

# ANNUAL REPORT 2010

รายงานประจำปี 2553



บริษัท สยามฟิวเจอร์ดีเวลอปเม้นท์ จำกัด (มหาชน)  
SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED



Unlike other developers, Siam Future Development creates a place for people and, then, for commerce.

**MEGA**  
BANGNA

# REDEFINING SHOPPING IN SOUTH EAST ASIA

SOUTH EAST ASIA'S FIRST LOW-RISE REGIONAL MALL  
TWO LEVELS OF RETAIL  
GROUND FLOOR PARKING  
8,000 CARS, 2,200 MOTORCYCLES  
LAND AREA : 254 RAI  
400,000 GROSS BUILDING AREA  
180,000 NETT LETTABLE AREA  
CURRENTLY 320,000 PASSENGER CARS PASS THE MEGABANGNA SITE DAILY

## IKEA THE FIRST STORE IN THAILAND

THE LARGEST IKEA STORE IN SOUTH EAST ASIA

35% ADDITIONAL FOOTFALL FOR MEGA BANGNA

SIMPLE, EASY, CONVENIENT

400 TENANTS  
2 LEVELS

8,000 CARPARKING SPACES  
1 LEVEL

40 MILLION SHOPPERS ANNUALLY

4,000 CARS PER HOUR

IKEA PROVEN TO ATTRACT CUSTOMERS UP TO A TWO-HOUR COMMUTE TIME THEREFORE WILL INCLUDE UPCOUNTRY RESIDENTS AND AFFLUENT CONSUMERS FROM INDO-CHINA'S MAJOR METROPOLIS

ONLY 6 KM FROM SUVARNABHUMI AIRPORT WITH ALL MAJOR BUS ROUTES STOPPING AT SITE.

MEGA SHUTTLE BUSES WILL TRANSPORT PASSENGERS FROM THE NEAREST BTS STATION (ON-NUT) AND THE AIRPORT LINK STATION



NO.1

GLOBAL HOME-FURNISHING RETAILER



completion November 2011



completion Q1, 2012



MEGA  
BANGNA

## GREAT ACCESSIBILITY & VISIBILITY

1 KM OF ROAD FRONTAGE

70 METER TOWER SIGN DERMARCATING THE SITE. VISIBLE FROM 10 KILOMETERS





**SIAM FUTURE DEVELOPMENT PUBLIC CO., LTD.**

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## Message from the Board of Directors

In 2010, the Company has changed accounting policy according to accounting standard no. 40 re investment property to comply with the accounting standard stipulated by the Federation of Accounting Professions. Based on such accounting standard, property owned by the Company for a purpose of rental income is required to be presented based on fair value appraised by independent appraiser to reflect actual market condition. Such fair value will be calculated from projected cash flow throughout rental period and discounted to present value. As a result of such fair value appraisal, the Company earned additional profit of THB 285 million in year 2010 and was required to adjust gain from fair value appraisal totaling THB 519 million into the beginning balance of retained earnings for 2010 in order for the financial statements to reflect actual value of investment property pursuant to the accounting standard no. 40.

On 29<sup>th</sup> December 2010, the Company sold the 30-year leasehold rights in Suzuki Avenue Ratchayothin Shopping Center, a 50:50 joint venture between the Company and Major Cineplex Group Public Company Limited, to the Major Cineplex Lifestyle Leasehold Property Fund (MJLF) with a total value of THB 960 million. Net profit after tax from the disposal amounted to THB 291 million whereas the Company has realized total gain of THB 145 million (according to a 50% proportion held by the Company).

As a result of two transactions as aforementioned, the Company's revenue from rental and service as well as net income grew sharply from those in year 2009. The Company's rental and service income in year 2010 grew by THB 573 million or 37% from 2009 to THB 2,137 million while this year's net income rose by THB 334 million or 183% to THB 517 million. Such increase in income was mainly due to gain from sale of the leasehold rights in Suzuki Avenue Ratchayotin Shopping Center to the property fund of THB 145 million and gain from adjustment of fair value of investment property totaling THB 285 million as explained earlier.

The Company's total assets grew by THB 1,880 million or 22% from year 2009 to THB 10,484 million attributable to the increase from adjustment of fair value of investment property. Shareholders' equity of the parent company increased by THB 934 million or 35% as a result of the adjustment of fair value into the year 2010 beginning balance of retained earnings in the amount of THB 519 million and year 2010 net income in the amount of THB 517 million.

A joint venture with IKEA, a world-class furniture company from Sweden, in May 2009 was intended to develop a mega shopping center under the name of Mega Bangna project on the area of more than 250 rai on Bangna-Trad km 8 Road. With total investment of THB 10,000 million, the construction commenced in year 2010 and is expected to complete in mid 2012. Apart from IKEA furniture store, with a total rental space of 200,000 sq.m. there will be a variety of outlets including flagship lessees, e.g. Home Pro, Major Cineplex, Big-C, Robinson, etc. IKEA store will be the first to launch in November 2011 with total space of 40,000 sq.m. Other lessees plan to have a full opening around May 2012.

In 2010 Thailand faced with political instability which remained a major difficulty for the country. The Company therefore needed to delay the expansion. Investment in new project will focus on expansion of the next phase after Phase 1 for Nawamin City Avenue Phase 2 on Kaset-Nawamin Road in the area of approximately 10,000 sq.m.

In order to achieve sustainable revenue and avoid any difficulty during this economic instability, the Company emphasizes on continuous improvement of the existing projects to maintain the existing target customers. The development of new shopping centers will be carefully considered for the benefit of all stakeholders of the Company, and will focus on total quality management. As such, the Company will be able to develop shopping centers with stability, thereby incurring positive profit and sustainable return to the Company's shareholders in a long run. The Board of Directors continues to act upon the principles of good corporate governance, professional management with ethical and governance transparency of business operation.

Lastly, the Board of Directors would like to convey a sincere appreciation to supporters, shareholders, suppliers, customers, financial institutions, financial advisors and all employees for their continuous trust and support in the past and going forward. Accomplishment the Company has made is a result of dedication, commitment and cooperation to perform the duties at their best capability from all groups of business alliances of the Company.

(Mr. Chairap Jantarapapa)

Chairman



## Audit Committee Report

The Audit Committee of Siam Future Development Public Company Limited consists of:

- |                            |                                 |
|----------------------------|---------------------------------|
| 1. Mrs. Nantiya Montriwat  | Chairman of the Audit Committee |
| 2. Mr. Dusit Nontanakorn   | Member of the Audit Committee   |
| 3. Mrs. Sabathip Soontaros | Member of the Audit Committee   |

In year 2010, the Audit Committee has convened 4 meetings according to the quarterly review of financial statements by the auditor of the Company. This year, the Company has adopted 2 newly issued accounting standards a year earlier than the required effective date by the Federation of Accounting Professions. Such accounting standards comprise 1) accounting standard no. 40 re investment property which requires the Company to present the fair value of property owned by the Company for a purpose of rental income based on an appraisal value of independent appraiser, and 2) accounting standard no. 19 re employee benefits to reserve for contingent liabilities to employees which may be incurred from severance pay based on actuary estimates according to the accounting standard stipulated by the Federation of Accounting Professions pursuant to international accounting standard.

Additionally, on 29 December 2010 the Company had sold leasehold rights in Suzuki Avenue Ratchayothin project to Major Cineplex Lifestyle Leasehold Property Fund. Transfer process has been made in compliance with the approval from the Company's Board of Directors as well as the disclosure according to the Stock Exchange of Thailand. As a result, the Company's net income drastically rose from that in year 2009.

Therefore, the areas in which the Audit Committee has emphasized that the Company must strictly and seriously comply with include compliance with related accounting standards, transparent business operation according to the Company's code of conduct, compliance with related laws and regulations, ensuring that there is no conflict of interest, review of the financial statements as well as proposing the appointment of the Company's auditor. In addition, the Audit Committee has continued to perform its tasks in other areas as usual.

The Audit Committee has considered and is of the opinion that the Company's internal control system is sufficient and suitable for the Company's business according to the principles of good corporate governance and no material failure was found. The Company's financial statements were prepared in conformity with generally accepted accounting principles and the information disclosure is complete and sufficient.

The Audit Committee has considered and agreed to appoint Mr. Boonlert Kamolchanokkul, C.P.A number 5339, Mr. Chanchai Chaiprasit, C.P.A. number 3760, and Mr. Pisit Thangtanagul, C.P.A. number 4095, under the name of PricewaterhouseCoopers ABAS Company Limited as the Company's auditor and to have one of these persons conduct the audit and provide opinion on the year 2011 financial statements of the Company.

(Mrs. Nantiya Montriwat)

Chairman of the Audit Committee

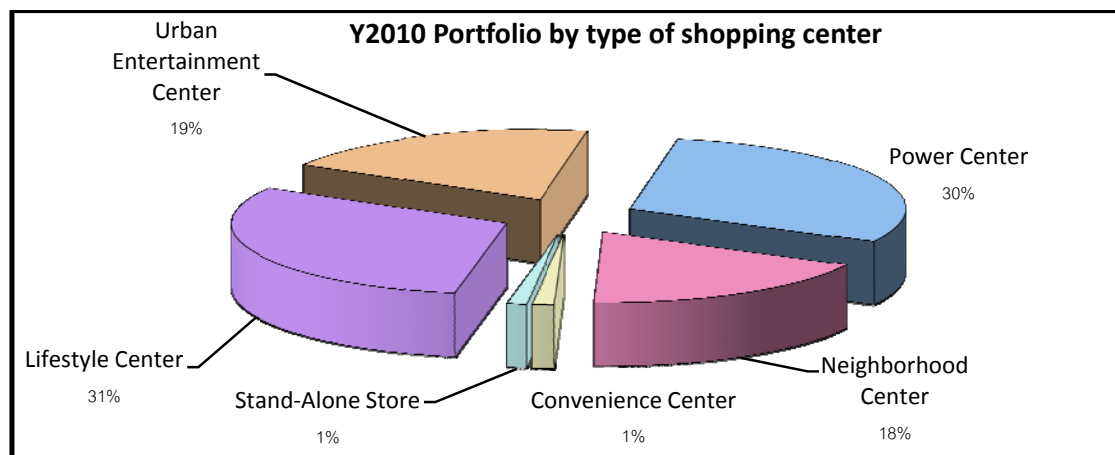


## General Information

Siam Future Development Public Company Limited “Company” was incorporated on August 29, 1994 by Mr. Pongkit Suttapong and Mr. Nopporn Witoonchart with 10 Million Baht registered capital to run the business in open-air shopping center development and management.

Presently the company owns altogether 29 operating projects excluding the leasable area of short-term lease of Suzuki Avenue Ratchayothin which sold the 30-year leasehold rights to the Major Cineplex Lifestyle Leasehold Property Fund (MJLF) in the amount of THB 960 million in December 2010. **Currently Total gross leasable area is 224,120 sq.m. as follows:**

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	8	Bangbon, Pracha-Utis, Sukhapiban 3, Sukhumvit 71 (Klong Ton), Thonglor, and Thungmahamek, Piyarom Place (Soi Sukhumvit 101/1), Market Place Nawamin
Convenience shopping center	4	Ramindra Km.2, Wanghin, Ladprao Soi 120, Wanghin (Lotus Express)
Stand-alone retail store	7	Ratchadaphisek – Huay Khwang, Ratchadaphisek-Rama3, Sathorn, Bangkae, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	3	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center, Ekkamai Power Center
Lifestyle Center	6	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin, The Avenue Pattaya, Major Avenue Ratchayothin, and Nawamin City Avenue
Urban Entertainment Center	1	Esplanade Ratchadapisek





Additionally, we have 2 under construction projects which planned to be opened within the 2<sup>nd</sup> quarter of 2011, one lifestyle centers: Nawamin City Avenue (Phase II) and Mega Bangna Project, join venture with IKEA, which IKEA store planned to be opened in November, 2011 and shopping center target to open in May, 2012.

