319,397	13,944,522
Past due				
Overdue 1-30 days	133,604,150	83,936,176	20,973,262	28,066,140
Overdue more than 30 - 60 days	17,857,152	21,901,078	3,631,855	5,568,645
Overdue more than 60 - 90 days	8,478,259	6,828,072	1,270,269	1,081,548
Overdue more than 90 days	30,742,813	22,565,977	3,399,848	1,702,522
Total	381,717,688	436,460,583	41,594,631	50,363,377
Less: Allowance for doubtful accounts	(20,905,501)	(7,301,804)	(2,679,242)	(3,025,304)
Total trade receivables - unrelated parties, net	360,812,187	429,158,779	38,915,389	47,338,073
Total trade receivables - net	381,949,086	435,556,806	43,853,044	51,385,556
<u>Other receivables - related parties</u>				
Advances - related parties	-	548,558	-	-
Interest receivable - related parties	2,125,248	1,387,917	127,638	4,095,312
Prepaid expenses - related parties	1,728,301	280,790	858,160	15,723
Other receivables - related parties	3,765,533	45,484	-	-
Total other receivables - related parties	7,619,082	2,262,749	985,798	4,111,035

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Other receivables - unrelated parties</u>				
Advances - unrelated party	8,774,241	5,802,770	-	-
Interest receivable - unrelated parties	10,734,452	8,635,681	59,589	1,316,781
Prepaid expenses - unrelated parties	200,744,878	68,082,304	33,777,051	33,141,674
Other receivables - unrelated parties	78,841,422	56,627,171	6,210,335	6,805,850
Total other receivables - unrelated parties	299,094,993	139,147,926	40,046,975	41,264,305
Total other receivables	306,714,075	141,410,675	41,032,773	45,375,340
Trade and other receivables - net	688,663,161	576,967,481	84,885,817	96,760,896

9. Loans to customers

9.1 Classified by loans to customers type

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Loans	4,951,023,583	3,291,408,166	1,177,380,000	1,116,800,000
Installment receivables	47,882,506	65,660,592	7,127,635	10,689,513
Hire purchase receivables	2,868,902,546	2,271,973,500	-	-
Less: Deferred revenue	(679,946,614)	(583,632,238)	-	-
Total loans to customers	7,187,862,021	5,045,410,020	1,184,507,635	1,127,489,513
Less: Allowance for doubtful accounts	(153,918,021)	(67,873,370)	-	-
Total	7,033,944,000	4,977,536,650	1,184,507,635	1,127,489,513
Less: Current portion of loans to customers	(3,831,284,710)	(1,102,252,373)	(1,180,943,289)	(3,470,304)
Loans to customers - net of current portion	3,202,659,290	3,875,284,277	3,564,346	1,124,019,209

9.2 Classified by aging from the maturity date

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Not yet due	6,537,230,922	4,658,973,095	1,184,507,635	1,127,489,513
Overdue 1 - 3 months	469,013,962	300,540,890	-	-
Overdue more than 3 - 6 months	140,540,703	43,602,000	-	-
Overdue more than 6 - 12 months	31,340,941	11,322,036	-	-
Overdue more than 12 months	9,735,493	30,972,000	-	-
Total	7,187,862,021	5,045,410,021	1,184,507,635	1,127,489,513
Less: Allowance for doubtful accounts	(153,918,021)	(67,873,370)	-	-
	7,033,944,000	4,977,536,651	1,184,507,635	1,127,489,513

9.3 Loans and installment receivables

The Group has finance business segment which operated in lending business with secured short-term and long-term loans. Details are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Loans	4,951,023,583	3,291,408,166	1,177,380,000	1,116,800,000
Installment receivables	47,882,506	65,660,592	7,127,635	10,689,513
Total	4,998,906,089	3,357,068,758	1,184,507,635	1,127,489,513
Less: Current portion	(2,638,237,495)	(235,417,564)	(1,180,943,289)	(3,470,304)
Net of current portion	2,360,668,594	3,121,651,194	3,564,346	1,124,019,209

- a) Part of long-term loans amounting to Baht 1,177 million is secured loan to Mah Boonkrong Sirichai Enterprise Company Limited ("Mah Boonkrong") as follows:

(Unit: Million Baht)

	Interest rate	Due date	Principle
Loan to totaling Baht 800 million	MOR - 2%	At call	800
Loan to totaling Baht 124 million	MOR - 2%	At call	124
Loan to totaling Baht 253 million	MOR - 2%	At call	253
			1,177

Loans amounting to Baht 800 million have been restructured under restructure agreement. The Company acquired all 800,000 ordinary shares of Mah Boonkrong from the previous shareholders at a price of Baht 1 per share, or for total of Baht 800,000. As a result, the Company's shareholding in Mah Boonkrong is 100%. Mah Boonkrong has assets, which comprise of land, golf course infrastructure, club house and a hotel building. On 5 October 2009, the Company has also made an agreement to sell or to buy the shares of Mah Boonkrong, whereby the former shareholders are able to buy back the shares at the prices set in the agreement by 30 September 2014.

As a result of the Company purchasing shares of Mah Boonkrong with an agreement to sell back, as mentioned above, the previous group of shareholders is entitled to derive economic benefits from the use of assets and has obligations to repair and maintain the assets in good condition, and to insure the assets until they buy back the shares per the timetable above. Given these factors the substance of this transaction is still a secured loan receivable and so the Company classifies the purchase of shares in Mah Boonkrong amounting to Baht 800,000 as part of secured loans to other company.

- b) The remaining of short-term and long-term loans, are loans to persons and companies secured by the pledged/mortgaged of assets specified in the loan agreements and carried interest at rates of a commercial bank. Long-term loans are mature between 2-30 years. As at 31 December 2013, the overdue loan over 3 months amounting to approximately Baht 26 million, however, no allowance for doubtful account was required because the value of collateral of these loans was higher than the outstanding balance.

9.4 Hire purchase receivables

The average contract period of hire purchase receivables are 2 - 3 years with interest charged at the fixed rate as specified in the contracts. The remaining hire purchase receivables were classified by due date are as follows:

(Unit: Baht)

	Consolidated financial statements			
	31 December 2013			
	Amounts due under the agreements			
	Less than		Non-performing	
	1 year	1 - 5 years	loans ⁽³⁾	Total
Gross investment in the agreements	1,654,896,527	1,016,959,620	197,046,399	2,868,902,546
Unearned financial income ⁽¹⁾	(457,380,008)	(174,968,924)	(47,597,682)	(679,946,614)
Minimum payments over the hire purchase term	1,197,516,519	841,990,696	149,448,717	2,188,955,932
Allowance for doubtful debts ⁽²⁾				(153,918,021)
Hire purchase receivable - net				2,035,037,911
Less: Current portion of hire purchase receivables				(1,193,047,215)
Hire purchase receivable - portion due more than 1 year				841,990,696

(1) After deduction of commission and deferred initial direct costs of hire-purchase

(2) Because the Group is unable to separate allowance for doubtful accounts into that for the current portion (due within 1 year) and that for the long-term portion, all allowance for doubtful accounts is presented as a deduction against the current portion of hire purchase receivables.

(3) Non-performing loans are loans that cease revenue recognition on the accrual basis, presenting the current portion of receivables.

(Unit: Baht)

	Consolidated financial statements			
	31 December 2012			
	Amounts due under the agreements			
	Less than		Non-performing	
	1 year	1 - 5 years	loans ⁽³⁾	Total
Gross investment in the agreements	1,267,199,066	918,750,348	86,024,086	2,271,973,500
Unearned financial income ⁽¹⁾	(395,370,722)	(165,117,265)	(23,144,251)	(583,632,238)
Minimum payments over the				
hire purchase term	871,828,344	753,633,083	62,879,835	1,688,341,262
Allowance for doubtful debts ⁽²⁾				(67,873,370)
Hire purchase receivables - net				1,620,467,892
Less: Current portion of hire purchase receivables				(866,834,809)
Hire purchase receivables - portion due more than 1 year				753,633,083

(1) After deduction of commission and deferred initial direct costs of hire-purchase

(2) Because the Group is unable to separate allowance for doubtful accounts into that for the current portion (due within 1 year) and that for the long-term portion, all allowance for doubtful accounts is presented as a deduction against the current portion of hire purchase receivables.

(3) Non-performing loans are loans that cease revenue recognition on the accrual basis, presenting the current portion of receivables.

Hire purchase receivables were classified by aging from the maturity date as stated in the contract as follows:

(Unit: Baht)

	Consolidated financial statements	
	2013	2012
Not yet due or overdue less than 1 month	1,755,553,362	1,468,127,891
Overdue 1 - 3 months	280,341,969	155,414,961
Overdue more than 3 - 6 months	126,034,167	43,601,714
Overdue more than 6 - 12 months	25,440,941	10,224,979
Overdue more than 12 months	1,585,493	10,971,717
Total	2,188,955,932	1,688,341,262
Less: Allowance for doubtful accounts	(153,918,021)	(67,873,370)
Hire purchase receivables - net	2,035,037,911	1,620,467,892

10. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Decrease to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Property development for sale	1,984,408,291	1,224,224,369	-	-	1,984,408,291	1,224,224,369
Finished goods	100,709,440	106,734,780	(2,364,522)	(2,166,006)	98,344,918	104,568,774
Raw materials	190,473,290	127,828,258	(464,224)	(947,293)	190,009,066	126,880,965
Supplies and equipment						
for operations	108,430,161	104,334,140	(1,594,000)	(2,047,200)	106,836,161	102,286,940
Food and beverage	16,357,182	15,306,117	-	-	16,357,182	15,306,117
Work in process	2,916,699	4,926,291	-	-	2,916,699	4,926,291
Good in transit	10,880	178,820	-	-	10,880	178,820
Total inventories	2,403,305,943	1,583,532,775	(4,422,746)	(5,160,499)	2,398,883,197	1,578,372,276

(Unit: Baht)

	Separate financial statements					
	Cost		Decrease to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Supplies and equipment for						
operations	38,541,698	36,819,839	-	-	38,541,698	36,819,839
Food and beverage	5,052,075	4,951,005	-	-	5,052,075	4,951,005
Total inventories	43,593,773	41,770,844	-	-	43,593,773	41,770,844

As at 31 December 2013, a subsidiary has pledged inventories of approximately Baht 227 million (2012: Baht 161 million) to secure a loan facility from a financial institution, as discussed in Note 20.

11. Other current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deposit and advance	6,805,106	5,073,334	1,815,220	3,199,777
Loan to cooperative	8,391,545	12,803,975	8,391,546	12,783,852
Value added tax refundable	145,602,897	135,710,713	5,565,396	6,941,362
Withholding deducted at source	55,321,969	44,760,953	-	-
Others	93,574,250	20,695,088	2,184,233	2,053,309
Other current assets	309,695,767	219,044,063	17,956,395	24,978,300

12. Investments in associates

12.1 Investments in associates as at 31 December 2013 and 2012 comprise the following:

	Nature of business	Country of incorporation	Shareholding percentage both directly and indirectly owned	
			2013	2012
			%	%
Listed company				
Royal Orchid Hotel (Thailand) Public Company Limited	Hotel	Thailand	29.85	29.85
Nonlisted companies				
Siam Piwat Company Limited	Shopping center and property for lease	Thailand	30.72	30.72
Max Asset Management Company Limited	Asset management	Thailand	16.56	16.56
Paemala Spa Company Limited	Spa	Thailand	25.00	25.00
Puen Pob Patt Company Limited	Dormant	Thailand	36.29	36.29
MBK Leisure Company Limited	Tour and hotel reservation service	Thailand	-	49.00
Apple Auto Auction (Thailand) Company Limited	Vehicle broker	Thailand	49.99	49.99
Innofood (Thailand) Company Limited	Development of rice product	Thailand	-	27.94
DMS Property Investment Private Limited	Hotel	Maldives	30.00	30.00
Lam Luk Ka Golf and Country Club Company Limited	Golf course	Thailand	35.66	28.05

(Unit: Baht)

Consolidated financial statements						
	Investment at cost method		Carrying amount based on equity method		Share of profit (loss) from investments in associates during the year ended	
	2013	2012	2013	2012	2013	2012
Listed company						
Royal Orchid Hotel (Thailand) Public Company Limited	731,903,292	731,903,292	408,802,913	427,315,167	(1,713,424)	(20,703,495)
Nonlisted companies						
Siam Piwat Company Limited	947,012,157	947,012,157	1,525,994,673	1,399,316,142	247,151,248	212,628,320
Max Asset Management Company Limited	94,723,200	94,723,200	227,110,258	246,396,397	16,440,865	21,354,016
Paemala Spa Company Limited	1,250,000	1,250,000	-	-	-	-
Puen Pob Patt Company Limited	479,530	479,530	-	-	-	-
MBK Leisure Company Limited	-	245,000	-	-	-	-
Apple Auto Auction (Thailand) Company Limited	45,000,000	45,000,000	54,590,318	43,079,310	11,511,008	1,370,364
Innofood (Thailand) Company Limited	-	7,874,600	-	2,251,506	(104,889)	(764,992)
DMS Property Investment Private Limited	347,667,876	347,667,876	303,630,420	260,552,628	15,271,557	(75,900,256)
Lam Luk Ka Golf and Country Club Company Limited	238,496,352	187,587,181	235,098,687	178,816,390	5,373,126	7,029,390
Investments in associates	<u>2,406,532,407</u>	<u>2,363,742,836</u>	<u>2,755,227,269</u>	<u>2,557,727,540</u>	<u>293,929,491</u>	<u>145,013,347</u>

(Unit: Baht)

Separate financial statement			
	Investment at cost method		Dividend received for the year ended
	2013	2012	2013
			2012
Nonlisted companies			
Siam Piwat Company Limited	947,012,157	947,012,157	120,912,000
Max Asset Management Company Limited	94,723,200	94,723,200	33,153,120
Puen Pob Patt Company Limited	479,530	479,530	-
Apple Auto Auction (Thailand) Company Limited	45,000,000	45,000,000	-
Lam Luk Ka Golf and Country Club Company Limited	238,496,352	187,587,181	-
Investments in associates	<u>1,325,711,239</u>	<u>1,274,802,068</u>	<u>154,065,120</u>
Less: Allowance for impairment of investments	(479,530)	(479,530)	
Investments in associates - net	<u>1,325,231,709</u>	<u>1,274,322,538</u>	<u>229,843,680</u>