The Company earns its income from 4 groups of major services:

1. Income from the project rental.
2. Income from the project management services and common area maintenance (CAM).
3. Revenue from finance lease contracts <sup>1</sup>
4. Income from public utilities services consisting of electricity bills, water supply and telephone bills.

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<sup>1</sup> additional details concerning accounting policy on long-term lease can be found in item 2.10 of the notes to financial statements on page 62

**Company Profile**

Siam Future Development Public Company Limited

Registration No. : 0107545000187

Registration Date: August 13, 2002

Address: Esplanade Ratchadapisek 99 Ratchadapisek Road, Din Dang  
Bangkok, Thailand 10400.

Tel.: 0-2660-9000 Fax: 0-2660-9010, 0-2660-9020, 0-2660-9030

Website: <http://www.siamfuture.com>

Registered Capital: 1,047.09 Million Baht with 1,047.09 Million ordinary shares, par value of Baht 1 each.

Issued and Paid-up Capital: 1,030.41 Million Baht with 1,030.41 Million ordinary shares, par value of Baht 1 each.

**Vision**

Unlike other developers, Siam Future Development creates a place for people and then for commerce. We aim to be number one mid size mall developer in Thailand.

**Membership of International Organization**

Member of International Council of Shopping Center (ICSC)

**Awards**

- **J Avenue Thonglo 15** won *The Innovative Design and Development of a New Project* from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006.
- **Major Avenue Ratchayothin** won *The Green Architecture Awards 2009* from The Association of Siamese Architects under Royal Patronage selected by Academic committee, Building Technology and Environment.

**Other Reference Persons**

<p><b>1.     <u>Securities Registrar:</u></b></p> <p>Thailand Securities Depository Company Limited 2/1 Moo4, 2<sup>nd</sup> Floor Capital Market Institute Building (North Park) Viphavadee Rangsit Road, Thung Song Hong, Lak see, Bangkok, Thailand 10210 Tel : 0-2596-9000 Fax: 0-2832-4995-6</p>	<p><b>2.     <u>External Auditors:</u></b></p> <p>Mr. Kajornkiet Aroonpirodkul, Certified Public Accountant No. 3445 PricewaterhouseCoopers ABAS Limited 15<sup>th</sup> Floor Bangkok City Tower 179/74-80 south Sathorn Road, Bangkok , Thailand 10120 Tel : 0-2344-1000, 0-2286-9999 Fax: 0-2286-5050</p>
<p><b>3.     <u>Bond Registrar:</u></b></p> <p>TMB Bank Public Company Limited 393 TMB Bank Public Company Limited, Silom Soi 7 Bangrak, Bangkok, Thailand 10500 Tel : 0-2230-6295 Fax : 0-2230-6093</p>	<p>Kasikornthai Bank Public Company Limited 11<sup>th</sup> Floor, Phahonyothin Office 400/22 Phahonyothin Road, Samsen nai, Phayatai, Bangkok, Thailand 10400 Tel : 0-2470-1994 Fax : 0-2470-1998</p>



## Major Accomplishments of the Company

<b>1994</b>	◆ Siam Future Development Public Company Limited was established with a purpose to conduct an open-air shopping center development and management services.
<b>1995</b>	◆ The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant.
<b>1996</b>	◆ The 2 <sup>nd</sup> and 3 <sup>rd</sup> neighborhood shopping centers were opened in as the Pracha Uthit and Sukhapiban 3 with JUSCO and Tops Supermarket anchor tenants, respectively.
<b>1997</b>	◆ Registered capital was increased to Baht 20 million. ◆ The 4 <sup>th</sup> neighborhood shopping center was opened on Sukhumvit 71 with JUSCO as the anchor tenant.
<b>2000</b>	◆ 14 branches of B-Quik were opened in Bang Bon, Pracha Uthit, Sukhapiban3, Sukhumvit71, Ramindra K.M. 2, Wang Hin, Ratchadaphisek-Huay Kwang, Ratchadaphisek, Rama III, Sathorn, Pattanakarn, Bang Kae, Phaholyothin K.M. 27, Meng Jai and Tapra.
<b>2002</b>	◆ The Company's status was transformed to a public company and the registered capital increased to Baht 150 million, Baht 71 million of which being paid-up capital at par value of Baht 1 per share ◆ The Company was listed on the MAI on 17 December 2002.
<b>2003</b>	◆ The 5 <sup>th</sup> and 6 <sup>th</sup> neighborhood shopping centers were opened in Thong Lo and Thung Mahamek with Tops Supermarket as the anchor tenant. ◆ Registered capital was increased to Baht 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding. ◆ The Company was granted an approval from the SET to transfer its listing from the MAI to the SET on 12 December 2003 and became effective on 1 January 2004
<b>2004</b>	◆ Acquired The Family Center Chaeng Watthana and Piyarom Park ◆ Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, the 1 <sup>st</sup> Power Center, and J Avenue Thonglor 15, the 1 <sup>st</sup> Lifestyle Center were opened.
<b>2005</b>	◆ Issued the Baht 1 Billion 5-year Debenture with Credit rating of BBB+ ◆ Wanghin Lotus Express was opened. ◆ Petchkasem Power Center and Ekkamai Power Center were opened.
<b>2006</b>	◆ Raising Registered Capital to Baht 533.95 million by Right Offering to Existing Shareholders at the ratio of 5 current shares to 1 newly issued share. ◆ 2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened. ◆ Esplanade Ratchadapisek, an urban entertainment center, was opened.
<b>2007</b>	◆ The Avenue Pattaya, a lifestyle center, and Kao Yai Market Village, a Power Center, were opened. ◆ Issued the Baht 940 Million 3-year Debenture with Credit Rating of BBB+
<b>2008</b>	◆ One neighborhood center named Market Place Nawamin and one lifestyle center named Major Avenue Ratchayothin were opened.
<b>2009</b>	◆ Raising Registered Capital to Baht 1,047.09 million by Right Offering to Existing Shareholders at the ratio of 1 current share to 1 newly issued share for investing in Mega Bangna Project, joint venture with IKEA ◆ Nawamin City Avenue Lifestyle center was opened. ◆ Issued the Baht 500 million 3.5-year Debenture with Credit rating of BBB+
<b>2010</b>	◆ Issued the Baht 1,200 million Debenture with Credit rating of BBB ◆ Disposal of Leasehold of Suzuki Avenue Ratchayothin to MJLF



## Financial Highlights

### Siam Future Development Public Company Limited

For the fiscal year ended 31 December

Million Baht	Year 2009	Year 2010	Change in Year 2010-2009
Total Assets	8,604.30	10,484.54	21.9%
Total Liabilities	5,655.10	6,215.13	9.9%
Registered Capital	1,047.09	1,047.09	0.00%
Shareholders' Equity	2,949.20	4,269.41	44.8%
Total Revenues	1,564.71	2,137.90	36.6%
Net Profit	182.99	517.64	182.9%
Book Value per share (Baht) <sup>3</sup>	2.56	3.46	
Dividend per share (Baht)	0.12	0.15 <sup>1</sup>	
Net Profit Margin	11.69%	24.21%	
Return on Equity (ROE)	7.26%	14.32%	
Return on Assets (ROA)	2.35%	5.42%	
Interest Bearing Debt to Equity Ratio	1.14	0.53	
Gross Leasable Area (sq.m.)	235,229	224,120 <sup>2</sup>	-4.7%

#### Note

1 Dividend per share to be presented to the shareholders' meeting for approval

2 Gross Leasable Area decreased because of the disposal of short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF)

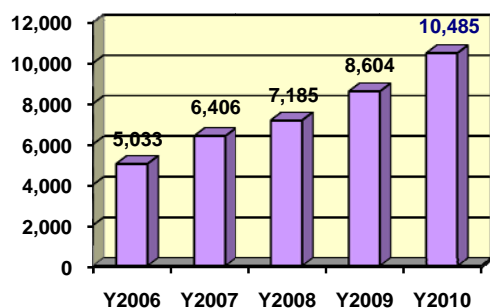
3 Book Value per share means Total parent's shareholders' equity divided by Number of ordinary shares.

\* The Company started to adopt accounting standard no. 40 re investment property using fair value instead of cost method. Therefore, financial status and operating performance significant rose from the year 2009.



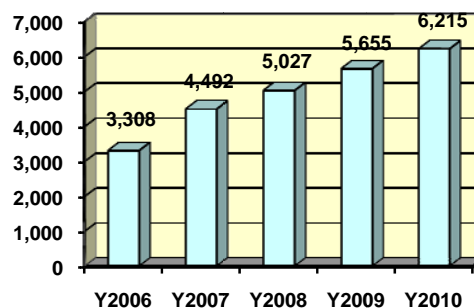
### Total Assets

Million Baht



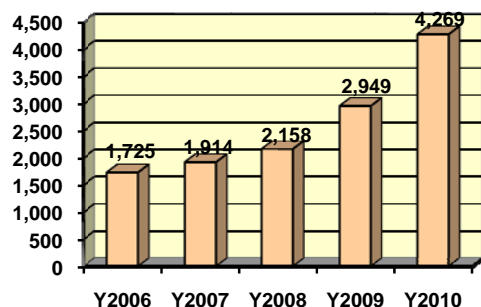
### Total Liabilities

Million Baht



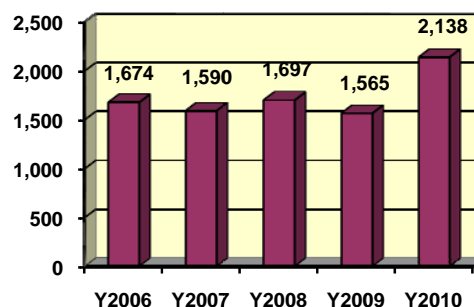
### Shareholders' Equity

Million Baht



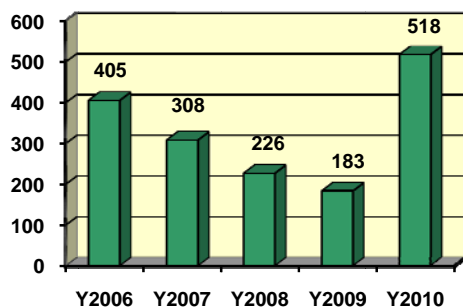
### Total Revenues

Million Baht



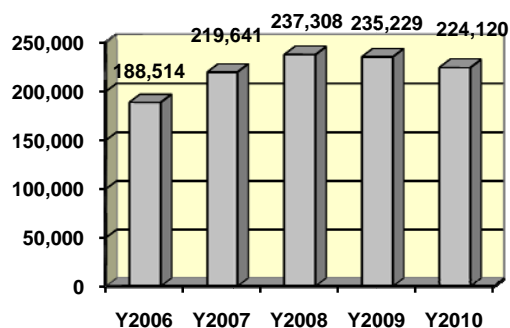
### Net Profit

Million Baht



### Gross Leasable Area

Sq.m.



#### Note

\* The Company started to adopt accounting standard no. 40 re investment property using fair value instead of cost method. Therefore, financial status and operating performance significant rose from the year 2009.



## Explanation and Analysis on the Financial Status and Operating Performance

In the second quarter of year 2006, the Company realized revenue from long-term lease as financial lease. Previously, the Company treated the revenue from long-term lease as operating lease. Therefore, the Company realized revenue from those long-term lease agreements as if it recognizes revenue from the sale of such space. The revenues from financial lease realized on the date the Company hands over rental space to customers are the leasehold right fee and the present value of monthly rental for a whole agreement period while cost of financial lease is land usage fee and the construction cost of the project.

(Additional details concerning accounting policy on long-term lease can be found in item 2.10 of the notes to financial statements on page 62).

In the beginning of 2010, the Company started to adopt accounting standard no. 40 re investment property using fair value instead of cost method. Based on such accounting standard, property owned by the Company for a purpose of rental income is required to be presented based on fair value appraised by independent appraiser to reflect actual market condition. Such fair value will be calculated from projected cash flow throughout rental period and discounted to present value. According to fair value method, the Company is required to appraise fair value of investment property, i.e. all shopping center projects, and compare with book value as at the beginning of the year. An effect of the change in accounting policy will be realized in the shareholders' equity while the change in fair value in each accounting period will be realized in the profit and loss statements. As a result of such fair value appraisal, the Company earned additional profit of THB 285 million in year 2010 and was required to adjust gain from fair value appraisal totaling THB 519 million into the beginning balance of retained earnings for 2010 in order for the financial statements to reflect actual value of investment property pursuant to the accounting standard no. 40.

Changes in the Company's financial statements as a result of accounting record according to fair value are as follows:

1. Assets Investment property based on fair value appraised by independent appraiser instead of book value of land, building and equipment to reflect actual market condition
2. Liabilities Increase in financial lease incurred from land rental throughout the leasing period
3. Shareholders' equity Adjust in difference between fair value and book value in the beginning balance of retained earnings
4. Profit & loss statements Realization of a change in fair value in each accounting period for revenue side and no depreciation expense, amortization expense and land rental expense for expense side

(Additional details regarding accounting policy for investment property can be found in the notes to consolidated and separate financial statements item 2.9 page 62.)



On 29<sup>th</sup> December 2010, the Company sold the 30-year leasehold rights in Suzuki Avenue Ratchayothin Shopping Center, a 50:50 joint venture between the Company and Major Cineplex Group Public Company Limited, to the Major Cineplex Lifestyle Leasehold Property Fund (MJLF) with a total value of THB 960 million. Net profit after tax from the disposal amounted to THB 291 million whereas the Company has realized total gain of THB 145 million (according to a 50% proportion held by the Company).

(Additional details regarding Assets held for sale can be found in the notes to consolidated and separate financial statements item 9 page 69.)

### **Financial Status**

#### **Total Assets**

As at 31 December 2010 the Company's total assets stood at THB 10,484.54 million or a growth of 22% or THB 1,880.24 million from those in 2009. Such growth in the Company's total assets resulted from the realization of investment property based on fair value.

The Company's net income for the year 2010 amounted to THB 517.64 million or an increase of 183% from that for the year 2009 attributable to the accounting policy for investment property as well as sale of leasehold rights in Suzuki Avenue Ratchayothin project to Major Cineplex Lifestyle Leasehold Property Fund (MJLF) for a period of 30 years. Accordingly, return on equity (ROE) increased from 7.26% to 14.32% while return on assets (ROA) increased from 2.35% to 5.42%.

#### **Total Liabilities**

As at 31 December 2010 the Company's total liabilities rose by THB 560.03 million or 10% from those in 2009 to THB 6,215.13 million due to additional realization of financial lease for land rental by THB 1,262.96 million which is the rental throughout leasing period as a result of the accounting policy regarding investment property.

For the year 2010, the Company's debt to equity ratio and interest bearing debt to equity ratio stood at 1.46 and 0.53, respectively, which declined from year 2009 attributable to a decrease in the Company's borrowings by THB 1,093.80 million incurred from redemption of debentures upon maturity and loan repayment of Suzuki Avenue Ratchayothin project. The Company is required to maintain its interest bearing debt to equity ratio by not greater than 1.50 as at the end of accounting period in each year pursuant to the terms and conditions of the debentures.



### Shareholders' Equity

Shareholders' equity of the Company increased by THB 1,320.21 million or 45% from 2009 to THB 4,269.41 million as a result of the adjustment of gain from fair value appraisal totaling THB 519 million into the beginning balance of retained earnings for 2010 in order for the financial statements to reflect actual value of investment property pursuant to the accounting standard no. 40 incurred from the difference between fair value and book value, as well as from net income for the year 2010 of THB 517.64 million.

### Operating Performance

For the year 2010 for the period ended 31 December 2010, the Company's total revenues grew by THB 573.19 million or 37% from the same period of the previous year to THB 2,137.90 million. Such figure consisted of rental and service income of THB 1,295.98 million, or the increase of THB 72.99 million from the same period of the previous year as a result of rental and service income from the project opened during mid 2009, i.e. Nawamin City Avenue project. It also comprised income from financial lease of THB 684.16 million, or the growth of THB 496.64 million from the same period of the previous year due to the transfer of leasehold rights in Suzuki Avenue Ratchayothin project into Major Cineplex Lifestyle Leasehold Property Fund (MJLF) for a period of 30 years. Additionally, the Company realized gain on fair value adjustment on investment property of THB 83.18 million as a result of the accounting policy regarding investment property.

The Company's cost of rental and service declined by THB 331.27 million or 39% from the same period of the previous year to THB 510.18 million due to no depreciation and amortization expenses as well as land rental expenses and cost of financial lease of THB 274.78 million incurred from the transferred of leasehold rights in Suzuki Avenue Ratchayothin project into Major Cineplex Lifestyle Leasehold Property Fund (MJLF). Therefore, the Company's earnings before financial cost and tax (EBIT) rose by THB 749.44 million from the same period of the previous year to THB 1,160.45 million. The Company's interest expenses decreased by THB 4.66 million or 3% from the same period of the previous year to THB 150.17 million according to the decrease in borrowings. Net income grew by THB 334.65 million or 183% from the same period of the previous year to THB 517.64 million.

For the year 2010, the Company's Current ratio rose from 2009 to 1.30 attributable to the decline in current liabilities by THB 1,609.45 million as a result of the decrease in current portion of long-term loan, i.e. redemption of debentures upon maturity in 2010.



## Nature of Business

### Chronology and Major Development

Siam Future Development Public Company Limited was established on 29 August 1994 by Mr.Pongkit Suttapong and Mr.Nopporn Witoonchart with a registered capital of Baht 10 million as open shopping center developer and management service provider.

In 1995, the Company opened Bang Bon project as its first neighborhood shopping center<sup>1</sup> with Jusco Supermarket as the anchor tenant.

In 1996 the Company opened its second and third neighborhood shopping centers, i.e. Pracha Uthit and Sukhapiban 3 projects. At present, Jusco Supermarket and Tops Supermarket are the anchor tenants, respectively.

In 1997 the Company increased its registered capital from Baht 10 million to 20 million to support further expansion. Subsequently in 1998 the Company opened its fourth neighborhood shopping center on Sukhumvit 71 (Klong Tan) Road with Jusco Supermarket as the anchor tenant.

In 2000 the Company successfully developed and provided the business premises for B-Quik Service Company Limited, an auto service company under the name of "B-Quik" under its 14 branches. The Company developed 2 branches as convenience centers<sup>2</sup> and 8 branches as stand-alone retail stores<sup>3</sup>. B-Quik's remaining 4 branches were established on the Company's existing neighborhood shopping centers.

In 2002, the Company was first listed on the MAI board with an increase in registered capital from Baht 20 million to 150 million and total paid-up capital of Baht 71 million. The Company also opened its fifth neighborhood shopping center in Soi Thong Lo. Tops Supermarket under the name "Market Place" was the anchor tenant.

In March 2003 the Company opened the sixth neighborhood shopping center in Thung Mahamek with Tops Supermarket as the anchor tenant.

In August 2003 the Company entered into a long-term lease agreement with an owner of the land on Thong Lo Soi 15 to be developed as its seventh neighborhood shopping center. In September and October 2003 the Company increased its registered capital to Baht 500 million via additional share allocation totaling 24 million shares to Major Cineplex Group Public Company Limited at a price of Baht 3.99 per share, and 142,499,935

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#### Note:

<sup>1</sup> Neighborhood Shopping Center is an open shopping center which has supermarket as an anchor tenant, day-to-day product and specialty stores such as restaurant, bakery shop, beauty shop, music school.

<sup>2</sup> Convenience center is a small shopping center in an area of around 1 rai close to the main road with a parking lot for merely 3 – 10 cars. The convenience center is available for 2 – 3 tenants, e.g. auto service center, convenience store, video rental and/or school.

<sup>3</sup> Stand-alone retail store is a one-shop retail store in an area of around ½ rai close to the main road. The stand-alone retail store is available for 1 tenant, e.g. auto service center, convenience store or retail shop.



shares to the existing shareholders at a proportion of 1:1.5 of existing shares : new shares at a price of Baht 1 per share.

In December 2003 the Company entered into a long-term lease agreement with the landlord of the land on Chaeng Watthana Road for development of its eighth neighborhood shopping center.

The Company was granted an approval to transfer the listing of its shares from the MAI board to the main board on 12 December 2003.

In 2004, the Company opened 5 new shopping centers i.e. The Family Center Chaeng Watthana, Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, Lifestyle Center<sup>1</sup> “J Avenue Thonglor 15”, and Piyaom Place Sukhumvit 101/1.

In 2005, the Company opened 3 new shopping centers as follows: Wanghin Convenience Center, Petchkasem Power Center<sup>2</sup> with Big C Supermarket, Index Living Mall, HomeWork, and Major Cineplex as anchor tenants, Ekkamai Power Center<sup>2</sup> with Big C Supermarket and Index Living Mall as anchor tenants.

In April 2005, the Company issued the 5-year Amortizing Debenture in the amount of 1,000,000 units with Par Baht 1,000 each, Total Value Baht 1 Billion to institutional investors. Fitch Ratings (Thailand) Co., Ltd. has assigned National Long-term Ratings of BBB+.

In 2006, the Extraordinary General Meeting of Shareholders No. 1/2006 approved the increased registered capital from 424,117,769 Baht to 533,947,769 Baht by right offering to existing shareholders at the ratio 5 current shares to 1 newly issued share at the price 5 Baht per share. As of 31 December 2006, the Company had paid-up capital 508,941,438 baht from right offering.

The Company opened 3 new shopping centers as follows: The Avenue Chaeng Watthana Lifestyle center<sup>1</sup>, La Villa Phahonyothin Lifestyle center<sup>1</sup>, and Esplanade Ratchadapisek Urban entertainment center<sup>3</sup>.

In August 2007, the Company issued the 3-year Bullet Debenture in the amount of 940,000 units with Par Baht 1,000 each, Total Value Baht 940 million to institutional investors. Fitch Ratings (Thailand) Co., Ltd. has assigned National Long-term Ratings of BBB+.

During year 2007, the Company launched 2 new shopping centers as follow: The Avenue Pattaya (Lifestyle Center<sup>1</sup>) with Major Cineplex, Major Bowl, Villa Market and California Fitness as anchor tenants, Kao Yai Market Village (Power Center<sup>2</sup>) with Tesco Lotus as an anchor tenant. The profit from sales of such project was THB 96.76 million.

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Note:

<sup>1</sup> Lifestyle center is an open shopping center which has up-scale supermarket as an anchor tenant, day-to-day product and specialty stores such as theatre, bowling, restaurant, bakery shop, beauty shop, music school.

<sup>2</sup> Power center is a large scale shopping center with more than 2 anchor tenants and specialty stores such as furniture shop, construction equipment and material, etc.

<sup>3</sup> Urban Entertainment Center is a combination of entertainment complex and retailers catered to consumers desiring for amusement experiences and leisure spending such as cinema, ice skating ring, playhouse, and day-to-day product shops.



In the year 2008, there are 2 new shopping centers i.e. Neighborhood Center named Market Place Nawamin (Sukapiban 1) with Carrefour supermarket as an anchor tenant, Lifestyle Center named Major Avenue Ratchayothin with Villa Supermarket as an anchor tenant.

In the year 2009, the Company raised the capital by Right offering to existing shareholders at the ratio 1 current share to 1 newly issued share at the price 1.20 Baht per share in order to invest in the joint venture, named "SF Development Co., Ltd.", with IKEA. Currently the Company has registered capital of Baht 1,047.09 million and paid-up capital of Baht 1,026.30 million. Moreover, the Company issued 3.5-year debenture of 500,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 500 million will redeem on 15 March 2013. The Company opened the newly Nawamin City Avenue Lifestyle center located on Kaset-Nawamin Road with 7,891 sq.m. gross leasable area and Villa Market as an anchor tenant. The Company disposed Kao Yai Market Village to Ek-chai Distribution System Co., Ltd. (Tesco Lotus) which is an anchor tenant of the project.