12.2 The movements on investments in associates during the year/period are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Investment at equity method		Investment at cost method	
	2013	2012	2013	2012
Book value at the beginning of year - net	2,557,727,540	2,639,036,123	1,274,322,538	1,993,459,401
Reclassify Investments in associates				
to investments in subsidiaries	(2,146,617)	-	-	-
Increase in investments in associates	50,909,171	12,766,430	50,909,171	12,515,539
Share of profit from investments in associates	293,929,491	145,013,347	-	-
Dividend received from associates	(170,863,951)	(229,843,680)	-	-
Sale of investments in associates	-	-	-	(731,652,402)
Other changes in investments in associates	25,671,635	(9,244,680)	-	-
Book value at the ending of year - net	2,755,227,269	2,557,727,540	1,325,231,709	1,274,322,538

12.3 Fair value of investment in associate which is listed company on the Stock Exchange of Thailand.

(Unit: Million Baht)

	Fair value as at 31 December	
	2013	2012
	577	518
Royal Orchid Hotel (Thailand) Public Company Limited		

12.4 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the year ended		Profit (loss) for the year ended	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Listed company										
Royal Orchid Hotel (Thailand) Public Company Limited	937.50	937.50	1,142.27	1,353.53	260.42	401.23	892.50	847.27	(14.22)	(34.46)
Nonlisted companies										
Siam Piwat Company Limited	174.00	174.00	14,295.66	12,107.10	9,368.82	7,897.23	4,386.80	3,730.97	903.98	996.78
Max Asset Management Company Limited	572.00	572.00	946.33	1,032.55	43.02	44.65	153.06	359.56	103.24	280.44
Paemala Spa Company Limited	5.00	5.00	23.71	18.06	32.54	32.70	12.83	12.89	6.20	3.49
Puen Pob Patt Company Limited	1.00	1.00	0.17	0.48	0.04	0.03	-	-	(0.05)	(0.04)
MBK Leisure Company Limited	-	1.05	-	4.34	-	26.08	-	15.30	-	(0.71)
Apple Auto Auction (Thailand) Company Limited	90.00	90.00	193.73	177.87	84.47	91.62	213.31	130.73	23.02	2.74
Innofood (Thailand) Company Limited	-	21.00	-	7.16	-	1.15	-	5.88	-	2.11
DMS Property Investment Private Limited	1,157.53	1,157.53	2,391.18	2,320.96	1,383.88	1,453.82	700.37	331.51	(3.32)	(253.00)
Lam Luk Ka Golf and Country Club Company Limited	1,454.00	1,454.00	1,345.93	1,352.44	40.92	63.61	128.62	124.58	20.21	26.14

12.5 During the year ended 2013, the Company invested in Lam Luk Ka Golf and Country Club Company Limited by purchasing the additional common shares from unrelated party at a price of Baht 4.60 per share, for a total of Baht 50.91 million which effected to the percentage of holding increased from 28.05% to 35.66%.

13. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2013 and 2012 comprise the following:

	Paid-up capital		Shareholding percentage both directly and indirectly owned	
	2013	2012	2013	2012
	Thousand Baht	Thousand Baht	%	%
Listed company				
Patum Rice Mill and Granary Public Company Limited	600,000	600,000	74.52	74.52
Nonlisted companies				
Riverdale Golf and Country Club Company Limited	4,000,000	4,000,000	99.99	99.99
MBK Hotels and Resorts Company Limited	2,200,000	2,200,000	100.00	100.00
Glas Haus Ratchada Company Limited	1,083,500	1,083,500	100.00	100.00
The Olympic Club Company Limited	-	700,000	-	100.00
MBK Business Company Limited	570,000	570,000	99.99	99.99
MBK Premium Company Limited	528,319	528,319	100.00	100.00
Supsinthanee Company Limited	505,325	505,325	100.00	100.00
MBK Asset Company Limited	300,000	300,000	99.99	99.99
Primacy Elegance Investments Limited	111	111	100.00	100.00
MBK Smart Force Company Limited	1,000	1,000	99.97	99.97
MBK Center Company Limited	2,000	2,000	99.99	99.99
MBK Shopping Center Company Limited	300,000	300,000	99.99	99.99
MBK Square Company Limited	100,000	1,000	99.99	99.97
Paradise Park Company Limited	-	700,000	-	65.36
MBK Hotels & Tourism Company Limited	5,000	5,000	99.99	99.99
T Leasing Company Limited	500,000	180,000	99.99	99.99
X-Gen Premium Company Limited	50,000	50,000	99.99	99.99
Siam Delice Company Limited	1,020,000	20,000	65.36	65.36
Lanta Land Development Company Limited	340,000	340,000	99.99	99.99
MBK Bangyai Company Limited	1,000	1,000	99.97	99.97
MBK Training Center Company Limited	1,000	1,000	99.97	99.97
MBK Insurance Broker Company Limited	2,000	2,000	99.99	99.99
MBK Broker Company Limited	4,000	4,000	99.99	99.99
MBK Chiangmai Company Limited	1,000	1,000	99.97	99.97
M Racing Company Limited	10,000	10,000	99.99	99.99
MBK Service Solution Company Limited	150,000	1,000	99.99	99.97
MBK Real Estate Company Limited	1,000	1,000	99.97	99.97

The details of investment in subsidiaries is presented in separate financial statement, are as follows:

	(Unit: Baht)			
	Investment at cost method		Dividend received for the year ended	
	2013	2012	2013	2012
Listed company				
Patum Rice Mill and Granary Public Company Limited	422,235,195	422,235,195	201,208,950	190,030,675
Nonlisted companies				
Riverdale Golf and Country Club Company Limited	3,999,992,100	3,999,992,100	104,999,790	29,999,940
MBK Hotels and Resorts Company Limited	2,200,000,000	2,200,000,000	50,600,000	22,800,000
Glas Haus Ratchada Company Limited	1,000,015,000	1,000,015,000	22,000,000	11,200,000
The Olympic Club Company Limited	-	672,750,000	-	2,000,000
MBK Business Company Limited	570,000,000	570,000,000	34,925,000	14,850,000
MBK Premium Company Limited	528,319,300	528,319,300	25,000,000	10,500,000
Supsinthanee Company Limited	500,005,325	500,005,325	2,000,000	-
MBK Asset Company Limited	300,000,000	300,000,000	750,000,000	-
Primacy Elegance Investments Limited	110,900	110,900	-	-
MBK Smart Force Company Limited	1,344,939	1,344,939	2,000,000	900,000
MBK Center Company Limited	2,000,000	2,000,000	-	-
MBK Shopping Center Company Limited	300,000,000	300,000,000	10,800,000	41,520,000
MBK Square Company Limited	100,000,000	1,000,000	1,500,000	1,050,000
Paradise Park Company Limited	-	818,900,172	-	-
MBK Hotels & Tourism Company Limited	5,000,000	5,000,000	-	-
T Leasing Company Limited	533,000,000	213,000,000	112,500,000	56,700,000
X-Gen Premium Company Limited	50,000,000	50,000,000	-	-
Siam Delice Company Limited	505,283,708	5,283,708	-	-
Lanta Land Development Company Limited	420,101,235	420,101,235	-	-
MBK Bangyai Company Limited	1,000,000	1,000,000	-	-
MBK Training Center Company Limited	1,000,000	1,000,000	1,000,000	-
MBK Insurance Broker Company Limited	2,000,000	2,000,000	-	-
MBK Broker Company Limited	4,000,000	4,000,000	-	-
MBK Chiangmai Company Limited	1,000,000	1,000,000	-	-
M Racing Company Limited	10,000,000	10,000,000	-	-
MBK Service Solution Company Limited	150,000,000	1,000,000	-	-
MBK Real Estate Company Limited	1,000,000	1,000,000	-	-
Investments in subsidiaries	11,607,407,702	12,031,057,874	1,318,533,740	381,550,615
Less: Allowance for impairment of investments	(24,112,452)	(66,092)		
Investments in subsidiaries, net	11,583,295,250	12,030,991,782		

The movements on investments in subsidiaries in the separate financial statements during the year/period are as follows:

(Unit: Baht)

	Separate financial statements	
	Investment at cost method	
	2013	2012
Opening net book value at the beginning of year - net	12,030,991,782	12,615,991,782
Increase in investments in subsidiaries	1,068,000,000	315,000,000
Disposal in investments in subsidiaries	(1,491,650,171)	(900,000,000)
Impairment of investments	(24,046,361)	-
Closing net book value at the end of year - net	11,583,295,250	12,030,991,782

14. Long-term investments

Other long-term investments as at 31 December 2013 and 2012 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term investment - related companies	4,199,403,600	5,029,218,600	4,092,303,600	4,904,268,600
Investments in receivables	548,519	548,519	548,519	548,519
Investments in other companies	480,675,177	14,678,034	10,788,986	10,788,986
Other long-term investments	4,680,627,296	5,044,445,153	4,103,641,105	4,915,606,105

14.1 Long-term investment - relate companies

Long-term investment - related companies as at 31 December 2013 and 2012 comprise the following:

(Unit: Baht)

	Consolidated financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	1,717,521,845	4,199,403,600	1,717,521,845	5,029,218,600
Add: Unrealised gain on changes in value of investment	2,481,881,755	-	3,311,696,755	-
Long-term investment - related companies	4,199,403,600	4,199,403,600	5,029,218,600	5,029,218,600

(Unit: Baht)

	Separate financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	1,668,561,845	4,092,303,600	1,668,561,845	4,904,268,600
Add: Unrealised gain on changes in value of investment	2,423,741,755	-	3,235,706,755	-
Long-term investment - related companies	4,092,303,600	4,092,303,600	4,904,268,600	4,904,268,600

The movements on long-term investment - related companies during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Book value at the beginning of year - net	5,029,218,600	-	4,904,268,600	-
Reclassify current investments to long-term investments	-	3,566,160,200	-	3,475,210,200
Change in fair value of available-for- sale securities	(829,815,000)	1,463,058,400	(811,965,000)	1,429,058,400
Book value at the end of year - net	4,199,403,600	5,029,218,600	4,092,303,600	4,904,268,600

14.2 Investment in other companies

Investment in other companies of Baht 466 million in the consolidated financial statements as of 31 December 2013, is an investment in the ordinary shares (100%) of M G 1 Company Limited (MG1) which is held by another subsidiary, MBK Guarantee Company Limited. The Company has obligations in respect of this investment under the agreement to purchase and to sell.

On 20 December 2013, MBK Guarantee Company Limited (MBK-G) entered into an agreement to sell and to purchase shares, whereby it grants an option to purchase shares of M G 1 Company Limited (MG1) to unrelated parties, for a period of 2 years from the agreement date, at the net book value of the investment plus future interest and some additional expenses. MBK-G has certain commitments under the agreement, including an undertaking not to sell, transfer, or allow creation of lien over any assets in MG1. As a result of this, the Company does not have control over MG1, and therefore reclassified the investment in MG1 from "investment in subsidiary" to "investment in other company" in the consolidated financial statements.

Assets and liabilities of MG1 as at 31 December 2013 are as follows:

(Unit: Million Baht)

Assets	
Investment in land - cost method	425
Loan	39
Others	2
Total assets	466
Liabilities and shareholder's equity	
Liabilities	-
Shareholder equity	466
Total liabilities and shareholder's equity	466

15. Investment properties

The net book value of investment properties as at 31 December 2013 and 2012 is presented below.

(Unit: Baht)

	Consolidated financial statements					Total
	Land awaiting sales	Land and land improvement for rent	Building for rent	Assets under financial lease	Construction in progress	
As at 31 December 2013						
Cost	609,869,656	963,705,766	7,468,510,283	5,606,038,602	719,815,868	15,367,940,175
Less: Accumulated depreciation	-	(8,054,135)	(4,550,719,789)	(193,875,508)	-	(4,752,649,432)
Less: Allowance for impairment	-	-	(30,529,199)	-	-	(30,529,199)
Net book value	609,869,656	955,651,631	2,887,261,295	5,412,163,094	719,815,868	10,584,761,544
As at 31 December 2012						
Cost	821,770,559	1,126,541,023	7,444,182,696	-	30,065,035	9,422,559,313
Less: Accumulated depreciation	-	(4,196,943)	(4,247,025,115)	-	-	(4,251,222,058)
Less: Allowance for impairment	-	-	(31,459,858)	-	-	(31,459,858)
Net book value	821,770,559	1,122,344,080	3,165,697,723	-	30,065,035	5,139,877,397

(Unit: Baht)

	Separate financial statements				Total
	Land awaiting sales	Building for rent	Assets under financial lease	Construction in progress	
As at 31 December 2013					
Cost	28,676,000	2,720,577,653	5,606,038,602	63,914,579	8,419,206,834
Less: Accumulated depreciation	-	(2,568,088,692)	(193,875,508)	-	(2,761,964,200)
Net book value	28,676,000	152,488,961	5,412,163,094	63,914,579	5,657,242,634
As at 31 December 2012					
Cost	28,676,000	2,713,467,591	-	11,708,769	2,753,852,360
Less: Accumulated depreciation	-	(2,522,556,524)	-	-	(2,522,556,524)
Net book value	28,676,000	190,911,067	-	11,708,769	231,295,836

A reconciliation of the net book value of investment properties for the year ended 31 December 2013 and 2012 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	5,139,877,397	5,628,647,210	231,295,836	334,987,647
Acquisition of assets	1,234,596,370	72,866,435	69,445,327	23,650,693
Assets under financial lease	5,606,038,602	-	5,606,038,602	-
Disposals - net book value	(229,227,805)	(283,590,166)	(80,907)	(122,577)
Decrease from disposals of investment in a subsidiary	(664,325,308)	-	-	-
Reclassified	38,293,450	136,190,398	(7,419,616)	(6,182,999)
Depreciation charged	(540,491,162)	(414,236,480)	(242,036,608)	(121,036,928)
Net book value at end of year	10,584,761,544	5,139,877,397	5,657,242,634	231,295,836

The fair value of the investment properties, including leasehold rights, with total book value as at 31 December 2013 and 2012 is stated below:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land awaiting sales	949,663,999	2,154,484,000	53,544,000	53,544,000
Land and land improvement for rent	1,485,733,056	1,871,590,250	-	-
Building for rent	4,141,256,050	4,516,563,388	1,116,000,000	1,178,000,000
Assets under financial lease	5,412,163,094	-	5,412,163,094	-

The fair value of the above investment properties have been determined based on appraisal values performed by an independent appraiser. The fair value of the land awaiting sale and land/land improvement for rent have mainly been determined based on market approach, while that of the building for rent has been determined using income approach. Main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

Subsidiaries have mortgaged parts of the investment properties with aggregate net book value in consolidated financial statements as at 31 December 2013 of Baht 2,010 million (2012: Baht 2,225 million) with local financial institutions as collateral for long-term credit facilities granted by these financial institutions, as discussed in Note 23.

16. Land held for development

Land held for development as at 31 December 2013 and 2012 comprises land of the following companies.

	(Unit: Baht)	
	Consolidated financial statements	
	2013	2012
Riverdale Golf & Country Club Company Limited	509,069,293	467,633,909
The Nine Center Company Limited	104,829,068	214,803,745
Plan Estate Company Limited	17,269,176	17,301,176
MBK Residence Company Limited	13,380,999	13,380,999
	<u>644,548,536</u>	<u>713,119,829</u>

17. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvements	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress
Cost							Total
1 January 2012	1,958,589,368	2,870,904,488	-	1,148,048,665	1,552,047,608	116,300,381	7,927,293,278
Acquisitions	30,695,795	18,835,658	-	27,159,013	70,165,311	17,565,843	407,466,850
Disposals	(221,966)	(54,884,429)	-	(323,148,586)	(29,063,540)	(13,711,190)	(421,029,711)
Transfers	9,314,426	247,245,420	-	32,425,249	77,135,919	-	-
Reclassification	(110,092,293)	13,288,038	-	4,697,965	34,791	-	(127,127,271)
31 December 2012	1,888,285,330	3,095,369,175	-	889,182,306	1,670,320,089	120,155,034	7,786,603,146
Acquisitions	585,180	11,757,792	-	48,259,868	83,719,457	10,243,204	271,226,843
Acquisition of the subsidiaries	-	1,576,806	-	2,474,825	319,626	28,734	4,399,991
Assets under financial lease	-	-	657,691,681	-	-	-	657,691,681
Disposals	(11,306,526)	(166,236,880)	-	(247,017,639)	(59,118,853)	(17,241,324)	(508,747,222)
Transfers	7,011,987	113,851,623	-	28,926,117	14,196,947	-	-
Reclassification	(664,042)	6,922,420	-	15,452,723	3,827,826	52,800	15,004,215
31 December 2013	1,883,911,929	3,063,240,936	657,691,681	737,278,200	1,713,265,092	113,238,448	8,226,178,654
Accumulated depreciation							
1 January 2012	228,654,489	1,714,420,871	-	939,093,951	980,233,001	79,966,698	3,942,369,010
Depreciation for the year	70,037,620	157,397,081	-	74,960,689	171,672,401	12,925,036	486,992,827
Depreciation - transfer to property development	-	-	-	229,789	-	-	229,789
Accumulated depreciation - disposals	(221,965)	(42,281,726)	-	(318,098,169)	(26,651,684)	(13,027,925)	(400,281,469)
Reclassification	(579,388)	10,981,311	-	539,005	(2,402,734)	-	8,538,194
31 December 2012	297,890,756	1,840,517,537	-	696,725,265	1,122,850,984	79,863,809	4,037,848,351
Depreciation for the year	69,888,406	147,024,576	22,745,171	61,533,305	176,580,241	12,978,988	490,750,687
Depreciation - transfer to property development	-	-	-	142,195	-	-	142,195
Accumulated depreciation - disposals	(11,089,499)	(102,786,066)	-	(237,690,007)	(49,730,222)	(17,234,382)	(418,530,176)
Reclassification	(251,876)	2,553,565	-	6,784,419	(2,317,853)	69,228	6,837,483
31 December 2013	356,437,787	1,887,309,612	22,745,171	527,495,177	1,247,383,150	75,677,643	4,117,048,540

(Unit: Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvements	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress
Allowance for impairment of asset							Total
1 January 2012	11,247,987	102,223,233	-	-	155,380	-	123,508,125
Allowance for impairment of asset during the year	(689,756)	9,150,159	-	-	-	-	8,460,403
Reclassification	-	655,041	-	-	-	-	655,041
31 December 2012	10,558,231	112,028,433	-	-	155,380	-	132,623,569
Increase during the year	-	(9,150,159)	-	-	-	-	(9,009,907)
Decrease during the year	-	930,659	-	-	-	-	930,659
31 December 2013	10,558,231	103,808,933	-	-	155,380	-	124,544,321
Net book value							
1 January 2012	1,718,686,892	1,054,260,384	-	208,954,714	571,659,227	36,333,683	3,861,416,143
31 December 2012	1,579,836,343	1,142,823,205	-	192,457,041	547,313,725	40,291,225	3,616,131,226
31 December 2013	1,516,915,911	1,072,122,391	634,946,510	209,783,023	465,726,562	37,560,805	3,984,585,793
Depreciation for the year							
2012 (Baht 415 million include in costs of service and rental, and the remaining balance included in selling and administrative expense)							486,992,827
2013 (Baht 421 million include in costs of service and rental, and the remaining balance included in selling and administrative expense)							490,750,687

(Unit: Baht)

Separate financial statements

	Building	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress	Total
Cost							
1 January 2012	1,042,731,187	-	148,624,188	928,435,716	27,761,458	16,159,520	2,163,712,069
Acquisition	-	-	10,594,872	23,698,829	10,644,207	9,102,258	54,040,166
Disposal	-	-	(4,106,579)	(6,266,273)	-	-	(10,372,852)
Transfer	-	-	-	14,907,998	-	(14,907,998)	-
Reclassification	-	-	4,555,166	1,627,833	-	-	6,182,999
31 December 2012	1,042,731,187	-	159,667,647	962,404,103	38,405,665	10,353,780	2,213,562,382
Acquisition	-	-	18,585,673	22,969,817	3,129,400	3,458,701	48,143,591
Assets under financial lease	-	657,691,681	-	-	-	-	657,691,681
Disposal	-	-	(3,111,562)	(5,458,281)	(2,892,220)	-	(11,462,063)
Transfer	-	-	-	687,570	-	(687,570)	-
Reclassification	-	-	7,435,492	(15,206)	-	-	7,420,286
31 December 2013	1,042,731,187	657,691,681	182,577,250	980,588,003	38,642,845	13,124,911	2,915,355,877
Accumulated depreciation							
1 January 2012	947,937,440	-	107,331,199	510,265,931	13,588,366	-	1,579,122,936
Depreciation - cost	63,195,829	-	13,058,805	121,886,087	5,308,488	-	203,449,209
Accumulated depreciation - disposal	-	-	(3,482,166)	(5,944,477)	-	-	(9,426,643)
Reclassification	-	-	539,005	(217,727)	-	-	321,278
31 December 2012	1,011,133,269	-	117,446,843	625,989,814	18,896,854	-	1,773,466,780
Depreciation - cost	31,597,915	22,745,171	12,742,069	122,766,873	6,203,766	-	196,055,794
Accumulated depreciation - disposal	-	-	(2,579,345)	(5,294,332)	(2,892,218)	-	(10,765,895)
Reclassification	-	-	670	-	-	-	670
31 December 2013	1,042,731,184	22,745,171	127,610,237	743,462,355	22,208,402	-	1,958,757,349

	Separate financial statements						(Unit: Baht)
	Building	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress	Total
Net book value							
1 January 2012	94,793,747	-	41,292,989	418,169,785	14,173,092	16,159,520	584,589,133
31 December 2012	31,597,918	-	42,220,804	336,414,289	19,508,811	10,353,780	440,095,602
31 December 2013	3	634,946,510	54,967,013	237,125,648	16,434,443	13,124,911	956,598,528
Depreciation for the year							
2012 (Baht 160 million include in costs of service and rental, and the remaining balance included in administrative expense)							203,449,209
2013 (Baht 158 million include in costs of service and rental, and the remaining balance included in administrative expense)							196,055,794

As at 31 December 2012, a power plant and machines of a subsidiary with net book value of Baht 66 million is part of the discontinued operations and sold during the current year.

As at 31 December 2013 and 2012, certain plant and equipment items have been fully depreciated, but these items are still in active uses, the amounts would be as follows:

	Separate financial statements		(Unit: Baht)
	Consolidated financial statements	Separate financial statements	
	2013	2012	2012
Original cost before accumulated depreciation of plant and equipment	2,315,378,527	1,078,373,041	91,536,950

18. Intangible assets

Intangible assets which are software as at 31 December 2013 and 2012 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cost	133,204,456	114,593,397	80,439,409	68,709,288
Less: Accumulated amortisation	(78,162,908)	(63,515,045)	(45,001,568)	(36,781,655)
Net book value	55,041,548	51,078,352	35,437,841	31,927,633

A reconciliation of the net book value of intangible assets for the year ended 31 December 2013 and 2012 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	51,078,352	56,756,860	31,927,633	35,007,222
Acquisition of computer software	16,848,856	4,885,995	12,414,718	3,308,929
Acquisition of the subsidiaries	23,970	-	-	-
Reclassification	972,774	130,108	-	321,278
Amortisation	(13,366,253)	(10,580,711)	(8,872,957)	(6,596,246)
Write off during the year	(516,151)	(113,900)	(31,553)	(113,550)
Net book value at end of year	55,041,548	51,078,352	35,437,841	31,927,633

19. Goodwill

Goodwill as at 31 December 2013 and 2012 comprise goodwill on business combination in the following associates and subsidiaries:

(Unit: Baht)

	Consolidated financial statements	
	2013	2012
Siam Piwat Company Limited	64,579,128	64,579,128
Absolute Travel Company Limited	700,001	700,001
Crystal Lake Properties Company Limited	7,214,050	7,214,050
Innofood (Thailand) Company Limited	240,097	-
Total	72,733,276	72,493,179

Goodwill represents the excess of the cost of investment over the fair value of assets acquired and liabilities assumed at acquisition date. Since 1 July 2008, the Group has discontinued the amortisation of goodwill and tested impairment, in compliance with TFRS 3 (revised 2009).

20. Bank overdrafts and short-term loans from financial institutions

(Unit: Baht)

	Interest rate (% p.a.)	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Bank overdrafts	7.43	3,525,326	-	-	-
Short-term loans from financial institutions	2.64 - 9.00	1,386,082,552	340,000,000	600,000,000	-
Bank overdrafts and short- term loans from financial institutions		<u>1,389,607,878</u>	<u>340,000,000</u>	<u>600,000,000</u>	<u>-</u>

As at 31 December 2013, short-term loans from financial institutions of a subsidiary of Baht 790 million (2012: Baht 340 million) are secured by the pledge of inventories and treasury stock held by a subsidiary as described in Notes 10 and 29, respectively.

21. Trade and other payables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - unrelated party	325,987,207	323,258,325	-	39,011,901
Accrued interest expenses - related party	1,857,190	-	-	-
Accrued interest expenses - unrelated party	124,853,938	121,675,480	123,696,082	121,675,479
Other payables - related party	1,681,010	1,613,762	55,861,634	59,145,344
Other payables - unrelated party	161,005,195	74,983,094	93,542,410	27,211,801
Accrued expenses	360,643,815	309,496,742	140,257,888	105,854,840
Total trade and other payables	<u>976,028,355</u>	<u>831,027,403</u>	<u>413,358,014</u>	<u>352,899,365</u>

22. Other current liabilities

Other current liabilities as at 31 December 2013 and 2012 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred income	15,906,872	11,916,338	-	-
Current portion of unearned installment income	12,600,049	8,579,159	-	-
Deposit - property development project	72,113,165	58,871,486	-	-
Unearned property tax	116,132,107	104,516,814	77,542,478	63,921,442
Unearned output tax	11,174,320	11,975,209	4,531,744	6,579,325
Unearned interest	130,145,544	90,634,547	-	-
Accrued dividend	80,898,969	73,902,198	80,898,969	73,902,198
Others	138,769,987	95,727,079	32,395,718	9,194,329
Total other current liabilities	577,741,013	456,122,830	195,368,909	153,597,294

23. Long-term loans from financial institutions

(Unit: Baht)

	Interest rate	Due date	Consolidated financial statements	
			2013	2012
Loans from financial institution	MLR less a fixed percentage	August 2015 and June 2016	28,000,000	287,000,000
Total			28,000,000	287,000,000
Less: Current portion			(28,000,000)	(96,000,000)
Total long-term loans - net of current portion			-	191,000,000

As at 31 December 2013, a subsidiary has long-term loans from financial institutions amounting to Baht 28 Million (2012: Baht 287 million). The loan is guaranteed by the Company and an associated company and the mortgage of leasehold rights with net book value as at 31 December 2013 of Baht 26 million (2012: Baht 29 million) and investment properties of a subsidiary with net book value in consolidated financial statement of Baht 2,010 million (2012: Baht 2,225 million), as described in Note 15.

24. Long-term debentures

(Unit: Baht)

Type of debentures	Interest rate (per annum)	Period	Due date	Consolidated/Separate financial statements	
				2013	2012
Unsubordinated and unsecured debentures					
- 1/2010	3.00%	3 years	16 July 2013	-	3,000,000,000
- 1/2011	4.05%	5 years	9 March 2016	2,000,000,000	2,000,000,000
- 2/2011	5.00%	7 years	9 August 2018	300,000,000	300,000,000
- 3/2011	4.95%	7 years	24 August 2018	400,000,000	400,000,000
- 1/2012	4.93%	10 years	24 July 2022	500,000,000	500,000,000
- 2/2012	4.70%	10 years	7 September 2022	400,000,000	400,000,000
- 3/2012	4.72%	10 years	20 September 2022	1,000,000,000	1,000,000,000
- 4/2012	5.10%	15 years	7 November 2027	1,500,000,000	1,500,000,000
- 1/2013	4.75%	7 years	17 July 2020	1,700,000,000	-
- 2/2013	4.75%	7 years	25 July 2020	300,000,000	-
Total				8,100,000,000	9,100,000,000
Less: Underwriting fee on debenture issuance				(8,039,618)	(7,269,953)
				8,091,960,382	9,092,730,047
Less: Current portion				-	(2,999,450,697)
Long-term debentures - net of current portion				8,091,960,382	6,093,279,350

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios.