In Y2010, the Company issued debenture of Baht 1,200 million in 3 tranches as follows:

- Tranche 1, 3.5-year debenture of 300,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 300 million will redeem on 19 September 2013.
- Tranche 2, 3-year debenture of 400,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 400 million will redeem on 30 July 2013.
- Tranche 3, 4-year debenture of 500,000 units at Par value Baht 1,000 each with call option in year 3. Totaling debenture of Baht 500 million will redeem on 30 July 2014.

Moreover, in December the Company sold 30-year leaseholds rights of 11,109 sq.m. short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF) in the amount of THB 960 million.

In summary, as of 31 December 2010, the Company had Gross Leasable Area in the amount of 224,120 sq.m.

## Revenue Structure

2007-2010 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2007		2008		2009		2010	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	212.19	40.12%	257.38	35.26%	266.04	33.79%	252.05	31.23%
2. Co-Tenants	316.64	59.88%	472.59	64.74%	521.25	66.21%	555.08	68.77%
<b>Total</b>	<b>528.83</b>	<b>100.00%</b>	<b>729.97</b>	<b>100.00%</b>	<b>787.29</b>	<b>100.00%</b>	<b>807.13</b>	<b>100.00%</b>

Remarks: Anchor Tenants are showed in the Details of the 29 present operating projects (Rental Area and Occupancy Rate)

Table in page 15-16



### Details of the 29 existing projects (Rental Area and Occupancy Rate)

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangbon	Jusco Supermarket	Neighborhood Center	7,206	94
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6,174	100
3	Sukaphiban 3	Tops Supermarket	Neighborhood Center	6,725	100
4	Sukhumvit 71	B-Quik	Neighborhood Center	1,418	100
5	Thonglo 4	Tops Supermarket	Neighborhood Center	3,644	100
6	Thungmahamek	Tops Supermarket	Neighborhood Center	2,877	100
7	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, California Wow	Lifestyle Center	21,031	95
8	Piyarom Place	Tops Supermarket	Neighborhood Center	7,588	100
9	Cha Choeng Sao	Major Cineplex	Power Center	8,408	100
10	J Avenue (Thonglo 15)	Villa Market	Lifestyle Center	7,765	100
11	Ramindra K.M. 2	B-Quik	Convenience Center	777	100
12	Wanghin	B-Quik	Convenience Center	535	100
13	Ladprao 120	Tesco Lotus Express	Convenience Center	643	100
14	Wanghin 2	Tesco Lotus Express	Convenience Center	988	100
15	Bangkae	B-Quik	Stand-Alone Retail Store	364	100
16	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
17	Phahonyothin K.M.27	B-Quik	Stand-Alone Retail Store	433	100
18	Ratchda-Hauy Kwang	B-Quik	Stand-Alone Retail Store	314	100
19	Ta Pra	B-Quik	Stand-Alone Retail Store	355	100
20	Sathorn	B-Quik	Stand-Alone Retail Store	314	100
21	Ratchada-Rama III	B-Quik	Stand-Alone Retail Store	343	100
22	Petchkasem Power Center	Big C, Index, HomeWork, Major Cineplex	Power Center	43,735	99
23	Ekkamai Power Center	Big C, Index	Power Center	15,074	100



	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
24	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	100
25	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, California Wow, Ratchadalai Theatre, Tops Supermarket, Sub-Zero Ice Skate	Urban Entertainment Center	43,241	100
26	The Avenue Pattaya	Major Cineplex, Major Bowl, Villa Market, California Wow	Lifestyle Center	22,403	91
27	Market Place Nawamin	Carrefour	Neighborhood Center	4,175	96
28	Major Avenue Ratchayothin	Villa Market	Lifestyle Center	3,904*	99
29	Nawamin city Avenue	Villa Market	Lifestyle Center	7,891	100
	<b>Total</b>			<b>224,120</b>	<b>98</b>

Remarks: As at December 31<sup>st</sup>, 2010.

No. 15-21, Total leasable area are occupied by B-Quik, automotive service workshop, only.

\* The Company sold the 30-year leasehold rights of 11,109 sq.m. short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF) on December 29<sup>th</sup>, 2010.

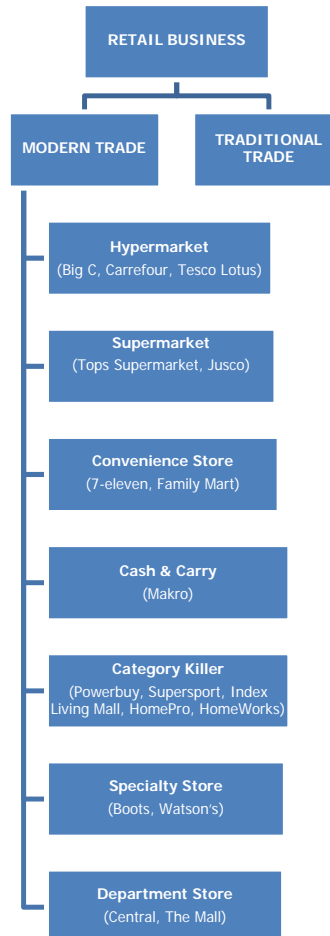


## Market and Competition

### Industry Overview

Shopping center development and management business directly relates to retail business, i.e. upon expansion of retail business, demand for business premise will increase accordingly.

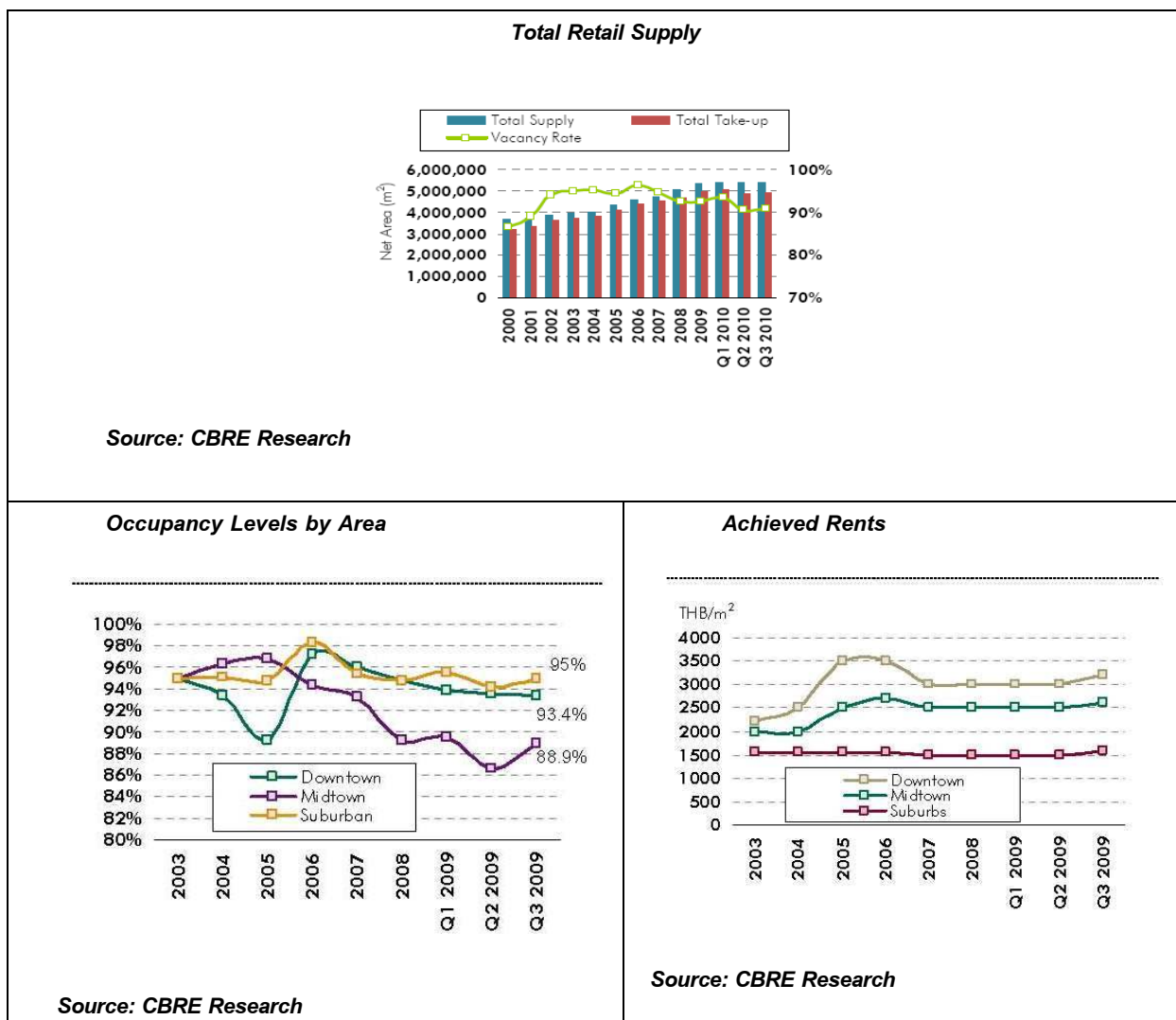
### Thailand Retail Business Structure



Source: Institute of Thailand retails business

Retail business in Asia has grown rapidly with Thailand being in the 2<sup>nd</sup> rank after China. Specifically, modern trade has been growing continually throughout Bangkok and vicinity area.

## 2010 Overview of Retail Sector



In year 2010, total retail supply in Bangkok and metropolitan area increased by 5.42 sq.m. or a growth of 0.1% Q-o-Q and 3% Y-o-Y. Total occupied retail space increased by 4.92 sq.m. or a growth of 0.5% Q-o-Q and 3.3% Y-o-Y. Overall occupancy rate in Bangkok rose to 90.7% or a growth of 0.3% Q-o-Q and a decline by 1.7% Y-o-Y. Overall rent grew according to economic recovery.

2011 outlook for retail sector is likely to continue to increase from the end of the previous year as a result of a raise in salary in all sectors by the government. Soaring price of agricultural products also boosts purchasing power and it is thus predicted retail sector is likely to expand from the previous year by as much as 10% within this year. Additionally, tourism industry is recovering and while protest will continue to be an issue this year, it is expected it will not be as violent as those protests incurred in the past. Coupled with an expected election this year which should raise the level of money circulated within the system, all of the above factors indicated positive signs that growth rate of retail sector this year should be greater than that in the past. However, there remain several negative factors which may have an



impact on the industry, e.g. drought which is hard to predict and the increase in inflation due to the increase in raw material price, wages and interest rate as well as a continuous rise in oil price.

From the above factors, it is anticipated retail sector will continue to grow this year according to economic expansion as aforementioned. It is expected this year a proportion of modern trade will increase from 40% last year to 45% of total while traditional trade will account for 55% of total compared with 60% last year. This year's investment for branch expansion of retail sector is expected to increase, especially in big cities, tourist destination or urban area in which expansion of mini mart or mini supermarket is expected as people's shopping lifestyle has moved towards their neighboring area. Property development sector also continues to grow whereby developers want to build their own community mall. Therefore, this year's expected expansion of retail sector is attributable to various positive factors which have already been incurred or are expected to take place in the future.

Competition is intense in 4 major sectors of retail business, i.e. discount store, department store, convenience store and supermarket. Sector with the most intense competition and influence over retail business is the discount store. Approximately 90% of Thai people visit the discount stores at least once a month. However, convenient store is the most popular category with average visit of 2 – 3 times per week, 7-11 in particular attributable to its convenience, numerous branches and proximity to community areas.

#### **Discount Store and Hypermarket**

Discount store and hypermarket has expanded increasingly. In Thailand, there are 4 major operators in this sector, i.e. Tesco Lotus, Big C, Carrefour and Makro. Due to a restriction from the retail law and city plan, size of the discount store tends to be smaller. Such discount store chains as Tesco Lotus, Big C, Carrefour and Makro have adapted new expansion pattern and concept by using a smaller space, e.g. in form of convenient store and supermarket, etc.