25. The agreement granting the right to utilise the shopping center at the Pathumwan intersection / Liabilities under finance lease agreements

On 21 April 1983, the Company entered into agreements with Chulalongkorn University ("the University") to lease and develop land at the Pathumwan intersection for a period of 30 years, expiring on 21 April 2013. At the end of the agreements, the Company agreed to transfer all rights in property development constructed on the land under the lease agreements to the university.

On 16 October 2007, the Company and the university signed lease agreements granting the right to utilise the shopping center at Pathumwan intersection for a period of 20 years (from 22 April 2013 to 21 April 2033), under which the Company is required to pay annual rental as stipulated in the lease agreements. In addition, the Company paid Baht 2,519 million for the first right of refusal to enter into agreements with the university, and on 15 July 2009, the Company paid Baht 279 million for the registration of leasehold rights - land and building with the Department of Lands. These prepaid amounts of Baht 2,798 million are recorded as prepaid rental fee under non-current assets in the statement of financial position as at 31 December 2012. However, the prepaid rental is reclassified as cost of land and building rental as at the effective date of the lease agreement.

On 22 April 2013, the effective date of the new lease agreement, the Company considered the materiality of the terms and conditions of the lease agreement, in accordance with TAS 17 (revised 2009) - Leases, and concluded that the Company should separate the land and building elements based on the income approach and the market rental rate for the land as determined by an independent appraiser. The land rental element is classified as an operating lease, for which the rental payments are recognised as an expense on a straight-line basis over the lease period. Meanwhile, the building rental element is classified as assets under financial lease at the present value of the lease payments. It is then depreciated over the lease period. The assets under financial lease are presented in investment properties (Note 15), and property, plant and equipment (Note 17). In addition, the outstanding rental obligations, net of deferred interest expense, presented as liabilities under finance lease agreements and the deferred interest expense is amortised over the lease period.

Under the terms and conditions of the lease agreements, the Company has to comply with certain conditions and restrictions relating to matters such as renovation of the building and related infrastructure under a budget and within a timeframe set forth in the lease agreement, the arrangement of insurance coverage for the assets, the repair and maintenance of the assets in good condition, and the pledge of a bank guarantee of Baht 112 million in respect of certain performance bonds. In addition, if the total revenue of the Company every 5 years is higher than the estimated revenue as defined in the lease agreement, the Company is required to pay revenue sharing at the rate 5% of the excess estimated revenue within 90 days after the end of the accounting period of every fifth year.

(Unit: Baht)

	Consolidated/Separate financial statements	
	2013	2012
Liabilities under finance lease agreements	9,087,852,950	-
Less: Deferred interest expenses	(4,055,581,038)	-
Total	5,032,271,912	-
Less: Current portion	-	-
Liabilities under finance lease agreements - net of current portion	5,032,271,912	-

Future minimum lease payments required under finance lease agreements were as follows:

(Unit: Baht)

	As at 31 December 2013			
	Less than 1 year	1 - 5 years	Overs 5 years	Total
Future minimum lease payments	694,720,000	3,916,201,000	17,554,574,000	22,165,495,000
Less: Portion of land lease which is operating lease	(409,884,800)	(2,310,558,590)	(10,357,198,660)	(13,077,642,050)
Future minimum lease payment for finance lease	284,835,200	1,605,642,410	7,197,375,340	9,087,852,950
Less: Deferred interest expenses	(284,835,200)	(1,442,146,100)	(2,328,599,738)	(4,055,581,038)
Present value of future minimum lease payments	-	163,496,310	4,868,775,602	5,032,271,912

26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2013 and 2012, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at the beginning of year	121,472,838	56,030,701	50,327,721	25,289,561
Increase of investment in subsidiary	5,153	-	-	-
Current service cost	13,902,810	3,971,857	3,395,591	1,745,079
Interest cost	4,327,743	1,756,776	1,572,897	857,210
Past service costs	-	2,488,932	-	-
Benefits paid during the year	(1,882,163)	(4,687,668)	(1,698,400)	(3,568,200)
Actuarial (gain) loss	(543,085)	61,912,240	-	26,004,071
Balance at the end of year	137,283,296	121,472,838	53,597,809	50,327,721

Long-term employee benefits expenses included in the profit or loss was as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	13,902,810	3,971,857	3,395,591	1,745,079
Interest cost	4,327,743	1,756,776	1,572,897	857,210
Past service costs recognised during the year	-	2,488,932	-	-
Total expense recognised in profit or loss	18,230,553	8,217,565	4,968,488	2,602,289
Line items under which such expenses are included in profit or loss:				
Cost of sales or service	7,717,073	4,183,310	1,298,223	466,721
Selling expenses	1,376,351	477,761	462,764	128,221
Administrative expenses	9,137,129	3,556,494	3,207,501	2,007,347
	18,230,553	8,217,565	4,968,488	2,602,289

Total actuarial gains recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 0.5 million.

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4%	4%	4%	4%
Future salary increase rate	4% - 7%	4% - 7%	4% - 7%	4% - 7%
Staff turnover rate	Age < 55 years:	Age < 55 years:	Age < 55 years:	Age < 55 years:
(depending on employee's age)	5-30%	5-30%	6-20%	6-20%
	Age > 55 years:	Age > 55 years:	Age > 55 years:	Age > 55 years:
	0%	0%	0%	0%

27. Other non-current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Unearned installment income	1,609,162	5,692,402	527,417	-
Deposits received	-	534,500	-	-
Others	8,325,478	9,842,596	18,222,055	19,881,710
Other non-current liabilities	9,934,640	16,069,498	18,749,472	19,881,710

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

29. Treasury stock

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Treasury stocks held by the Company	2,805,280,611	-	2,805,280,611	-
Treasury stocks held by subsidiary	711,993,784	711,993,784	-	-
	3,517,274,395	711,993,784	2,805,280,611	-

Treasury stocks held by the Company

On 28 February 2013, the board of directors meeting passed a resolution to approve in principle of the Share Repurchase Project for the financial management from the Stock Exchange of Thailand from 15 March 2013 to 14 September 2013, in the amount of not exceeding Baht 2,800 million amounting up to 18.9 million shares or 10% of total paid-up shares of the Company.

During the year ended 2013, the Company has total repurchased shares of 17.8 million shares, or a total of Baht 2,805 million including commission fee (total repurchased shares as 9.45% of paid-up shares capital) for the Share Repurchase Project for the financial management as mentioned above. The Company has fully set aside retained earnings to treasury stock reserve.

Treasury stocks held by subsidiaries

Treasury stocks represented the Company's shares held by subsidiaries totaling 47.4 million shares which have been presented in the consolidated financial statements by applying the cost method, apportioned accounting to holding of the Group.

As at 31 December 2013, a subsidiary has pledged and entered into a negative pledge agreement on the treasury stock of 34.8 million shares, with book value (cost method) at end of reporting period amounting to Baht 666 million (2012: 34.8 million shares, Baht 666 million) to secure short-term loan facilities from banks, as discussed in Note 20.

30. Equity attributable to the Company's shareholders

According to the accounting treatment guidance for the treasury stock of the entity, the main content of presentations and the disclosures is concluded that the treasury stock is not an asset but the reduction of the obligations over the entity's assets. The entity should present the treasury stock as a deducting item from the shareholders' equity. In case a subsidiary acquires its parent company's stocks, the parent company should present such share acquisition on the same basis as if it purchases its own shares.

However, as if the above interpretation of such guidance is required for the separate financial statements, the reconciliation of shareholders' equity and the investments in subsidiaries is presented as follows:

	(Unit: Baht)	
	Separate financial statements	
	2013	2012
Total shareholders' equity - as stated in statements of financial position	11,905,097,378	13,002,373,262
Less: Treasury stock held by a subsidiary	(711,993,784)	(711,993,784)
Equity attributable to the Company's shareholders - after less treasury stock held by a subsidiary	<u>11,193,103,594</u>	<u>12,290,379,478</u>
Investments in subsidiaries - as stated in statements of financial position	11,583,295,250	12,030,991,782
Less: Treasury stock held by a subsidiary	(711,993,784)	(711,993,784)
Investments in subsidiaries	<u>10,871,301,466</u>	<u>11,318,997,998</u>

31. Revenue from financial business

Revenue from financial business for the year ended 31 December 2013 and 2012 comprise the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Loan to customers	451,478,008	247,054,562	114,556,683	65,783,105
Hire purchase and financial lease	695,901,465	448,546,897	-	-
Total revenue from interest	1,147,379,473	695,601,459	114,556,683	65,783,105

32. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate 3 - 10% of basic salary. The fund, which is managed by Thanachart Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 December 2013, the Group contributed Baht 41 million (2012: Baht 37 million) to the fund.

33. Expenses by nature

Significant expenses by nature for the year ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cost of sales of properties	133,914,879	156,858,025	-	-
Salaries and wages and other employee benefits	1,394,452,743	1,252,146,643	472,161,714	437,237,479
Depreciation	1,031,241,849	901,229,307	438,092,402	324,486,138
Amortisation expenses	13,366,253	10,580,711	8,872,957	6,596,246
Allowance for impairment of investments in subsidiaries	-	-	24,046,361	-
Allowance for impairment loss on plant and equipment (Revesal)	(9,009,907)	8,460,403	-	-
(Gain) loss on exchange	25,016,000	(12,879,418)	25,920,000	(12,879,418)
Transportation expenses	51,453,657	50,812,783	-	-
Brokerage and promotion expenses	300,614,300	277,103,089	21,044,792	37,694,133
Power supply expenses	343,123,500	307,836,098	66,616,342	62,801,432
Rental expenses	1,082,939,925	48,830,395	940,671,039	-
Repair and maintenance operating expenses	125,044,831	104,129,559	47,672,138	45,460,963
Raw materials and consumables used	1,727,266,653	1,501,398,833	-	-
Changes in inventories of finished goods and work in progress (increase)	(3,511,536)	135,142,282	-	-

34. Income tax expenses

Corporate income taxes of the Company and its listed subsidiary for the year ended 31 December 2013 have been calculated on taxable income at rates of 20% on income before income tax after adding back provisions and certain expenses which are disallowed for tax computation purposes, deducting dividends exempted from income tax and adjusting deferred tax expenses (2012: 23%).

Corporate income taxes of its other subsidiaries for the year ended 31 December 2013 have been calculated at the rates of 15% - 20% on income before income tax, after adding back provisions and certain expenses which are disallowed for tax computation purposes, deducting dividends exempted from income tax, and adjusting deferred tax expenses (2012: 15% - 23%).

The income tax expenses of the Company and the subsidiaries for the year ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current income tax:				
Current income tax charge for the year	927,617,325	381,820,114	545,179,992	227,286,504
Adjustment in respect of current income tax of previous year	647,460	(299,435)	2,331,892	(299,435)
Deferred tax:				
Relating to origination and reversal of temporary differences	(123,746,350)	25,785,067	(120,523,125)	3,899,215
Income tax expense reported in the statement of comprehensive income	804,518,435	407,305,746	426,988,759	230,886,284

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Unrealised gains (loss) on investments in available-for-sale securities	(203,875,756)	360,618,867	(222,715,206)	340,281,842
Unrealised loss on investments in loans of an associate	(514,777)	(632,923)	-	-
Translation adjustment of an associate	5,561,247	(439,742)	-	-
Actuarial loss	108,617	12,382,448	-	5,200,814
Actuarial loss of associates	-	776,270	-	-
Income tax expense reported in the statement of other comprehensive income (income)	(198,720,669)	372,704,920	(222,715,206)	345,482,656

Reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit before corporate income tax	4,933,950,060	2,415,548,506	4,014,244,188	1,736,021,695
Applicable tax rates	15 - 20%	15 - 23%	20%	23%
Accounting profit before income tax multiplied by tax rates	1,161,462,059	520,386,246	802,848,838	399,284,990
Adjustment in respect of current income tax of previous year	647,460	(299,435)	2,331,892	(299,435)
Effects of non-deductible expenses and income exempted from income tax	(357,591,084)	(112,781,065)	(378,191,971)	(168,099,271)
Income tax expenses reported in the statement of comprehensive income	804,518,435	407,305,746	426,988,759	230,886,284

The details of deferred tax assets and deferred tax liabilities as at 31 December 2013 and 2012 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax asset				
Allowance for impairment of assets	22,850,357	22,850,357	-	-
Provision for long-term employee benefits	15,262,020	11,912,120	5,518,748	4,864,730
Actuarial loss	12,273,830	12,382,448	5,200,814	5,200,814
Actuarial loss of associates	776,270	776,270	-	-
Timing differences of depreciation of buildings	17,062,875	1,235,341	17,062,875	1,235,341
Finance lease agreement	72,679,100	-	72,679,100	-
Timing differences of accounting and taxable income recognition	38,077,305	5,217,244	-	-
	178,981,757	54,373,780	100,461,537	11,300,885
Deferred tax liabilities				
Timing differences of depreciation of buildings	13,467,041	12,836,051	-	-
Costs of business purchase - a subsidiary	84,115,062	84,115,062	-	-
Unrealised gains for investments in available-for-sale securities	514,324,222	718,199,978	484,740,851	707,456,057
Unrealised losses for investments in receivables	(158,896)	(158,896)	(158,896)	(158,896)
Unrealised gains for investments in loans of associate	13,600,438	14,115,215	-	-
Translation adjustment of an associate	7,243,885	1,682,639	-	-
Share of profit from investments in associates	138,453,099	109,068,486	-	-
	771,044,851	939,858,535	484,581,955	707,297,161

As at 31 December 2013 the Group has deductible temporary differences, unused tax losses and unused tax credits totaling Baht 395 million (2012: Baht 426 million), on which deferred tax assets have not been recognised as the Group believes that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses before expiry date.

35. Earnings per share

Basic earnings per share is calculated by dividing net income attribute to equity holders of the parent for the year (not included other comprehensive income) by the weighted average number of ordinary shares in issue during the year as held by third parties.

The weighted average number of ordinary shares for the year ended 31 December 2013 and 2012 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Ordinary shares issued and paid-up (shares)	188,629,100	188,629,100	188,629,100	188,629,100
Less: Treasury stock held by the Company (shares)	(9,272,393)	-	(9,272,393)	-
Less: Treasury stock held by a subsidiary (shares)	(37,204,075)	(37,204,075)	-	-
Weighted average number of shares held by third parties (shares)	142,152,632	151,425,025	179,356,707	188,629,100
Profit for the year (Baht)	4,107,986,908	1,894,596,543	3,587,255,429	1,505,135,411
Weighted average number of ordinary shares (shares)	142,152,632	151,425,025	179,356,707	188,629,100
Earnings per share (Baht/share)	28.90	12.51	20.00	7.98

36. Net movements in operating assets and liabilities

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
(Increase) decrease in operating assets				
Trade and other receivables	(59,136,429)	209,653,835	64,684,055	(12,364,004)
Loan to customers	(2,154,302,001)	(1,880,834,145)	(57,018,122)	(52,533,433)
Inventories	(627,470,438)	105,764,772	(1,822,929)	(4,539,341)
Other current assets	(89,303,795)	30,543,283	7,021,905	(10,039,062)
Restricted fixed deposits	1,102,657	(2,399,607)	-	-
Other assets	(5,038,322)	(32,337,133)	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	(374,534,025)	255,605,099	(430,024,556)	69,372,896
Other current liabilities	127,390,135	64,232,287	41,238,403	17,187,864
Rental revenues received in advance	1,405,528,119	311,295,458	1,589,153,652	250,854,544
Rental revenues received in advance refund to customer	(13,103,543)	(5,420,182)	-	(787,814)
Rental deposits	858,439,041	628,124,060	746,197,626	544,803,012
Rental deposits refund to customers	(616,839,520)	(522,304,639)	(553,507,629)	(493,021,683)
Other liabilities	1,365,142	(41,924,288)	(599,026)	5,320
Net movements in operating assets and liabilities	(1,545,902,979)	(880,001,200)	1,405,323,379	308,938,299

37. Promotional privileges

Sima Pac Co., Ltd. has received promotional privileges from the Board of Investment for the manufacturer of film plastics pursuant to the promotion certificate No. 2104 (2)/2549 issued on 5 October 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (23 March 2007).

The subsidiary's revenues for the year ended 31 December 2013 and 2012 in consolidated financial statements are divided according to promoted and non-promoted operations as below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Revenues from sales - promoted activities	45,404,550	28,576,051	-	-
Revenues from sales - non promoted activities	38,984,788	80,747,685	-	-
Total	84,389,338	109,323,736	-	-

38. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have eight reportable segments as follows:

1. Shopping Center business engages in the business of rental space to retail tenants in the shopping centers and the business of office space for rent.
2. Hotel and Tourism business engages in hotel business, package tour services, and air ticket agent.
3. Golf business engages in golf services, clubhouse and selling golf equipment.
4. Real-estate business engages in residential for sale, property management and asset appraisal.
5. Food solution business engages in producing and selling rice for both local and export markets, the food center business and restaurant.
6. Finance business engages in providing general loan for housing and bridge loan of which the security is marketable property in good location, and motorcycle hire purchase business.
7. Other business engages in the business of car and motorcycle auction and motorcycle dealer business.
8. Supporting business performs as a back office functions for the Group.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2013

	Shopping center	Hotel and tourism	Golf	Real Estate	Food solution	Financial	Other	Supporting	Elimination of inter-segment revenues	Total
Revenue from external customers	3,796,570	1,214,965	382,025	328,970	2,214,429	1,170,840	160,015	4,567	-	9,272,381
Inter-segment revenues	125,547	276,981	1,333	15,701	2,985	10,523	-	11,791	(444,861)	-
Total revenues	3,922,117	1,491,946	383,358	344,671	2,217,414	1,181,363	160,015	16,358	(444,861)	9,272,381
Segment operating profit (loss)	1,165,333	32,884	24,298	(29,833)	32,046	218,077	(21,925)	(1,299)		1,419,581
Unallocated income and expenses:										
Interest income										78,299
Dividend income										235,850
Gain on sales of investments										2,098,357
Gain on sale of assets										996,330
Other income										155,694
Share of profit from investments in associates										293,930
Finance costs										(344,091)
Income tax expenses										(804,518)
Non-controlling interest of the subsidiaries										(21,445)
Profit for the year - attributable to equity holders of the Company										4,107,987

(Unit: Thousand Baht)

For the year ended 31 December 2012

	Shopping center	Hotel and tourism	Golf	Real Estate	Food solution	Financial	Other	Supporting	Elimination of inter-segment revenues	Total
Revenue from external customers	3,502,094	1,262,579	367,956	395,403	1,908,632	709,566	197,457	76	-	8,343,763
Inter-segment revenues	96,951	259,529	970	8,185	1,196	9,433	-	3,966	(380,230)	-
Total revenues	3,599,045	1,522,108	368,926	403,588	1,909,828	718,999	197,457	4,042	(380,230)	8,343,763
Segment operating profit (loss)	1,514,708	122,784	25,531	22,123	(106,404)	250,919	(4,095)	(3,368)		1,822,198
Unallocated income and expenses:										
Interest income										36,343
Dividend income										243,466
Other income										362,054
Share of profit from investments in associates										145,013
Finance costs										(193,525)
Income tax expenses										(407,306)
Non-controlling interest of the subsidiaries										(113,646)
Profit for the year - attributable to equity holders of the Company										1,894,597

(Unit: Thousand Baht)

	Shopping Center	Hotel and tourism	Golf	Real Estate	Food solution	Financial	Other	Supporting	Unallocated assets	Total
Segment assets										
As at 31 December 2013	11,740,430	2,124,166	2,131,922	3,303,687	894,830	7,378,266	32,551	560	10,315,151	37,921,563
As at 31 December 2012	7,368,444	1,635,071	2,189,188	1,789,875	885,546	6,259,249	947,267	239	10,867,909	31,942,788

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2013	2012
Revenue from external customers		
Thailand	8,978,268	8,075,757
United States/Canada	110,618	98,862
Europe	107,445	93,535
Asia Pacific	76,050	75,791
Total	9,272,381	8,343,763

Major customers

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 per cent or more of an entity's revenues.

39. Commitments and contingent liabilities

39.1 Capital commitments

As at 31 December 2013 and 2012, the Group had capital commitments for construction relating to shopping center, hotel, property development projects and golf course by segment as follows:

	(Unit: Million Baht)	
	2013	2012
Shopping center and property for lease business	101	124
Hotel and tour business	19	69
Golf business	65	103
Property development business	1,461	19
Other business	-	4
Total	1,646	319

39.2 Long-term service commitments

As at 31 December 2013 and 2012, the Group has future minimum lease payments required under these non-cancellable operating leases contracts are as follows:

	(Unit: Million Baht)	
	2013	2012
<u>Payable within:</u>		
Less than 1 year	76	85
1 to 5 years	99	105
More than 5 years	95	113
Total	270	303

In addition, as at 31 December 2013, the Company has future minimum lease payments under the agreement granting the right to utilise the shopping center at the Pathumwan intersection for the portion of land lease which is classified as operating lease (as mentioned in Note 25) as follows:

	(Unit: Million Baht)
	2013
<u>Payable within:</u>	
Less than 1 year	410
1 to 5 years	2,311
More than 5 years	10,357
Total	13,078

39.3 Guarantees

39.3.1 As at 31 December 2013, there are outstanding bank guarantees of approximately Baht 258 million (2012: Baht 151 million) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

39.3.2 On 5 September 2011, the Company entered into Corporate Guarantee Agreement and Pledge of Shares Agreement with a local commercial bank to guarantee the borrowing of DMS Property Investment Private Limited, an associate, in proportion to its shareholding, which represents 30 percent of the registered capital of that company. The associate has total loan facilities total USD 44 million and the outstanding loan as at 31 December 2013 was USD 38 million or equivalent to Baht 1,231 million (2012: USD 42 million or equivalent to Baht 1,251 million).

39.3.3 On 23 June 2010, the Company entered into a loan guarantee contract with a local commercial bank, to guarantee loans of Paradise Park Company Limited, a subsidiary, in proportion to its shareholding, which represents 50 percent of the registered capital of that company. The subsidiary's loan facilities total Baht 600 million and the outstanding balance as at 31 December 2013 was Baht 28 million (2012: Baht 287 million).

39.4 Commitment to provide services to golf members

A subsidiary has a commitment to provide services to golf members, which were transferred from the previous owner with the golf course at the acquisition date. The details of membership contracts are as follows:

	Number of contracts	Membership fee range (Baht per contract)
Permanent contracts	265	200,000 - 630,000

Under the terms and conditions of membership contracts, the subsidiary will not receive any additional membership fee from all transferred members until the periods of such contracts have been expired including not receiving the green fee from transferred permanent members perpetually on the acquisition date. The subsidiary could not estimate the present value of all relevant costs that may occur from providing services to those permanent members. However, such costs were considered to reduce projected net cash flow in the future that reflects in the fair value at the acquisition date, and to determine the current range of rental fee of the golf course.

39.5 Litigation

As at 31 December 2013, the subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 36.7 million (2012: Baht 19.1 million). The Company and its subsidiaries were defendant in certain lawsuits involving assets reclamation of approximately Baht 8.8 million (2012: Baht 9.4 million). The cases were not yet final; nevertheless, the Company and its subsidiary company's management believe they will not suffer material losses (if any) from these suits.

40. Financial instruments

40.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, loans to, investments short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, loans to, other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans to, other receivables as stated in the statement of financial position.

Interest rate risk

The exposures of the Group to interest rate risk relate primarily to their deposits with financial institutions, loan receivables, overdrafts, debentures and loans. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2013 and 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
31 December 2013							
	Fixed interest rates			Floating			
	Within	5 - 10		interest	Non-interest		
	1 year	1 - 5 years	years	rate	bearing	Total	Interest rate
							(% p.a.)
Financial assets							
Cash equivalents (excluding cash)	1,094	-	-	560	-	1,654	0.13 - 3.20
Trade and other receivables	-	-	-	-	689	689	-
Installment receivables	3	6	-	39	-	48	6.15 - 9.38
Hire purchase receivables	842	1,193	-	-	-	2,035	1.99 - 2.30
Short-term loans to related company	-	13	-	344	-	357	4.13 - 7.38
Short-term loans	1,053	-	-	1,177	-	2,230	5.43 - 13.13
Long-term loans	1,558	290	2	870	-	2,720	9.00 - 13.00
	4,450	1,502	2	2,990	689	9,733	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	1,390	-	-	-	-	1,390	2.64 - 9.00
Trade and other payables	-	-	-	-	976	976	-
Short-term loans from related companies	-	-	-	160	-	160	5.43 - 7.00
Short-term loans from Other company	-	-	-	39	-	39	5.43
Long-term loans from financial institutions	-	-	-	28	-	28	5.38 - 5.50
Long-term debentures	-	2,698	5,394	-	-	8,092	4.05 - 5.10
	1,390	2,698	5,394	227	976	10,685	

(Unit: Million Baht)

Consolidated financial statements							
31 December 2012							
	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	5 - 10	interest	Non-interest			
	1 year	1 - 5 years			years		
Financial assets							
Cash equivalents (excluding cash)	364	-	-	1,362	-	1,726	0.12 - 3.22
Trade and other receivables	-	-	-	-	577	577	-
Installment receivables	3	9	-	54	-	66	6.19 - 9.50
Hire purchase receivables	867	754	-	-	-	1,621	18.00 - 24.60
Short-term loans to related company	1,200	12	-	68	-	1,280	4.13 - 7.50
Short-term loans	659	-	-	788	-	1,447	9.37 - 13.25
Long-term loans	-	239	-	1,605	-	1,844	5.42 - 13.25
	3,093	1,014	-	3,877	577	8,561	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	340	-	-	-	-	340	2.98 - 3.05
Trade and other payables	-	-	-	-	831	831	-
Short-term loans from related companies	-	-	-	184	-	184	5.42
Long-term loans from financial institutions	-	-	-	287	-	287	5.50
Long-term debentures	2,999	2,000	4,094	-	-	9,093	3.00 - 5.10
	3,339	2,000	4,094	471	831	10,735	

(Unit: Million Baht)

Separate financial statements							
31 December 2013							
	Fixed interest rates			Floating			
	Within 1 year	1 - 5 years	5 - 10 years	interest Rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets							
Cash equivalents (excluding cash)	1,080	-	-	60	-	1,140	0.13 - 3.20
Trade and other receivables	-	-	-	-	85	85	-
Installments receivables	-	-	-	7	-	7	9.25 - 9.38
Short-term loans to related companies	-	-	-	6,116	-	6,116	5.43 - 7.38
Short-term loans	-	-	-	1,177	-	1,177	5.43 - 5.55
	1,080	-	-	7,360	85	8,525	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	600	-	-	-	-	600	2.82
Trade and other payables	-	-	-	-	413	413	-
Short-term loans from related companies	-	-	-	2,779	-	2,779	5.43
Long-term liabilities under financial lease agreements - related companies	3	10	-	-	-	13	5.68 - 6.40
Long-term debentures	-	2,698	5,394	-	-	8,092	4.05 - 5.10
	603	2,708	5,394	2,779	413	11,897	

(Unit: Million Baht)

Separate financial statements							
31 December 2012							
	Fixed interest rates			Floating	Non-interest	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	5 - 10 years	interest Rate	bearing		
Financial assets							
Cash equivalents (excluding cash)	350	-	-	1,035	-	1,385	0.12 - 3.22
Trade and other receivables	-	-	-	-	97	97	-
Installments receivables	-	-	-	11	-	11	9.37 - 9.50
Short-term loans to related companies	-	-	-	4,439	-	4,439	4.25 - 7.50
Long-term loans	-	-	-	1,117	-	1,117	5.42
	350	-	-	6,602	97	7,049	
Financial liabilities							
Trade and other payables	-	-	-	-	353	353	-
Short-term loans from related companies	-	-	-	2,640	-	2,640	5.42
Long-term liabilities under financial lease agreements - related companies	5	11	-	-	-	16	5.67 - 7.94
Long-term debentures	2,999	2,000	4,094	-	-	9,093	3.00 - 5.10
	3,004	2,011	4,094	2,640	353	12,102	

Foreign currency risk

The Company and its subsidiary are expose to foreign exchange risk which arises from trading transactions and loans denominated in foreign currencies are summarised below.