It is a forecast that Discount store might set up more promotion or campaign in variety products. Not only end customers turn to spend more in modern trade retail store in the high cost of living situation as currently.

#### **Supermarket**

In 2010, supermarket sector has continually expanded along with a more intense competition. Indirect competitors like small discount store tend to be increased especially in the small streets which cause Supermarkets to expand and adapt themselves by expanding their branches to serve many area both communities and sub urban, including shop houses, stand-alone, and in the office building, as well as part of community mall which is continuously expand from now on. Accordingly, the development has its clear target market by customer behavior in each location in order to serve customers who need convenience shop with more variety products than typical convenience stores and more differentiate.

#### **Convenience Store**

7-11 continues to be the leader in the convenient store sector with more than 5,000 branches covering almost all regions. There is intense competition and variety of marketing strategy to increase revenue and market share,



e.g. providing service on utility and insurance payment, etc. Some operators provide more variety distribution such as ordering products via telephone, internet, or mobile phone in order to be in line with current customer behavior which prefers to reduce the traveling cost in the high oil price situation. The more expansion in variety distribution, the more opportunity to increase more sales. Each convenience store chain speeds up branch expansion to increase customer base and achieve the break-even point and, thereby, gain more profit from the increasingly higher number of branches. C.P. 7-11, market leader, grows at a higher rate than other convenient store chains attributable to its branch expansion capability, readiness of its human resources, management and technology.

Intense competition in retail business at present requires the operators to rapidly seek a strategy to increase their competitive edge in order to increase revenue and market share, prompting the operators to form alliance or joint venture.

Apart from the expansion of retail business which has direct impact upon the expansion of shopping center development and management business, customers' changing lifestyle with higher purchasing power according to the economic situation, and increasing health consciousness open up marketing opportunity to enhance customers' base to the products. Also, such changes drive the customers to increasingly prefer shopping from the shopping center and modern trade retail store over traditional trade retail store which is grocery store and fresh market. As a result, market share of the modern trade retail store grows progressively.

### **Industry Outlook**

Retail business in Thailand has a tendency to continue to grow, thereby encouraging growth of the shopping center development and management business in the same direction. Most of the existing retailers in the country plan to continue their business expansion. Moreover, some of the discount store retailers, such as Tesco Lotus and Big-C, have a definite plan to expand their branches in form of supermarket, smaller size that conforming to the retail law, in the open shopping centers which are the business that the Company operates and has expertise. Villa Market and Jusco, expert supermarket developers, are planning to expand more centers with the Company as well. Other retailers who have no presence in the country, e.g. drugstore, furniture store and supermarket, also plan to enter Thailand market and the Company has been contacted by many of these retailers.



**Number of branches of Supermarkets, Discount stores, Specialty stores, and Convenience stores  
in Thailand from 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
<u>Supermarkets</u>							
Tops supermarket	61	91	94	92	105	114	154
Jusco and Maxvalu	6	6	6	9	9	12	13
Foodland	9	9	9	9	9	13	13
Lotus supermarket and Oasis		8	19	28	54	80	89
Villa Market	9	9	12	13	16	18	20
<b>Total</b>	<b>85</b>	<b>123</b>	<b>140</b>	<b>151</b>	<b>193</b>	<b>237</b>	<b>289</b>
<u>Discount stores</u>							
Tesco Lotus	48	67	71	94	109	120	119
Carrefour	21	23	23	27	30	39	39
Big C	39	45	49	55	66	67	70
Makro	25	29	29	41	41	45	48
<b>Total</b>	<b>133</b>	<b>164</b>	<b>172</b>	<b>217</b>	<b>246</b>	<b>271</b>	<b>276</b>
<u>Specialty stores</u>							
Powerbuy	38	36	69	51	64	73	65
HomePro	18	20	26	30	33	35	40
HomeWorks	8	9	10	8	8	9	7
<b>Total</b>	<b>64</b>	<b>65</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>117</b>	<b>112</b>
<u>Convenience stores</u>							
Boots	74	n.a.	115	153	112	160	180
Watson	90	100	130	145	145	155	175
7-eleven	2,861	3,095	3,674	4,335	4,769	5,123	5,790
Family Mart	n.a.	n.a.	n.a.	502	550	561	614
V shop	n.a.	n.a.	n.a.	400	792	840	n.a.
108 shop					100	300	n.a.
Tesco Lotus Express		100	222	189	401	450	859
Fresh Mart	150	n.a.	n.a.	300	400	600	639

Source: Thailand Retail Food Sector Report 1999-2001, USDA Global Agriculture Information Network (GAIN Report) :

: <http://www.tescolotus.net> : <http://www.foodland.co.th>

: <http://www.tops.co.th> : <http://www.boots.com>

: <http://www.bigc.co.th>

: <http://www.carrefour.co.th>

: <http://th.wikipedia.org/wiki/seven-eleven>

: <http://www.powerbuy.co.th>

: <http://www.homepro.co.th>



## **Industry Competition**

There is an intense competition for close shopping center development and management business in Thailand. However, level of competition for open shopping centers is lower as there are few players in the market, many of which have closed or ceased operation during the economic recession in the past few years. The remaining players are not direct shopping center developers and management providers, some of which are land owners with high investment power but not specialized in the business directly.

Shopping center development and management business requires intensive operational experience and fundamental knowledge. For example,

- A) Selecting the right land plot suits to business
- B) Business feasibility study
- C) Business trend, e.g. appropriate concept of open shopping center which meets the requirement of tenants and consumers and appropriate tenant mix
- D) Relationship with tenants in which the tenants must be confident and entrusted that their business in the Company's shopping center area will be successful, i.e. the shopping center developer and management provider should not do the business that compete with tenants, project concept should not be changed and any future construction which would be detrimental to all tenants should not be made throughout the long-term lease of 10 – 30 years, and
- E) Knowledge and experience in common area maintenance (CAM) of the shopping center to ensure that the project is run smoothly and in an orderly manner.

## **Number of Competitors**

The Company's competitors can be divided into direct and indirect competitors. Size of the project, pattern of the shopping centers, target customers and other characteristics of each type of competitors are different.

Direct competitors mean shopping center development and management operators which can be classified into two categories, i.e.

- a) Developers and managers of open-air shopping centers: There are a few developers and managers of open-air shopping centers at present although several operators have developed open-air shopping centers with similar pattern as those operated by the Company. New operators with no experience in property development or retail business also expand their business operation model, e.g.

*Srisiri Development Company Limited*, a new operator focusing on developing and managing open-air shopping center, has opened its first community shopping center during the end of 2007 under the name of "The Compound" on Phraya Suren Ramindra 109 Road in form of modern tropical design.



*K.E. Land Company Limited*, another property developer having developed an open-air community mall under The Crystal project on Ekamai-Ramindra Road at the end of 2007. It has also developed new form of retail center project called Crystal Design Center or CDC on the 70-rai land plot on the same road which will be home decorating center which was opened since mid-2009.

*Sinthoranee Property Company Limited* has developed and managed an open-air shopping center called The Pavilion Place on Petchakasem 69 Road on the area of approximately 4 rais in form of modern European contemporary style.

*Panya Property Company Limited* has launched community mall project around the end of 2008 under the name of Panya Village on Ramindra KM 9 Road.

*Gelson Development Co.,Ltd* has launched the Community Mall & Shopping Center named “Park Lane” on Soi Ekamai.

*Kananan Co.,Ltd* has launched the Community Mall named “K Village” in Soi Sukumvit 26.

- b) Developers and managers of enclosed shopping centers: Well-known developers and managers of shopping centers who continue to expand their business such as Central Group and The Mall Group will emphasize on the development and management of enclosed shopping centers, as illustrated in the table in the following page. There is slight expansion of other director competitors in enclosed shopping center sector, some of which are renovating the existing shopping centers while some are under negotiation of debt restructuring with their creditors.

Characteristics of major groups of service patrons of open-air shopping centers still differ from those of enclosed shopping centers. Major patron groups of open-air shopping centers will require convenience and will not spend much time in each visit but can be frequent visitors because of convenient car park, immediate access to the shops and passageway to the residence. Store access of the enclosed shopping centers will be less convenient, resulting in difficulty in finding parking space as parking time of service users will be longer according to the time required for shopping goods and service. Frequency of the visits will be less often.

#### Shopping Center Operators

Name	Existing Shopping center*	Type of shopping center	
		Type	Category
Central	Central: Chidlom, Ladprow, Rama 3, Pin kioa, Bangna, Ramindra, Airport Plaza (Chiang mai), Had yai, Rama 2, Phuket, Central World, Changwattana	Enclosed Mall	Regional Mall
	Pattaya Festival Center	Open-air Mall	Community Mall
	Central Town Center Ratanatibet	Open-air Mall	Community Mall



Name	Existing Shopping center*	Type of shopping center	
		Type	Category
	Wong sawang	Open-air Mall	Community Mall
The Mall	The Mall: Ramkamhaeng, Ngamwongwan, Tapra, Bangkai, Bangkok, Nakornratchaseema, The Emporium, Siam Paragon	Enclosed Mall	Regional Mall
Sor Sotikun	Seacon square	Enclosed Mall	Super Regional Mall
Wang Lee	Future Park : Bangkai and Rangsit	Enclosed Mall	Super Regional Mall
Asawapokin	Fashion Island	Enclosed Mall	Super Regional Mall
Thanachart	MBK	Enclosed Mall	Super Regional Mall
Osatanukror	Seri Center	Enclosed Mall	Regional Mall
Srivigrom	Kaysorn Plaza	Enclosed Mall	Fashion Mall
Siampiwat	Siam Center and Siam Discovery Center	Enclosed Mall	Fashion Mall

Remark : \* Only shopping center part

**Indirect competitors** of the Company are the retailers who develop and manage their own shopping centers, such as Tesco Lotus, Carrefour and Big-C. In fact, the target groups of customer for the retailers are different from those of the Company as the target customers of retailers are consumers while those of the Company are retailers. Due to the fact that retailers could not source sufficient professionals to develop and manage a number of new shopping centers, it is therefore necessary for them to develop and manage their shopping centers by themselves.

The development and management of the shopping center by retailers might have an impact on the Company in term of competition in securing the land for new projects and attracting consumers and retailers in case where these retailers open the new shopping centers nearby those of the Company. However, the number of such indirect competitors will be reduced should the Company be able to develop and manage more new shopping centers for the retailers.



## Risk Factors

### Risk of land acquisition for new projects

Land is the major raw material in developing and managing the shopping centers. The search for land in a proper area with the upside potential for the business both operationally and financially may take some time. In some area, there are only a few suitable places available. In renting or purchasing the lands, the negotiation with landlords can take both time and effort especially when there are many owners involved in the negotiation. Moreover, the expansion of large modern trade retailers would elevate the Company's risk in the search of lands for new projects as those retailers will compete with the Company in the searching process.

However, with long-time experience in the business, management of the Company has effective skills and techniques in contacting and negotiating with landlords. Thus, the Company has received considerably good conditions in rental agreements for every project. The Company also received the advices from retailers on the land which retailers would like the company to develop the new projects.

About the competition with other retailers in land acquisition, the Company will moderate the risk by signing the memorandum of understanding with landlords before negotiation in order to prevent the owners from contacting with other retailers. The Company tries not to offer higher price for the lands to compete with retailers since the higher price affects the project feasibility or the profit level. In contrast, the Company will negotiate with other competing retailers to develop and manage the shopping centers for them instead.

### Risk of Business Competition

Risk of business competition mostly incurred from the indirect competitors, which are retailers who want to develop and manage the shopping centers themselves. Those retailers would compete with the Company in land acquisition and customers and tenants' attraction. The Company also faces risk of lower number of consumers which are tenants' customers if there are other new shopping centers opened in the nearby areas. This will affect the businesses of tenants, which in turn has an effect on the occupancy rates and rental and service fees of the company. From the past experience, the indirect competition does not have strong impact on the company as the company's projects located in the most outstanding location in the area. In addition, the coverage areas<sup>1</sup> of the Company's open-air shopping centers<sup>2</sup> are only 1-2 kilometers, thus, the company is not significantly affected from the opening of new shopping centers in the same area.

However, in order to reduce the effect of competition and to maintain the occupancy rate and rental and service fees, the company has done promotions occasionally and rolled over the tenants on the magnet areas to attract more tenants and consumers to the shopping centers.

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#### Note

1 Coverage Area is defined by the household area of which the target consumer for tenants located.

2 Open-Air Shopping Center is the shopping center where the parking lots are provided in the front of center. There are normally 1-3 Floors in comprise of 1-3 buildings shaped in either straight line, L shape or U shape. The air-condition corridor shall not be found on this type of center. On the other hand, Enclosed Shopping Center has parking area and shopping area within the building. The air-condition is provided among retail shops. At present, most of Thailand shopping centers are account for this type of center such as Central Plaza, The Emporium, Seacon Square, Maboonkrong, Siam Discovery and Future Park.



The Company also faces direct competition but at the low magnitude because there are few numbers of open shopping center operators and most of them are small entrepreneurs who are not professional operators. Besides, the other large capitalized competitors For example the discount stores such as Tesco Lotus and Big C are tendency to focus only on retail distributors. Therefore, these competitors are likely to be our potential business partner by our project management services.

### **Risk of Dependence on Anchors of the Neighborhood Shopping Centers**

Anchors<sup>1</sup> in the neighborhood shopping centers<sup>2</sup> will draw co-tenants<sup>3</sup> to Company's projects. Therefore, the Company would incur risk if the anchors terminate the contracts or close their businesses, in which may cause the co-tenants to terminate contracts with the Company. This results in the lower revenue of the firm. However, the Company has requested the down payments of rental and service fees from all anchors and some co-tenants on the contract date, so the risk would be much lower. In case that the anchors terminate the contracts because of their internal policy such as when Seiyu Supermarket ("Seiyu") from Japan, the previous anchor of Sukhapibal 3 neighborhood shopping center<sup>3</sup>, had policy to close its foreign stores, Seiyu then found another anchor (with approval from the Company) to re-rent the spaces (at present, Tops Supermarket is the anchor at Sukhapibal 3 neighborhood shopping center). The Company then earns revenue continuously. In developing and managing 14 branches of B-Quik Auto Service Center, the Company has signed the long-term rental contracts with every land lord on the condition that the Company can terminate the rental contracts if B-Quik terminates the business with the Company. Therefore, the Company is not accountable for the rental expenses with income from B-Quik. Moreover, if any tenants close the businesses and do not pay rental and service fees, the Company can repossess the spaces and re-rent to other anchors without refunding of prepaid rental and services fees. Currently, the Company believes that there will be no problem in finding new tenants especially the anchors because of the continuous expansion in retail business. The Company also frequently receives rental demand from potential tenants.

### **Risk of Finding Tenants**

The Company may have risk in finding tenants in some shopping centers such as Bang Bon Project and Pracha Uthit Project where the Company has longer – term contracts with landlords but has only 15- year and 20-year contracts with tenants, respectively. Therefore, in the 15<sup>th</sup> and 20<sup>th</sup> year of mentioned projects, the Company has to find other anchors to rent the spaces for another 15 years and 10 years accordingly. However, the Company believes that there will be no problem in finding the new tenants because of the rapid expansion in retail business. The Company also receives rental demand from potential tenants continuously. For Bang Bon project, Jusco Supermarket, an existing anchor tenant, had already extended the lease agreement for another 15 years.

Another risk is the risk in finding tenants to meet full occupancy rate especially in some space that are not of the interest of tenants such as on the 3<sup>rd</sup> floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1<sup>st</sup> and 2<sup>nd</sup> floors but prefer quiet atmosphere on the 3<sup>rd</sup> floor and lower

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#### Note :

1 Anchors are the lessees who take major of the project rental space, commonly they are supermarkets or drug stores. These anchors would be like magnet for co-tenants to take other rental spaces in the project.

2 Neighborhood Shopping Center is a moderate size of shopping center nearby the community. It is designed for the consumer's convenience. Common size of these shopping center is about 3-5 Rai, providing the rental spaces about 2,700-14,000 Sq.m. The attraction to draw the consumers will be the Anchors such as supermarkets or drug stores complied with other 15-20 tenants who regularly are restaurants, book stores and etc.

3 Co-tenants refer to the retail shops which join parts of the project's leasable area such as restaurants, beauty salon, book stores, video rental shops, language school, and clinic.



rental fee when compare to the 1<sup>st</sup> and 2<sup>nd</sup> floors such as language schools, tutorial schools, and tae kwon do schools.

Though there are only few spaces left in some shopping centers, the Company strictly consider tenants who are not directly compete with the existing ones, operate the moral businesses, have strong financial position, and create the good tenants mix of each project.

**Risk of an Increasing cost of Land for the New Projects**

The cost of lands for new projects may increase either because the rental fees increase or because the Company has to purchase the lands. Rental fees may increase due to higher market price of land, The Company may have to purchase land due to landlords want to sell instead of renting in the long-run and there are no other good potential areas for shopping center development in each region. Generally, the Company chooses to develop only the profitable projects. If cost of the lands increase, the Company would charge higher rental and service fees in order to sustain the current rate of return. Then, the Company can reduce risk if an increasing cost of lands. Due to the stronger competition in retail business, most retailers are willing to pay high rental charge to take advantage of the superior locations over the competitors.

**Risk of Discontinuity on Projects**

As the Company rents lands from landlords for the shopping center operation, the Company incurs risk if the rental agreements are not extended after they are expired. However, the Company has 15-30 year long-term rental agreements for most projects. However, the Company intends to extend the contracts as appropriate.

**Risk of Dependence on Limited Numbers of Experienced Personnel**

The development and management of shopping centers require experienced and expert personnel for land acquisition, concept design of projects, tenant finding, and management of the project and common areas. If the Company loses or does not have sufficient number of personnel, the operation would be affected. The Company has prevented this type of risk by, firstly, providing both on-the job training and outside training to improve knowledge, skills, and experience of the employees. Employees of the Company can rotate to do the job in case some resign. Moreover, the Company encourages the employees to acquire additional knowledge about developing and managing the shopping centers. The Company also provides additional source of information, for instance, books, magazines, and other related techniques that concern the business so that employees have sufficient knowledge and are able to apply the knowledge to actual operations.

**Risk of Term of lease agreement longer than that of land lease agreement of Ramindra K.M.2 Project**

With reference to term of land lease agreement of Company's Ramindra K.M.2 project which will be ended 31 January 2012, but the Company made the lease agreement with B-Quik, an anchor tenant of Ramindra K.M.2 project ended 31 March 2012. Refer to the land lease agreement, when the land lease expire, the Company must remove the machinery and other equipments including other assets out from the lease space within 3 months from the lease expired date. During such 3 months, the Company has to pay the land rent as mentioned in the lease agreement. Therefore, the Company and the lessee will have only 1 month left to remove such assets. The Company might have



the risk of inability to remove assets in time, which effect the penalty payment to the landlord at 5,000 Baht per day from the lease expired date to the completion date of removing all assets out.

**Risk of the delay from receiving the rent of all projects**

Rent of space is the Company's main income. If the tenants are inability to pay the rent on time, it will affect the operating performance of the Company. However, there are groups of long-term lease contracts especially anchors which the Company receive a lump sum of advance rental and service. These anchors have not much burden to pay the rest rental and service fee. Therefore, it can mitigate the risk of not pay the rental and service fee from anchors. Besides, the Company always looks after the rental and service fee payment from both anchors and co-tenants in order to mitigate the risk of delay receiving the rental and service fee.



## Organization Chart

### Siam Future Development PLC

Board of Directors

Company Secretary

Executive Board of Directors

Chief Executive Officer  
(CEO)

Executive Secretary

President

Chief Financial Officer (CFO)

Executive Vice President

Executive Vice President

Senior Vice President

Business  
Development  
Division  
Vice President

Leasing & Marketing  
Division  
Vice President

Construction  
Division  
Vice President

Property  
Management  
Division  
Vice President

Human Resource  
Vice President

Accounting Vice  
President

Finance  
Vice President



## Shareholding Structure and Management

### Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 31 December 2010 are as follows:

	<b>Name of Shareholders <sup>1</sup></b>	<b>Number of Shares</b>	<b>Percentage</b>
1	Major Cineplex Group Public Company Limited <sup>2</sup>	239,270,750	23.22%
2	Mr. Taweechart Jurangkul	127,427,000	12.37%
3	Mr. Nopporn Witoonchart	63,411,052	6.15%
4	Mr. Pongkit Suttapong	59,900,229	5.81%
5	Mr. Akrim Jantaraprapa	48,735,993	4.73%
6	Mr. Natthapon Jurangkul	45,500,000	4.42%
7	LUCKY SECURITIES, INC. <sup>3</sup>	42,209,110	4.10%
8	WORLD FUND PTE.LIMITED <sup>3</sup>	41,872,533	4.06%
9	Mrs. Supan Witoonchart	29,586,834	2.87%
10	Mrs. Kasinee Witoonchart	25,360,384	2.46%
<b>Total</b>		<b>723,273,885</b>	<b>70.19%</b>
<b>No. of ordinary shares</b>		<b>1,030,411,617</b>	<b>100.00%</b>

### Remark:

1 All of top 10 shareholders mentioned above have no relationship related to the Article no. 258 of SET Act year 1992. However shareholder no.3 and no.10 are related as aunt and nephew and shareholder no.3 and no.9 are related as mother and son, all shareholders are independent.

2 Major Cineplex Group PLC, company's major shareholder, assigns Mr. Vicha Poolvaraluck, Mr. Verawat Ongvasith and Mr. Chai Jroongtanapibarn as directors of the company.

3 None of director, management, subsidiary of the company or nominee is shareholder of WORLD FUND PTE.LIMITED and LUCKY SECURITIES, INC.

### Management Structure

Directors of Siam Future Development Public Company Limited can be divided into 3 committees as follows:



1. Board of Directors
2. Executive Board of Directors
3. Audit Committee

#### 1. Board of Directors

The Company's Board of Directors consists of 12 directors as follows:

First Name – Last Name	Position
1. Mr. Oranop Jantaraprapa	Chairman
2. Mr. Pongkit Suttapong	Vice Chairman
3. Mr. Nopporn Witoonchart	Director, Chairman of Executive Committee and Chief Executive Officer
4. Mr. Somnuk Pojkasemsin	Director and President
5. Mr. Kittinanth Sumruatruamphol	Director and Chief Financial Officer
6. Mr. Dej Bulsuk	Director and Independent Director *
7. Mr. Vicha Poolvaraluck	Director
8. Mr. Verawat Ongvasith	Director
9. Mr. Chai Jroongtanapibarn	Director
10. Ms. Nantiya Montriwat	Chairman of the Audit Committee and Independent Director
11. Mr. Dusit Nontanakorn	Member of the Audit Committee and Independent Director
12. Ms. Sabaithip Suntaros	Member of the Audit Committee and Independent Director

\* Mr.Dej Bulsuk is not the nominee of major shareholder.

#### Authorized director

Directors authorized to sign on behalf of the Company are Mr. Oranop Jantaraprapa, Mr. Pongkit Suttapong, Mr. Nopporn Witoonchart, Mr. Somnuk Pojkasemsin, and Mr. Kittinanth Sumruatruamphol. Documents must be signed by any two of these Directors and affixed with the Company's stamp to bind the Company.

#### Authority and Responsibility of the Company's Board of Directors

##### 1. Duty of the Board of Directors

In performing their duties, the Board of Directors has carefully utilized their knowledge, capability and experiences and complied with the Company's objectives, articles of association and shareholders' resolutions for the best interest of the Company and responsibility to the shareholders.

##### 2. Review and approval of the appropriate policy



Except for the matters which prior resolution from the shareholders' meeting is required by law, the Board of Directors is responsible to review and providing opinion on the Company's policies and business strategies proposed by the Executive Board of Directors.