	Foreign currency	Financial assets/liabilities as at 31 December 2013 (Unit)	Average exchange rate as at 31 December 2013 (Baht per 1 foreign currency unit)
Trade receivables	US Dollar	642,862	32.580
Investment in associate (foreign country)	US Dollar	11,550,000	32.580

	Foreign currency	Financial assets/liabilities as at 31 December 2012 (Unit)	Average exchange rate as at 31 December 2012 (Baht per 1 foreign currency unit)
Trade receivables	US Dollar	1,218,361	30.387
Investment in associate (foreign country)	US Dollar	11,550,000	30.387

A subsidiary has sold forward exchange contracts for expose foreign exchange risk which arises from trading transactions. Outstanding on 31 December 2013 and 2012 are summarised below.

2013			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US Dollar	1,992,214	30.391 - 32.688	6 February 2014 - 24 June 2014

2012			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US Dollar	2,189,307	30.861 - 31.669	1 March 2013 - 24 June 2013

A subsidiary has option contract outstanding at 31 December 2013 and 2012 are summarised below.

2013			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US dollar	500,000	30.300	13 January 2014
2012			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US dollar	500,000	30.100	14 January 2013

40.2 Derivatives

As at 31 December 2013 and 2012, the Company has the following financial derivative instruments.

Cross currency interest rate swap agreements

In November 2012, the Company repaid short-term loan in foreign currency amounting to USD 11.52 million or equivalent to Baht 354 million to a foreign commercial bank. At the same time, the Company entered into cross currency interest rate swap agreements with a local bank which the mature date is on 9 September 2014. Under the terms and conditions of the swap agreements are agreed as follows:

Cross currency swap

The Company entered into cross currency swap agreement to exchange the currency between Baht and US dollar. The contractual exchange rate is Baht 30.70 to 1 US dollar. The Company has commitments with the bank counterparty at the initial date and terminated date of the agreement as follows:

	At initial date	At terminated date
The Company received from / (paid to) the bank counterparty	USD 11.52 million (Baht 354 million)	(USD 11.52 million) Baht 354 million

Interest rate swap

The Company entered into interest rate swap agreement to manage the risk associated with its interest-bearing financial liabilities. The partial amount of long-term debenture equivalent to the same amount of the currency swap as above mentioned, to be exchanged its interest rate from fixed rate to floating rate. Under the agreement, the Company will receive interest income from the bank counterparty that calculated the interest based on the partial of long-term debenture amounting to Baht 354 million, bearing interest at the fixed rate 4.05% per annum. However, the Company has to pay interest expense to the bank counterparty by calculation the interest based on the principal amount of USD 11.52 million, bearing interest at the 6-month LIBOR plus a premium.

The fair value of the derivative is as follow:

	(Unit: Baht)	
	Fair Value Gain (Loss)	
	As at 31 December	
	2013	2012
Cross currency interest rate swap agreements	(21,737,591)	698,407

40.3 Fair values of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statements of financial position approximate their fair value.
- For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

- d) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

Fair value of traded long-term debentures has been determined based on quoted bid price from the Thai Bond Market Association at the statements of financial position date.

As at 31 December 2013 and 2012, the carrying amount and fair value of long-term debentures are as follows:

(Unit: Million Baht)				
Consolidated/separate financial statements				
2013		2012		
Carrying amount	Fair value	Carrying amount	Fair value	
Long-term debentures	8,092	8,108	9,093	9,121

41. Related party transactions

In addition to nature of relationship between the Company and related companies except its subsidiaries as stated in Note 13, and its associates as stated in Note 12 which are summarised as follows:

Company's name	Relationship
Thanachart Capital Public Company Limited and its subsidiaries	A major group of shareholders which holds ordinary shares of the Company representing for a total of 19.90% and related by the way of common directors.
Royal Princess Public Company Limited	Related by the way of common directors
Dusit Thani Public Company Limited	The group held 11.67% shareholding and related by the way of common directors
Grand River Front Corporation Company Limited	Company's associated company held 49% shareholding
Grand River Park Corporation Company Limited	Company's associated company held 49% shareholding
Grand River Place Corporation Company Limited	Company's associated company held 51% shareholding

During the year, the Company and its subsidiaries had the significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

Transactions with related party

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2013	2012	2013	2012	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Rental income	-	-	21	19	Market prices
Consulting fees	-	-	3	4	The same rates as the third parties
Dividend income	-	-	1,318	392	As declared
Personnel expenses	-	-	155	142	115% of salary of hotel staff paid by a subsidiary for parent company
Hotel management fee	-	-	33	39	Contract price
Security expenses	-	-	52	51	115% of the cost of security services paid by a subsidiary for parent company
Debt guarantee fee	-	-	11	11	1% of loan drawdown amounts
Interest income	-	-	262	96	MOR rate less a fix percentage
Interest expenses	-	-	159	189	MOR rate less a fix percentage
<u>Transactions with associated companies</u>					
Shared service income	2	2	2	2	Market prices
Dividend income	171	230	154	230	As declared
Project management and sales commission income	9	17	-	-	The same rates as the third parties
Interest income	4	5	3	3	MOR rate less a fix percentage
Interest expenses	7	10	-	-	MOR rate less a fix percentage
<u>Transactions with related companies</u>					
Income from rental deposits	-	4	-	4	Market prices
Rental income	199	154	109	58	Market prices
Dividend income	210	164	195	156	As declared
Project management and sales commission income	92	90	-	-	The same rates as the third parties
Hotel franchise fee	1	1	1	1	The same rates as the third parties
Insurance expenses	2	19	1	15	The same rates as the third parties
Interest income	63	5	51	5	4.25% per annum

Guarantee

The Company entered into Corporate Guarantee Agreement for a loan of a subsidiary and an associate as described in Note 39.3.2 and 39.3.3 to the financial statements. There was no guarantee fee because the loan was guaranteed by all shareholders based upon shareholding proportion.

Sale of investments in associated company

In December 2012, the Company sold all 27.98 million shares of Royal Orchid Hotel (Thailand) Public Company Limited, an associated company that is listed on the Stock Exchange of Thailand, to a subsidiary company named MBK Hotels and Resorts Company Limited. The selling price, amounting to Baht 498 million, was based on the latest bid price at the transfer date quoted on the Stock Exchange of Thailand. The Company recorded a loss on the sale of investment in such associated company amounting to Baht 233 million. Since this sale was a related party transaction, such loss was eliminated from the consolidated financial statements.

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related companies are as follows:

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2013	2012	2013	2012
<u>Current investments - Available-for-</u>					
<u>sales securities</u>					
7					
	Related companies	555	461	-	-
<u>Trade accounts receivable and other</u>					
<u>receivables</u>					
8					
	Subsidiaries	-	-	4	-
	Associated companies	7	4	1	1
	Related companies	22	5	1	7
	Total trade accounts receivable and other receivables	29	9	6	8
<u>Other receivables - prepaid insurance</u>					
<u>premium</u>					
8					
	Related companies	2	1	1	-
<u>Short-term loans to</u>					
	Subsidiaries	-	-	6,085	3,198
	Associated companies	357	80	31	41
	Related companies	-	1,200	-	1,200
	Total short-term loans to	357	1,280	6,116	4,439
<u>Long-term investments - available-for-</u>					
<u>sales securities</u>					
14					
	Related companies	4,199	5,029	4,092	4,904
<u>Short-term loans from</u>					
	Subsidiaries	-	-	2,779	2,640
	Associated companies	153	183	-	-
	Related companies	7	-	-	-
	Total short-term loans from	160	183	2,779	2,640

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2013	2012	2013	2012
<u>Other payables</u>	21				
Subsidiaries		-	-	55	58
Associated companies		2	2	1	1
Total other payables		2	2	56	59
<u>Current liabilities - advance rental</u>					
<u>deposit and rental deposit</u>	22				
Related companies		70	57	46	-
<u>Long-term liabilities under finance lease</u>					
<u>agreements</u>					
Subsidiaries		-	-	14	16

As at 31 December 2012, short-term loans to related companies include loans amounting to Baht 1,200 million that were secured by the mortgage of the borrowers' assets, as specified in the loan agreements, mature in 2013, and bear interest at a fixed rate of 4.25% per annum.

As at 31 December 2013, the Company and its subsidiaries have loans to associates that are unsecured and due at call, consisting of Baht loans bearing interest at the MOR of a local commercial bank less fixed percentages of 5.43% - 7.38% per annum (2012: 5.43% - 7.50% per annum) and a US dollar loan bearing interest at a fixed rate of 4.13% per annum (2012: 4.13% per annum).

The loans from related companies represent short-term loans for working capital and repayable at call. The loans bear interest at MOR rate less a fixed percentage of a local commercial bank which is 5.43% per annum (2012: 5.43% per annum).

Liabilities under finance lease agreements represent financial lease liabilities for the lease motor vehicles from a subsidiary for 72 monthly installments. Interest rates are 5.68% - 7.94% per annum (2012: 5.68% - 7.94% per annum).

The movements on short-term loans to and accrued interest income from related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Balance as at	Addition	Receipt	Balance as at
	31 December 2012			31 December 2013
Short-term loans to				
MBK Leisure Company Limited	22	3	(25)	-
Paemala Spa Company Limited	5	-	-	5
Lam Luk Ka Golf and Country Club Company Limited	41	-	(10)	31
Grand River Front Corporation Company Limited	284	137	(421)	-
Grand River Park Corporation Company Limited	282	136	(418)	-
Grand River Place Corporation Company Limited	634	305	(939)	-
Siam Piwat Holding Company Limited	-	389	(81)	308
DMS Property Investment Private Limited	12	1	-	13
	1,280	971	(1,894)	357
Short-term loans from				
Siam Piwat Holding Company Limited	183	234	(264)	153
Director	-	7	-	7
	183	241	(264)	160

(Unit: Million Baht)

	Separate financial statements			
	Balance as at			Balance as at
	31 December 2012	Addition	Receipt	31 December 2013
Short-term loans to				
Riverdale Golf and Country Club Company Limited	933	3,568	(1,534)	2,967
MBK Hotels and Resorts Company Limited	735	216	(128)	823
T Leasing Company Limited	1,300	1,155	(825)	1,630
Paradise Park Company Limited	129	24	(153)	-
MBK Square Company Limited	47	-	(47)	-
Siam Delice Company Limited	54	57	(111)	-
Glas Haus Ratchada Company Limited	-	3	-	3
MBK Training Center Company Limited	-	1	-	1
MBK Real Estate Company Limited	-	546	-	546
X-Gen Premium Company Limited	-	15	-	15
MBK Service Solution Company Limited	-	2	(2)	-
MBK Shopping Center Company Limited	-	100	-	100
Lam Luk ka Golf and Country Club Company Limited	41	-	(10)	31
Grand River Front Corporation Company Limited	284	32	(316)	-
Grand River Park Corporation Company Limited	282	31	(313)	-
Grand River Place Corporation Company Limited	634	70	(704)	-
	4,439	5,820	(4,143)	6,116

(Unit: Million Baht)

	Separate financial statements		
	Balance as at 31 December 2012	Addition	Balance as at 31 December 2013
Short-term loans from			
The Olympic Club Company Limited	44	8	(52)
Supsinthanee Company Limited	377	14	(1)
Glas Haus Ratchada Company Limited	466	89	(555)
MBK Premium Company Limited	563	13	(15)
MBK Asset Company Limited	76	1,310	(923)
MBK Shopping Center Company Limited	320	-	(320)
MBK Business Company Limited	566	124	(103)
MBK Center Company Limited	1	-	-
Primacy Elegance Investments Limited	122	62	-
Lanta Land Development Company Limited	89	13	(34)
X-Gen Premium Company Limited	8	-	(8)
MBK Training Center Company Limited	1	-	(1)
M Racing Company Limited	-	5	-
MBK Insurance Broker Company Limited	2	2	(2)
MBK Broker Company Limited	-	2	-
MBK Smart Force Company Limited	2	4	(4)
MBK Chiangmai Company Limited	1	-	-
MBK Hotels & Tourism Company Limited	2	-	-
MBK Service Solution Company Limited	-	151	-
MBK Square Company Limited	-	52	-
Siam Delice Company Limited	-	389	(81)
	<u>2,640</u>	<u>2,238</u>	<u>(2,099)</u>
Long-term liabilities under finance lease agreements			
MBK Premium Company Limited	16	3	(5)
	<u>16</u>	<u>3</u>	<u>(5)</u>

On 11 June 2012, MBK Square Company Limited, a subsidiary, entered a bid to purchase land and building in amounting to 34 million from Thanachart Bank Public Company Limited, and has already made full payment.

On 1 March 2013 Glas Haus Ratchada Company Limited, a subsidiary, sold 75% of shares in MBK Food and Entertainment Company Limited to Patum Rice Mill and Granary Public Company Limited, a subsidiary, as mentioned in note 2.2.

On 31 May 2013, the Company sold all ordinary shares in Paradise Park Company Limited, a subsidiary, total 3.5 million shares (or equivalent to 50% of its registered capital) at Baht 72.66 each, for total amounting to Baht 254 million to MBK Shopping Center Company Limited (formerly named "MBK Arcade Company Limited"), a subsidiary. In this regard, the Company eliminated loss on sale of investments which is relevant to such related party transaction from the consolidated financial statements.

Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Group had employee benefit expenses of their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	75,533,949	75,959,279	58,940,900	58,610,578
Post-employment benefits	2,303,786	1,136,901	1,804,506	908,795
Total	77,837,735	77,096,180	60,745,406	59,519,373

(Unit: Baht)

42. Business acquisition

42.1 Purchase of ordinary shares of Innofood (Thailand) Company Limited

On 27 March 2013, Patum Rice Mill and Granary Public Company Limited, a subsidiary, acquired 131,250 ordinary shares of Innofood (Thailand) Company Limited, an associate, totaling Baht 3.64 million. As a result, the percentage of holding in Innofood (Thailand) Company Limited has increased from 27.94% to 74.52% and the status of this company has changed from an associate to a subsidiary, its accounts are no longer equity method, but are consolidated in financial statements instead.