3. Governing of the Executive Board of Directors

The Board of Directors is responsible for supervising the Executive Board of Directors to effectively comply with the policies set forth and the regulations of SET and SEC on the applicable material matters and connected transactions. The Board of Directors may engage an independent advisor to provide professional opinion and/or advice to assist the Board of Directors in making their decisions on the matters materially affect the Company's operations, where necessary.

4. Establishment of an internal audit and control

The Board of Directors has supervised the Company to establish the effective internal control and internal audit systems in order to monitor the operations of the Company and to coordinate with the Audit Committee.

5. Independence of non-executive Directors' duty

The Audit Committee has independently and adequately utilized their discretion in reviewing the Company's strategies, business management, appointment of directors, matters affecting the stakeholders, accessing financial & other business information, operational policies as well as annual budget.

## 2. Executive Committee

The Executive Committee comprises 5 Directors as follows:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Mr. Nopporn Witoonchart	Chairman of Executive Board
2.	Mr. Somnuk Pojkasemsin	Executive Director
3.	Mr. Kittinanth Sumruatruamphol	Executive Director
4.	Mr. Vicha Poonvoruluck	Executive Director
5.	Mr. Chattaphum Khantiviriya	Executive Director *

\* Mr. Chattaphum Khantiviriya is not Company's Directors and Management and not the authorized director of the Company.

### Authority and Responsibility of the Executive Committee

1. To command, plan, and operate businesses of the Company following policy determined by Directors.



2. To approve the new investment projects.
3. To approve the expenses or payments beyond the authority of management.
4. To appoint the staff and manage from the department level and above for the benefits of effective and transparent management.
5. To determine the employees' benefits that suit the situations, and norms and at the same time comply with the prevailing laws
6. To perform other functions as occasionally assigned by the Board of Directors.

The approvals from the Executive Committee discussed above will not include transactions related to members the Board of Directors or person with potential conflict of interest with the Company or subsidiary as well as the connected transactions and acquisition/disposal of the material assets of the Company of which resolution from the shareholders is required pursuant to the SET regulation.

### 3. The Audit Committee

The Audit Committee comprises 3 members as follows:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Ms. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mr. Dusit Nontanakorn	Member of the Audit Committee
3.	Ms. Sabaitip Suntaros	Member of the Audit Committee

#### Authority and Responsibility of the Audit Committee

1. To review the company's financial report to ensure accuracy and adequacy;
2. To ensure that the company has an appropriate and efficient internal control system and internal audit;
3. To review the company's performance to ensure compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand or laws relating to the company's business;
4. To consider, select, nominate and propose remuneration of an external auditor;
5. To consider the disclosure of the company's information in the case that there is a connected transaction or transaction that may lead to conflict of interest, so as to ensure accuracy and completeness;
6. To prepare the Audit Committee report, duly endorsed by the Chairman of the Audit Committee, to be disclosed in the company's annual report; and
7. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee



In performing the above-mentioned duties, the Audit Committee is directly responsible for the Board of Directors' action. The Board of Directors, however, continues its responsibility to the external parties for the company's operation.

### **Management**

Management of the Company are as follows:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Mr. Nopporn Witoonchart	Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Mr. Kittinanth Sumruatruamphol	Chief Financial Officer
4.	Ms. Porntipa Rujipairoj	Executive Vice President
5.	Executive Vice President	Under selection

**Company's secretary:** Ms. Porntipa Rujipairoj who is also in the position of Executive Vice President.

### **Board of Directors' Meeting**

In 2007 - 2010, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

<b>Board of Directors</b>	<b>2007 (Totally 5 meetings)</b>	<b>2008 (Totally 5 meetings)</b>	<b>2009 (Totally 4 meetings)</b>	<b>2010 (Totally 4 meetings)</b>
Mr. Oranop Jantaraprapa	5	5	4	4
Mr. Pongkit Suttapong	5	5	4	4
Mr. Nopporn Witoonchart	4	5	4	4
Mr. Somnuk Pojkasemsin	5	5	4	4
Mr. Kittinanth Sumruatruamphol	Not yet appointed			4
Mr. Vicha Poolvaraluck	5	5	4	4
Mr. Verawat Ongvasith	5	5	4	4
Mr. Chai Jroongtanapibarn	5	5	4	4
Mr. Dej Bulsuk	5	5	3	4
Ms. Nantiya Montriwat	5	5	4	4
Mr. Dusit Nontanakorn	5	5	4	4
Ms. Sabaithip Suntaros	5	5	4	4



## BOARD OF DIRECTORS

### 1. Mr.Oranop Jantaraprapa • Age 63 years • Shareholding 0.23%

Position	Chairman • Authorized director
Education	<ul style="list-style-type: none"> <li>• M.B.A., East Texas State University, U.S.A.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• The role of Chairman Certification (RCM) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Chairman, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1996 – 1998: Executive Vice President, Thai Telephone &amp; Telecommunication Plc., Telecommunication</li> <li>• 1990 – 1993: President, International Engineering Plc., Telecommunication</li> <li>• 1983 – 1990: Vice President of Operation Division, The Siam Cement Group, Cement</li> <li>• 1983 – 1990: President, SCT Computer Co., Ltd. (Siam Cement Group), Computer</li> <li>• 1983 – 1990: President, Pan Supplies Co., Ltd (Siam Cement Group), Construction &amp; Supply Machine</li> <li>• 1983 – 1990: Manager of Accounting department, Manager of Trading department, Manager of Finance department, Siam Cement Trading Co., Ltd (Siam Cement Group) International Trading</li> </ul>

### 2. Mr. Pongkit Suttapong • Age 51 years • Shareholding 6.82%

Position	Vice Chairman • Authorized director
Education	<ul style="list-style-type: none"> <li>• M.B.A. (Marketing), National Institute of Development Administration (NIDA)</li> <li>• B.E. (Industrial Engineering), Khon-Kaen University</li> <li>• Director Certification Program (DCP) Class #35, Thai Institute of Directors Association (IOD)</li> <li>• Politics and Governance in Democratic Systems for Executives Class #9 (Por Por Ror. 9), King Prajadhipok's Institute, year 2005</li> <li>• The Joint State-Private Class #19, National Defense College, (Wor Por Or. 2006), year 2006</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 1994 – Present: Vice Chairman, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1993 – 1994: Director &amp; General Manager, The International Engineering Public Co., Ltd., Telecommunication</li> <li>• 1990 – 1993: Senior Vice President, The International Engineering Public Co., Ltd., Telecommunication</li> <li>• 1989 – 1990: Regional Marketing Manager (South East Asia) Nokia Mobile Phone, Nokia (SEA) PTE. LTD, Singapore Office</li> <li>• 1986 – 1989: Mobile Phone Department Manager, The International Engineering Public Co., Ltd., Telecommunication</li> <li>• 1984 – 1986: Marketing Planning Manager, Sabina Fareast Co., Ltd., Lingerie</li> </ul>

### 3. Mr. Nopporn Witoonchart • Age 45 years • Shareholding 6.18%

Position	Director • Chairman of Executive Committee • Chief Executive Officer • Authorized director
Education	<ul style="list-style-type: none"> <li>• B.E. (Computer Engineering), King Mongkut's Institute of Technology</li> <li>• Director Certification Program (DCP) in 2005, Thai Institute of Directors Association (IOD)</li> <li>• Capital Market Academy (CMA) 2009</li> <li>• Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy 2010</li> </ul>



Experience	<ul style="list-style-type: none"> <li>• 1994 – Present: Director, Chief Executive Officer, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate</li> <li>• 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer</li> </ul>
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#### 4. Mr. Somnuk Pojkasemsin • Age 53 years • Shareholding 0.20%

Position	Director • President • Board of Directors • Authorized Director
Education	<ul style="list-style-type: none"> <li>• M.S. (Accounting), Thammasat University</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Director, President, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2001 – 2002: Corporate Services Group Director, Motivation Asia (Thailand) Ltd., Marketing Service</li> <li>• 1995 – 1999: Senior Vice President Internal Affair, International Engineering Public Co., Ltd. (IEC), Telecommunication</li> <li>• 1991 – 1995: Vice President Finance &amp; Administrative Division, International Engineering Public Co., Ltd. (IEC), Telecommunication</li> <li>• 1988 – 1991: Finance Manager, Bangkok Weaving Mill Co., Ltd., Weaving</li> <li>• 1985 – 1988: Cost Accountant, Laem-Thong Corporation, Agricultural Industry</li> <li>• 1980 – 1985: Senior Auditor, SGV-Na Thalang &amp; Co., Ltd., Audit Firm</li> </ul>

#### 5. Mr. Kittinanth Sumruatruamphol • Age 48 years • Shareholding 0.00%

Position	Chief Financial Officer
Education	<ul style="list-style-type: none"> <li>• MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>• Bachelor of Computer Science, Boston University, Massachusetts, USA.</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2009 – Present: Chief Financial Officer, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2005 – 2008: Director of Research, Hunters Investments, Fund</li> <li>• 2004 – 2005: Advisor, Hard-thip Plc.</li> <li>• 2003 – 2004: Chief Investment Officer, Siam Commercial Asset Management Co., Ltd.</li> <li>• 2002 – 2003: Executive Vice President, Siam Commercial Securities Co., Ltd.</li> <li>• 1997 – 2002: Head of Thailand Research, Salomon Smith Barney, Financial Advisor</li> </ul>

#### 6. Mr. Dej Bulsuk • Age 61 years • Shareholding 0.29%

Position	Independent Director
Education	<ul style="list-style-type: none"> <li>• Bachelor degree, Faculty of Commerce &amp; Accountancy, Thammasat University</li> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2004 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2004 – Present: President, CCC Business Development Co., Ltd.</li> <li>• 2004 – Present : Audit and Independent Director of The Erawan Group PCL.</li> </ul>



- 2002 – Present : Audit and Independent Director of GMM Grammy PCL.
- 2002 – Present : Audit and Independent Director of Jay Mart PCL..
- 2001 – Present : Audit and Independent Director of AEON Thana Sinsap (Thailand) PCL.
- 2002 – 2009 : Audit and Independent Director of GMM Media PCL
- 2006 – 2009 : Advisor to Board of Directors, President Bakery PCL.
- 2004 – 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food
- 2001 - -2006 : Chairman, Ronald McDonald's House
- 1984 – 2004: Founder and President, McThai Co., Ltd. (McDonald's Thailand), Fast Food

#### 7. Mr. Vicha Poolvaraluck • Age 47 years • Shareholding 0.03%

Position	Director • Board of Directors
Education	<ul style="list-style-type: none"> <li>• MBA – Marketing, United States International University of Sandiego, USA.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director and Executive Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1998 – Present: Director, Chairman of Executive Board, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2003 – Present: Director, California WOW Xperience Plc., Fitness Center</li> </ul>

#### 8. Mr. Verawat Ongvasith • Age 39 years • Shareholding 0.03%

Position	Director
Education	<ul style="list-style-type: none"> <li>• MBA, Boston University, USA.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2004 – Present: President, Veranda Resort and Spa Co.,Ltd., Hotel</li> <li>• 1996 – Present: Managing Partner, Vivat Construction Co.,Ltd., Construction</li> <li>• 1995 – Present: Managing Director, Tarin Hotel Chiangmai, Hotel</li> </ul>

#### 9. Mr. Chai Jroongtanapibarn • Age 56 years • Shareholding 0.00%

Position	Director
Education	<ul style="list-style-type: none"> <li>• M.S. (Accounting), Thammasat University</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Certification Program (DCP), in 2003, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2007 – Present: Independent Director and Audit Committee, Siam Food Plc., Exporting of Canned fruits</li> <li>• 2006 – Present: Independent Director and Audit Committee, Oishi Plc., Softdrink &amp; Restaurants</li> </ul>



- 2004 – Present: Independent Director and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel trading and services
- 2000 – Present: Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit
- 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading & Manufacturing