Fair value of assets and liabilities of Innofood (Thailand) Company Limited as at the purchase date as follows:

	(Unit: Thousand Baht)
Cash and cash equivalent	556
Trade and other receivables	362
Inventories	1,508
Other current assets	208
Plant and equipment - net	4,227
Total assets	6,861
Trade and other payables	1,264
Other current liabilities	7
Total liabilities	1,271
Net asset values	5,590
Cost of the business combination	5,830
Less: Net asset values	(5,590)
Goodwill	240
Reconcile - net cash	
Cash paid for investments in subsidiaries	
- Consolidated financial statements	3,644
Less: Cash and cash equivalent in acquired subsidiary	(556)
Cash paid for investments in subsidiary	3,088

42.2 Purchase of ordinary shares of MBK Leisure Company Limited

On 30 August 2013, MBK Business Company Limited, a subsidiary, acquired 5,355 ordinary shares of MBK Leisure Company Limited, an associate, from the other existing shareholders, total amounting to Baht 0.66 million. The shareholding in this company arose from 49.00% to 100.00% and its status has changed from an associate to a subsidiary, its accounts are no longer equity method, but are consolidated in financial statements instead.

Fair value of assets and liabilities of MBK Leisure Company Limited as at the purchase date as follows:

	(Unit: Thousand Baht)
Cash and cash equivalent	1,762
Trade and other receivables	4,390
Other current assets	449
Equipments - net	54
Intangible assets - net	25
Total assets	6,680
Trade and other payables	3,133
Short-term loans from related companies	20,942
Other current liabilities	3,279
Total liabilities	27,354
Net asset (liabilities) values	(20,674)
The fair value of interests in subsidiary held by the Company prior to the date of acquisition (deficit)	10,130
Net asset (liabilities) values - acquisitions	(10,544)
Cost of the business combination	(661)
Allowance for impairment of goodwill	(11,205)
Reconcile - net cash	
Cash paid for Investments in subsidiaries	
- Consolidated financial statements	661
Less: Cash and cash equivalent in acquired subsidiary	(1,762)
Cash receipt from acquisition of subsidiary	(1,101)

42.3 Purchase of ordinary shares of Putornwiwata Company Limited

On 1 November 2013, MBK Real Estate Company Limited, a subsidiary, acquired 1 ordinary share at 100 Baht each of Putornwiwata Company Limited, from the shareholder, and acquired to increase registered capital 391,599 ordinary shares at 100 Baht each of Putornwiwata Company Limited, total amounting to Baht 39.2 million or equivalent to 55% of its registered capital. The shareholding interest in such company of MBK group is 54.98%.

Fair value of assets and liabilities of Putornwiwata Company Limited as at the purchase date as follows:

	(Unit: Thousand Baht)
Cash and cash equivalent	39,609
Trade and other receivables	4,289
Inventories	80,646
Other current assets	446
Restricted fixed deposits	158
Equipment - net	126
Intangible assets - net	58
Total assets	125,332
Bank overdrafts	8,660
Trade and other payables	4,982
Short-term loans from related parties	4,000
Other current liabilities	129
Loans from financial institution	39,342
Provision for long-term employee benefits	5
Total liabilities	57,118
Net asset values	68,214
Cost of the business combination	39,160
Less: Net asset values	(37,518)
Goodwill	1,642
Reconcile - net cash	
Cash paid for Investments in subsidiaries	
- Consolidated financial statements	39,160
Less: Cash and cash equivalent in acquired subsidiary	(39,609)
Cash receipt from acquisition of subsidiary	(449)

43. Dividends paid

	Approved by	Total dividend (Million Baht)	Dividend (Baht per share)	Dividend payment date
Final dividends on the six-month period ended 31 December 2012	Annual General Meeting of the shareholders on 5 April 2013	519	2.75	3 May 2013
Interim dividends on the six-month period ended 30 June 2013	Board of Directors' Meeting on 2 October 2013	469	2.75	30 October 2013
Total		988		
Final dividends on the six-month period ended 31 December 2011	Annual General Meeting of the shareholders on 10 April 2012	472	2.50	30 April 2012
Interim dividends on the six-month period ended 30 June 2012	Board of Directors' Meeting on 3 October 2012	518	2.75	1 November 2012
Total		990		

44. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2013, the Group's Debt to Equity Ratio was 1.55: 1 (2012: 1.12: 1) and the Company's was 1.85: 1 (2012: 1.26:1).

45. Events after the reporting period

On 31 January 2014, MBK Guarantee Company Limited, a subsidiary, established 2 new subsidiary companies, named M G 3 Company Limited and M G 4 Company Limited, both with registered share capital amounting to Baht 1 million. MBK Guarantee Company Limited holds 9,997 ordinary shares in each company with par values of Baht 100 per share, representing holdings of 99.97%.

46. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 26 February 2014.

GENERAL INFORMATION

DETAIL OF COMPANY

COMPANY NAME	MBK Public Company Limited
CORE BUSINESS	Shopping center and Real estate
COMPANY LOCATION	444, 8th Floor, MBK Center Building, Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330
REGISTRATION NUMBER	No.0107537001102
TELEPHONE NUMBER	0-2620-9000
FAX NUMBER	0-2620-7000
E-MAIL	mbk@mbk-center.co.th
HOME PAGE	http://www.mbkgroup.co.th
REGISTERED AND PAID-UP CAPITAL	THB 1,886,291,000
TYPE OF SHARE	Ordinary share
NUMBER OF PAID-UP SHARES	188,629,100 shares
PAR VALUE	THB 10 per share
THAILAND SECURITIES DEPOSITORY COMPANY LIMITED	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2229-2800 Fax. 0-2654-5427 E-mail TSDCallCenter@set.or.th Website : www.tsd.co.th

REFERENCE PERSONS

DEBENTURE REGISTRAR

Debentures of MBK Public Company Limited
No. 1/2010 Due 2013 ("MBK 137A")
Debentures of MBK Public Company Limited
No. 1/2011 Due 2016 ("MBK 163A")
Debentures of MBK Public Company Limited
No. 2/2011 Due 2018 ("MBK 188A")
Debentures of MBK Public Company Limited
No. 3/2011 Due 2018 ("MBK 188B")
Debentures of MBK Public Company Limited
No. 2/2012 Due 2022 ("MBK 229A")
Debentures of MBK Public Company Limited
No. 3/2012 Due 2022 ("MBK 229B")
Debentures of MBK Public Company Limited
No. 4/2012 Due 2027 ("MBK 27NA")
Debentures of MBK Public Company Limited
No. 1/2013 Due 2020 ("MBK 207A")
Debentures of MBK Public Company Limited
No. 2/2013 Due 2020 ("MBK 207B")

Bank of Ayudhya Public Company Limited
1222 Rama 3 Road, Bangphongphang, Yan Nawa Bangkok 10120
Tel. 0-2296-2000, 0-2683-1000
Fax. 0-2683-1304
Website : www.krungsri.com

Debentures of MBK Public Company Limited
No. 1/2012 Due 2022 ("MBK 227A")

CIMB Thai Bank Public Company Limited
44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Tel. 0-2638-8000, 0-2626-7000
Fax. 0-2657-3333
Website www.cimbthai.com

AUDITOR

Ms. Ratana Jala, C.P.A (Thailand) No.3734 and/or
Ms. Nonglak Pumnnoi, C.P.A. (Thailand) No.4172 and/or
Mr. Sophon Permsirivallop, C.P.A. (Thailand) No.3182 and/or
Ms. Sumalee Reewarabandith, C.P.A. (Thailand) No.3970
Ernst & Young Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2264-0777
Fax. 0-2264-0789-90
The Audit fee for the year 2013 period ending 31 December 2013
was fixed at THB 1,982,000

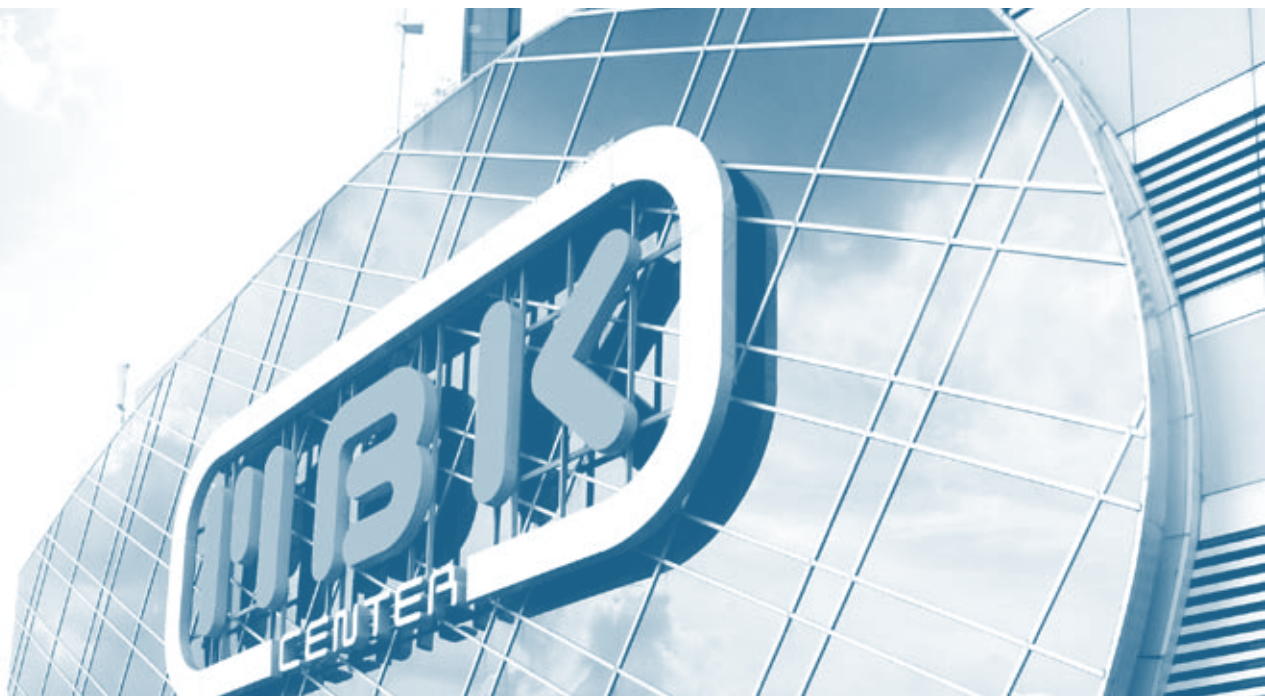
DISCLOSURE OF INFORMATION IN ANNUAL REPORT ACCORDING TO FORM 56-2

SUBJECT	PAGE
1. General Information	236
2. Company's Financial Highlights	1
3. Nature of Business Operations	18
4. Risk Factors	56
5. Shareholding Structure and Management	78
6. Connected Transaction	122
7. Management Discussion and Analysis of the Financial Statement	128
8. Financial statements	144

SUSTAINABLE DEVELOPMENT REPORT 2013



REPORT FRAMEWORK



The sustainable development report of MBK Public Company Limited covers only the operation of MBK Public Company Limited and does not extend to the operation of the subsidiaries, joint businesses and partnerships. The report covers the information from January 1, 2013 to December 31, 2013. The report will be presented in line with the main objectives of the organization in 2013 in the scope of economics, environment and society. The report will present information with transparency and focus on every group of stakeholders. The key topics in this report are as follows:

ECONOMICS : Economic results

ENVIRONMENT : Energy efficiency and biological diversity

SOCIETY : Employment; labor relation; safety and occupational health; training and education; diversity

and equality in opportunities; equal pay among men and women; prohibition of child labor, conscript labor and forced labor; local community; public policy; health and safety of customers

The information in the report was collected from internal departments and outside stakeholders of the company, which include institutions in corporate governance, finance, human resources, occupational safety and environment, public sectors, educational institutions, etc. The information from stakeholders obtained directly through projects and social activities. The sustainable development report is generated and revised so that it is clear and easy to understand so that it can lead to the efficient operation that can achieve the company's goals, visions and missions.

IMPORTANT EVENTS OF THE YEAR

ECONOMIC OPERATION

In 2013 the company and its subsidiaries generated the total revenue of THB 12,836.91 millions or an increase of 42.86% compared to the total revenue from the previous year. The increase in revenue is due mainly to the shopping mall business, and the ability to effectively control and manage cost and expenses of the company and its subsidiaries.

ENVIRONMENTAL OPERATION

ENVIRONMENTAL POLICY AND OPERATION

- **WATER QUALITY MANAGEMENT**

The company has installed the deep shaft wastewater treatment system, which is an activated sludge process that treats sewage by using biological sludge. During the treatment process, staff will record and report the operation of the process. Wastewater samples are sent to a laboratory every month to ensure the quality of water meets the standard specified by laws before releasing it to public waterways. The wastewater treatment process meets the quality control standard for wastewater from building (Type A). Sewage sludge from the treatment, which amounts to approximately 2 tons per week, is sanitarily removed and disposed by a hired contractor.

In addition, treated wastewater will be recycled and used in the cleaning system for the areas around the building and parking lot and in the cooling tower system. Before treated water will be recycled it has to be processed through the sand filter to get rid of suspension and treated by the Chlorine Dioxide Disinfection Process to ensure the quality and safety of the water. Samples of the recycled water used in the cooling tower system will be collected and sent to a laboratory to check for Legionella Bacteria in every four month. Such process is executed to guarantee the safety and quality of air within the building according to the principle of the good corporate governance.

- **MBK ENERGY DAY**

is an activity that aims to promote the awareness of efficient and effective energy use among employees. It is expected that employees will grow accustomed to energy saving routines as well as become more aware and understanding of the energy situation. Such awareness will lead to a strong corporation among employees to save energy.



- **MBK ENERGY DAY**

● ENERGY SAVING AWARENESS CAMPAIGN

Because the manufactured gas plant in Myanmar was closed for maintenance, Thailand faced insufficient power supply between April 5-12, 2013. The company initiated the energy saving awareness campaign called “3-Por Mission” - turning off light, adjusting air-conditioners, and pulling off plugs. The campaign enforced some measures to reduce the use of energy as follows:

1. Increase the temperature of air-conditioners by 1-2 degrees
2. Turn on air ventilation fans only when necessary
3. Set a different on-off time for the air-conditioning system on some parts of the hallway

● “POOMRAK PITAKNAM” WALK RALLY

MBK Public Company Limited, together with Public Relation and Promotion Division, Department of Water Resources, organized the “Poomrak Pitaknam” walk rally as a response to the HM Queen Sirikit’s command to promote awareness of the importance of water resources among people and children on the National River Conservation Day 2013.

● SAVE THE ARCTIC EVENT

MBK Public Company Limited, together with Green Peace, organized “Save the Arctic” event with the objective to promote awareness of environmental protection. The event was held on MBK AVENUE in BC Zone, G Floor, MBK CENTER. The event included interesting activities such as handing out pamphlets about global warming that is the cause of ice melting on the Arctic, making polar bear pins with environmental protection quotes, and performances from students of the environmental network.



● ENERGY SAVING AWARENESS CAMPAIGN



● “POOMRAK PITAKNAM” WALK RALLY



● “POOMRAK PITAKNAM” WALK RALLY



● WALK RALLY TO STOP IVORY AND ELEPHANT PARTS TRADE IN THAILAND



● WALK RALLY TO STOP IVORY AND ELEPHANT PARTS TRADE IN THAILAND



● LONG TAIL FOR LONG LIFE EVENT

● WALK RALLY TO STOP IVORY AND ELEPHANT PARTS TRADE IN THAILAND

MBK Public Company Limited, together with Save Elephant Foundation, organized the “Walk Rally to Stop Ivory and Elephant Parts Trading in Thailand” with the objective to promote awareness against trading of elephant ivory and abusive treatments towards elephants and to promote awareness of the importance of elephant and environmental protection among young people.

● LONG TAIL FOR LONG LIFE EVENT

MBK Public Company Limited, together with Bird Conservation Society of Thailand, organized the “Long Tail for Long Life” event with the objective to contribute to the conversation of the long tail birds that may be extinct from Thailand soon. This event focused on local people and children living near the habitat of the birds in order to make them understand the problem and the current state of the habitat of the birds. The company also donated THB 100,000 to help organizing activities in the event.

SOCIAL OPERATION

With the awareness of the role of the private sector that can support the development of society, MBK Public Company Limited is determined to repay to customers, employees, stakeholders and society in every chance available. In the past year, the company participated in and supported many social activities as follows:



● CHILD DROWNING PREVENTION DAY



● WORLD TB DAY 2013

● CHILD DROWNING PREVENTION DAY

MBK Public Company Limited, together with Department of Disease Control, Ministry of Public Health, organized the “Child Drowning Prevention Day” event, with the objective to educate people about the problem and prevention measures for drowning accidents among children. The activities in the event which included activity booths for kids, drowning-survival demonstration, drowning prevention video contest, and performances from model families of artists and actors.

● WORLD TB DAY 2013

MBK Public Company Limited, together with Raks Thai Foundation, Sanitation Department, The Bangkok Metropolitan Administration, and Department of Disease Control, Ministry of Public Health, organized the “World TB Day 2013” event with the objective to promote the awareness of TB. In the event there were booths to educate people about TB, free health check-up, stage performances and mini concerts. In the event Fisho and Select Tuna products worth THB 50,000 were also given to Thai Red Cross Society to help TB patients.

● CARTOON FESTIVAL

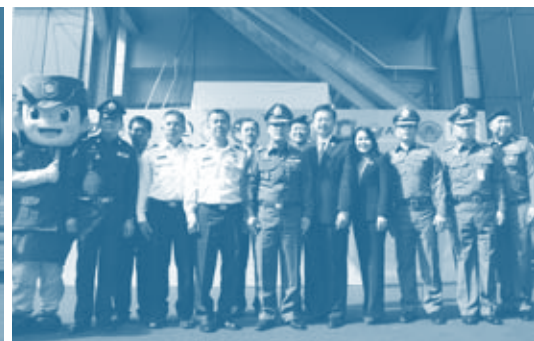
MBK Public Company Limited, together with Culture, Sports and Tourism Department, organized the “**Cartoon Festival**” with the objective to use cartoon characters to promote awareness of the importance of reading and learning as well as creativity, which also corresponded with Bangkok Read for Life campaign. The activities in the event included Cosplay contest, cartoon drawing contest, puppet performance from book, drawing and narrating activity, cartoon conversation, reading promotion games and workshops about cartoon.

● ERADICATION OF MISTREATMENT AGAINST TOURISTS THAT AFFECT THE IMAGE AND TOURISM INDUSTRY EVENT

MBK Public Company Limited, together with Central Investigation Bureau, Royal Thai Police, organized the event “**Eradication of Mistreatment against Tourists that Affect the Image and Tourism Industry**” with the objective to eliminate the mistreatment against tourists that may affect the image of the country and tourism industry. One of the major mistreatments is to lure tourists into buying poor-quality jewelry with high prices, or paying for expensive suit tailoring as well as stealing from foreign tourists on non-regular route carriers.



● CARTOON FESTIVAL



● ERADICATION OF MISTREATMENT AGAINST TOURISTS THAT AFFECT THE IMAGE AND TOURISM INDUSTRY EVENT

- **“SAFE SONGKRAN, CAREFUL BEHAVIORS, REDUCE ACCIDENTS” EVENT**

MBK Public Company Limited, together with Community Affairs and Community Services Division, Department of Probation, organized the event “Safe Songkran, Careful Behaviors, Reduce Accidents” with the objective to promote awareness about road safety during Songkran festival, which is one of the policies from the government. In the event there were performances from many famous artists and actors.

- **“CU FINDS NEW HOMES FOR STRAY CATS” EVENT**

MBK Public Company Limited, together with Property Division, Chulalongkorn University, organized the “CU Finds New Homes for Stray Cats” with the objective to find new homes for stray cats. This project can help reduce the number of stray cats. The event hoped to convey the message to cat lovers to be aware of this problem and adopt those stray cats. In the events there were interesting activities such as fashion shows, cheerleading with cats, cat talk with artists, adopting cats, and performances from CU Band.



● “SAFE SONGKRAN, CAREFUL BEHAVIORS, REDUCE ACCIDENTS” EVENT



● “CU FINDS NEW HOMES FOR STRAY CATS” EVENT



● “VOLUNTEERING FOR MOMS” ACTIVITY



● MBK RALLY CHARITY TOUR

● “VOLUNTEERING FOR MOMS” ACTIVITY

The company organized this activity to dedicate the merit to To Celebrate Her Majesty Queen Sirikit’s 81st Birthday Anniversary (National Mother’s Day). The activity aimed to encourage the company’s employees to volunteer in public works for underprivileged people in society and participating in voluntary activities and donations for poor and young patients at Queen Sirikit National Institute of Child Health.

● MBK RALLY CHARITY TOUR

The company organized a family rally together with shop owners in MBK Center with the objective to strengthen the relationship between the company and the shop owners as well as to help under privileged people. The rally also gave an opportunity for the participants to make a donation to Ban Pong Yae School, Cha-um, Petchburi Province.

LABOR OPERATION

As the company continues to expand, it is important to select and recruit knowledgeable and efficient personnel to join the company. There is also a workforce planning that will be in accordance with the business growth. The planning is also consistently reviewed to ensure that it is suitable for the real demand.



OCCUPATIONAL HEALTH, SAFETY, AND ENVIRONMENT POLICY

The company realized the importance and necessity of occupational health and safety system that needs to be implemented along with the business operation in order to ensure safety of employees and all relevant personnel and prevent occupational accidents and diseases. As a result, the company has stipulated the occupational health, safety and environment policy that will be adopted by all departments. The details of the policy are as follows:

1. The company gives the first priority to the occupational safety of employees in all levels and ensures that every employee follows the rules to ensure the safety of themselves and other people.
2. The company aims to operate a legal business that complies with the occupational health and safety regulations.
3. The company provides trainings about occupational health and safety to promote awareness of this issue among employees and all stakeholders.
4. The company gives financial support and resources such as human resources, tools, prevention tools and others to ensure the maintenance of good health and to prevent occupational accidents and diseases for every employee.
5. The company follows and revises the implementation of occupational health and safety policy so that it can be consistently improved and developed.

In addition to the effective implementation of occupational health, safety, and environment policy, the company also appointed the Occupational Health, Safety and Environment Committee by selecting the committee members from the management level and electing members from the operation level. The committee will review policies and plans in regards to occupational safety and general safety with the aim to prevent and reduce accidents and illnesses from working for employers.



● “FIRST AID AND CPR TRAINING”



● “FIRE PREVENTION AND CONTROL TRAINING”

In 2013 the company provided trainings about occupational health and safety to employees and related parties so that they could be more educated about safety that can prevent occupational accidents and illnesses. The training courses are as follows:

- “First Aid and CPR Training” for employees to learn and understand about correct first aid procedures.
- “Personal Hygiene Training” for employees to learn and be aware about sanitation and hygiene related to their works.
- “Prevention of Disaster and Danger from Explosives Training” for employees to learn about and understand different types of explosives, danger from explosives that can cause losses in lives and assets, and the prevention, inspection, search and the basic ways to dispose explosives.

● “Fire Prevention and Control Training” for employees to learn about and understand dangers from fire as well as how to prevent and control fire. No less than 40% of employees needed to be able to use fire extinguishers and fire drill must be done at least once a year.

In addition, the company recruited a team of doctors from a top hospital to provide the annual health check-up for employees of all levels to ensure their good occupational health.

HUMAN RIGHTS MANAGEMENT

The company respects the human rights of all employees and treats every employee with fairness. Laws concerning human rights and recruitment are strictly followed. There is a clear recruitment policy. At the same time, the company follows the policy of the fund for empowerment of person with disabilities and corporates with public sectors, educational institutes and foundations for people with disabilities in recruiting people with disabilities.

RETURNS AND FRINGE BENEFITS MANAGEMENT



The company has a policy to offer many forms of payments and returns to employees according to their performances and abilities such as salary raise, bonus, financial rewards or commission fee. The company's remuneration policy is in line with the company's goal to focus on the performance in order to motivate employees to perform well and achieve the company's goals. The company implements the principles of BSC (Balance Scorecard) and KPI (Key Performance Index) as a tool to consistently manage the remunerations and evaluate the behaviors of employees according to their core and functional competencies. This is to ensure that employees realize the importance of customers' demands and are determined to provide services for utter satisfaction of customers.

The implementation of remuneration policy is an important step to the suitable remuneration for employees according to their performances and behaviors. Remunerations suitable with performances are the key factor of a strong commitment of employees with their organization.

On July 1, 1992, the company established the provident fund for MBK Group employees through Thananchart Fund Management Company Limited. In 2013, the company's contribution to the fund in the rate of 5-10% totals THB 17,657,431.32. There is a total of 404 fund members out of 501 employees and management staff.

In addition, the company formed the Fringe Benefits in Workplace Committee by selecting representatives from employees to be a part of the committee that will be responsible for ensuring the efficiency of the company's fringe benefit management. Fringe benefit management should ensure fair and equal benefits to all employees and their families. The committee will also ensure that employees receive the benefits that are higher than the minimum standard. The benefits include medical costs for employees and families, employee uniforms, funding in case of death, provident fund, funding for public utilities, tuition fees for employees' children, life insurance, health and accident insurance, annual scholarships for employees in the undergraduate and postgraduate levels to support the development of employees. The available fringe benefits are provided to all employees equally and fairly without gender, ethnic, age and religious discrimination.

Personnel Development

PERSONNEL DEVELOPMENT

EMPLOYEE DEVELOPMENT AND TRAINING POLICY

The company has a clear policy in regards to the development of employees' competencies so that they can achieve their full potential in their performance. Moreover, there is a policy to support the promotion and progress of employees in their line of work. Therefore, there is a complete process and planning for employee trainings and developments for every unit and department. Human Resources Department is responsible for analyzing the demands and necessities of trainings for different sections within the company. Part of the analysis is on the responsibility of each position. Because different positions have different responsibilities, the analysis will have to be based on functional competency which includes skills, knowledge, and qualities of employees. Every employee will go through the process of competency assessment twice a year so that there can be a suitable and individual planning for every position and work. Employee development and training is provided to employees of all level. The trainings also include the preparation of new employees and newly promoted employees to ensure that they can use their full capacities in their work and in providing good services to both internal and external customers. In addition, the knowledge and skills that employees learn from the training can be utilized in the future and even after retirement.

The company provides annual trainings for developments in each line of work. The training courses are available in both lecture-based and workshop formats. In addition, the company supports the coaching culture with a systematic and clear framework. The company provides flexibility for supervisors to adjust themselves to the new employees and situations so that both supervisors and employees can work together effectively.

In 2013 Human Resources Department provided in-house trainings and public trainings for employees in the total of 364 courses or an average of 38 courses per month (the total of 461 courses throughout the year). The trainings cover the needs of employees in every field and aim to help employees to perform effectively, efficiently and consistently with the objectives of the company that aim to provide satisfactory and impressive services to all customers. The company organized activities to help employees according to the company's policy as follows:

- The "9th MBK Fun Karaoke" activity to build a strong relationship between employees and encourage employees to show their creativity



● "9TH MBK FUN KARAOKE"



● CHILD DROWNING PREVENTION DRY

- Different courses of training to educate and develop competencies and positive attitudes for all levels of employees – the available trainings include MBK Service Standard Course, Knowledge Management Course, ISO 9001:2008 Course, Building MBK Culture: SMOOTH© Course, Competency-Based Management Course, Social Security Course and Open Office Software Course
- Trainings for employees in the management level in the topics such as Rope Course, principles of good corporate governance, BSC: Strategy for Management, Connected Transactions and Assets Acquisition Transactions, Presentation Skill for Manager, Public Interview Skills, and Internal Quality Audit
- Budget allocations for different employee clubs as follows:
 1. Football Club to encourage employees to keep good health and to strengthen the relationship among employees of the company and the subsidiaries which will have a positive influence on their operation
 2. Health Club to encourage employees to use their free time exercising which will not only benefit in their good health but also better performance at work
 3. Fulfillment Club to encourage employees to spend their free time helping underprivileged people in society
 4. Book Club to encourage employees to spend their free time reading and learning, which will not only expand their knowledge but will also improve their brain function, concentration, and memorization
 5. Travel and Photo Club to be the center of employees who like photography and travel to come together and exchange their experience and knowledge that will improve their photography skill
 6. Music Club to be the center of employees who have musical abilities to come together and share their knowledge and experience about music as well as engage in the activities within the organization
 7. We Love Movie Club to support employees who love films and cinema to come together and share their knowledge about movies, which will also cultivate good friendship among employees in the organization

Investor may additionally obtain the information of the issuing company from its annual filing (Form 56-1) showing in www.set.or.th or in the website of MBK Public Company Limited www.mbkgroup.co.th



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MBK PUBLIC COMPANY LIMITED

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