#### 10. Mrs. Nantiya Montriat • Age 62 years • Shareholding 0.31%

Position	Chairman of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> <li>• M.A. (Actuarial Science), University of Manitoba, Canada</li> <li>• B.A. (Statistics), Chulalongkorn University</li> <li>• Director Certification Program (DCP) In 2000, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) In 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Chairman of the Audit Committee, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2008 – Present: Director, Thai Samut Asset Co., Ltd.</li> <li>• 2007 – Present: Director, Muang Thai Real Estate Pcl.</li> <li>• 2007 – Present: Chairman, Muang Thai Management Co., Ltd.</li> <li>• 2004 – 2008: Advisor to the President, Muang Thai Life Assurance Co., Ltd.</li> <li>• 2000 – 2003: Senior Executive Vice President, Muang Thai Life Assurance Co., Ltd.</li> <li>• 1999 – 2008: Director, Muang Thai Life Assurance Co., Ltd.</li> </ul>

#### 11. Mr. Dusit Nontanakorn • Age 63 years • Shareholding 0.06%

Position	Member of Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> <li>• Advanced Management Program, Harvard Business School (1994)</li> <li>• Executive Program, Stanford University (1985)</li> <li>• M.B.A., University of California at Los Angeles (1977)</li> <li>• M.S. Structural Engineering, Ohio State University (1969)</li> <li>• B.E. Civil Engineering, Youngstown State University, Ohio (1968)</li> <li>• Director Certification Program (DCP) in 2002, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) in 2004, Thai Institute of Directors Association (IOD)</li> <li>• Public Director Institute (PDI), State Enterprise Policy Office, Ministry of Finance (2009)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Member of Audit Committee, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2005 – Present: Advisor to the President &amp; CEO, The Siam Cement Public Co., Ltd.</li> <li>• 1997 – Present: Chairman, Thai Chamber of Commerce and Board of Trade of Thailand</li> <li>• 1999 – 2005: President, Cementhai Distribution Co.,Ltd. (Siam Cement Group)</li> <li>• 1995 – 1999: Vice President, The Siam Cement Public Co.,Ltd., Ceramic Industry</li> <li>• 1991 – 1995: Managing Director, Siam Guardian Glass Co.,Ltd., Glass Industry</li> <li>• 1987 – 1991: Managing Director, SCT Co.,Ltd. (Siam Cement Group)</li> <li>• 1982 – 1987: Manager, Dealer Sales Division, Siam Cement Co.,Ltd. (Siam Cement Group)</li> <li>• 1981 – 1982: Manager, Public Relations Division, Siam Cement Co.,Ltd. (Siam Cement Group)</li> <li>• 1979 – 1981: Manager, Cement, Fibre Cement and Steel Products Dept. Construction Material Marketing Co.,Ltd. (Siam Cement Group)</li> </ul>



- 1977 – 1979: Manager, Contractor and Government Sales Dept. Construction Material Marketing Co., Ltd. (Siam Cement Group)

**11. Mrs. Sabaithip Suntaros • Age 63 years • Shareholding 0.05%**

Position	Member of Audit Committee and Independent Director
Education	<ul style="list-style-type: none"><li>• B.A. (Accounting), Chulalongkorn University</li><li>• Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD)</li><li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2009 – Present: Independent director, Hua Seng Heng Gold Future Co., Ltd., Trading Gold Future</li><li>• 2003 – Present: Member of Audit Committee, Siam Future Development Plc., Shopping Center Developer</li><li>• 2003 – 2006: Member of working group, TISCO Charity Foundation</li><li>• 2001 – 2002: Senior Vice President Custodian Services, TISCO Finance Plc.</li><li>• 1997 – 2001: Senior Vice President Financial Division, TISCO Finance Plc.</li></ul>

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**Remark:**

No relationship among each director.

Shareholding include spouse and not sui juris (legal age) children's shareholding as listed in the shareholders' registration at 31 December 2010.



## Management

### 1. Mr. Nopporn Witoonchart • Age 45 years

Please see the Details in Board of Directors.

### 2. Mr. Somnuk Pojkasemsin • Age 53 years

Please see the Details in Board of Directors.

### 3. Mr. Kittinanth Sumruatruamphol • Age 48 years

Please see the Details in Board of Directors.

### 4. Ms. Porntipa Rujipairoj • Age 48 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"><li>• MBA Thammasat university</li><li>• MBA Bangkok University</li><li>• B.B.A. Chulalongkorn University</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2004 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer</li><li>• 1991 – 2004: Senior Vice President, International Engineering Public Co., Ltd. (IEC), Telecommunication</li><li>• 1988 – 1991: Senior Auditor, Deloitte Touche Tomutsu (Thailand) Co.,Ltd., Ltd., Audit Firm</li></ul>

**Selection of the Directors and Executives**

The Company does not have a committee to select the Directors. The qualification, capability, experience and availability to regularly attend the meeting with the Board of Directors are the criteria considered by the Company in selecting the Directors. However, the appointment of Directors must be approved by the resolution of shareholders' meeting, according to the following procedures:

1. Each share has one voting right.
2. Each shareholder may exercise all of his/her voting rights pursuant to 1) above to appoint one or several persons as Director(s). In case the shareholder votes for more than one person, his/her voting right must be allocated equally among the nominees voted for by such shareholder.
3. The Directors will be appointed based upon the number of votes of each nominee and the number of nominees to be appointed will be in accordance with the then vacancy. In a situation where there is more than one nominee with equal number of votes, the final selection will be made by Chairperson of the meeting at his/her discretion.

In the first and second year after becoming a public company, the term of service of one-third of the Board of Directors will expire randomly. In the following years, the Directors who have been in their position for the longest period will be automatically ceased from service. However, the leaving Directors according to their term of service may be re-elected.



## Report on Compliance with Principles of Good Corporate Governance

The Board of Directors of the Company is aware of its role, authorities and responsibilities under the code of best practices of the listed company's director to enhance the transparency and trustworthiness of the Company and its operation as well as the sustainable growth. The Company has complied with good corporate governance guideline and established the policy and operation procedure that are consistent with the Company's characteristics as follows:

### ***Section 1 Shareholders' Rights***

The Company realizes the shareholders' rights and sufficiency and timeliness of information provided for decision making purpose. The disclosure of the Company's news and information are in compliance with the requirement of related authorities. For example, shareholders' meeting invitation was sent to the shareholders together with annual report and supporting information for meeting agendas as well as the opinion of the Board of Directors of the Company prior to the meeting date according to the requirements of related regulations. The disclosure of the information to shareholders is made in accordance with SET requirements. The Company's news is also disclosed via electronic channel of SET. The Company's directors realize the importance of shareholder's meeting and thus attend every shareholders' meeting. In Year 2010, the Company held 1 shareholders' meeting, i.e. 1 Annual General Meeting of Shareholders, where all directors attended and the Chairman of the Meeting provided all shareholders an equal opportunity to raise questions, express opinion and make recommendations. The Company accordingly attended those opinions and recommendations given by shareholders, answered to questions asked and provided information as requested by the shareholders completely. In Year 2010, the Company has started providing information to support meeting agenda on the Company's website prior to sending the invitation to shareholders. As such, the shareholders could send their questions prior to the meeting date.

### ***Section 2 Equitable Treatment of Shareholders***

The Company has allowed the shareholders who cannot attend the meeting in person to exercise their right through such other persons as an Independent Directors of the Company to attend the meeting and vote on their behalves as their proxies. The Company has provided the proxy form which allows the shareholders to indicate their vote in the form. In addition, the shareholders who are the Company's management do not add any agenda to the meeting without prior notification unnecessarily. The Company uses the voting ballot for the voting on such major agendas as connected transaction, acquisition or disposal of assets and allocation of securities to directors and employees (ESOP). This is to enhance transparency and allow subsequent audit in case of dispute.

As the Company has commenced the disclosure of information for the shareholders' meeting on the Company's website in Year 2010, the minority shareholders of the Company thus could propose additional agenda prior to the meeting date and nominate the person for the Company's directors.

In order to avoid conflict of interest, the Company has established policy and operation procedure regarding the transactions with potential conflict of interest and connected transactions as well as the rules to prevent the Company's executives from using inside information for personal benefit as follows:



- The Board of Directors of the Company has the authority to consider investment or connected transaction. However, the connected directors or directors who might have conflict of interest cannot vote on such matter in the meeting.
- Directors and executives are required to report the changes in their holding of the Company's securities according to SEC and SET requirements.
- Rules are established to prohibit the Company's executives from trading the Company's securities within a period of 1 month prior to the disclosure of the Company's financial statements to public.

In addition, the Company has monitored the usage of inside information which requires its executives and employees to treat information of the Company and its customers on a confidential basis and prohibits the usage of such information made known to them as part of their responsibilities for personal benefit which might cause damage to the Company and its customers.

### ***Section 3 Roles of Stakeholders***

The Company recognizes the rights of all stakeholders, and has in place a policy whereby all stakeholders' rights have been safeguarded and fairly treated. Those policies include equitable treatment to business alliances, appropriate compensation to employees and executives according to their scopes of responsibility and strict compliance with applicable laws. The Company has not set out a written policy on the protection of the environment and society which may have an impact on the business operation of the Company. The Company, however, has emphasized on the environment and ambience in developing the shopping plaza projects by dedicating most of common areas to be the green area filled with plants to create refreshing atmosphere for the customers. Additionally, the Company emphasizes on the living condition of communities in the areas nearby the shopping plaza projects.

### ***Section 4 Disclosure and Transparency***

The Company has a policy pertaining to corporate governance which seriously emphasizes on the equitable treatment to all parties such as shareholders, the Company's stakeholders or related persons by sufficiently and transparently disclosing verifiable information. The Company also has in place a mechanism to assess and control the inevitable risk associated with the operation of the Company, and to have adequate control and internal audit. In addition, the Company establishes the policy pertaining to operation in compliance with the requirement of laws and common business ethics.

The Company has not established a specific unit to cope with investor relation matter as such activity is still relatively limited. However, it has assigned the appropriate personnel to answer the questions and communicate with investors and analysts from various institutions as deemed appropriate. The Company has constantly and timely disclosed complete and accurate financial and non-financial information via electronic channels, other media of SET as well as the Company's website. The investors can also request additional information of the Company at telephone number 02-660-9464-5 or via <http://www.siamfuture.com>. Presently, most of the information disclosed on the website is in English language and the Company is in the process of preparing such information in Thai language.

The Board of Directors of the Company has responsibility to ensure that the Company's financial statements, including financial information disclosed in the Annual Report, have been prepared according to the generally accepted accounting principles in Thailand based on appropriate accounting policy which are consistently applied with due care consideration, best



estimate and adequate disclosure of important information in the notes to financial statements. The Board of Directors has managed to maintain the effective internal audit system to reasonably ensure that the accounting information is accurately and completely recorded in order to maintain the assets and induce reasonable confidence on the reliability of the Company's financial statements.

The policy regarding remuneration of the Company's directors and executives is clear and transparent in which the shareholders will determine the amount of remuneration of the Board of Directors for each year. The Company's Board of Directors has a policy to appropriately determine the amount of directors' remuneration in order to attract and maintain capable directors with the Company.

### ***Section 5 Responsibilities of the Board of Directors***

#### **1. Structure of the Board of Directors**

- 1.1 In the Board of Directors, 3 of them are executive directors whilst 5 of them are non-executive directors and 4 are independent directors. The number of independent directors accounts for 33% of the Board of Directors and thus allows the effective balance of power and review of the operation. The remaining Board members are from each group of shareholders proportionately to their investment.
- 1.2 The service term of directors has not been clearly specified.
- 1.3 The Board of Directors has considered the appropriateness of the determination of qualifications of the "Independent Director" in order for the Company's Independent Director to be truly independent and suitable for the unique characteristics of the Company.
- 1.4 The Board of Directors has not yet determined the number of other companies that each of the Company's directors can be appointed as the director that would suit the characteristics or business nature of the Company.
- 1.5 The Board of Directors has not clearly determined the policy and guidelines on taking a position as the directors of other companies of the Chief Executive Officer and top executives of the Company.
- 1.6 The Company's Chairman of the Board of Directors and Chief Executive Officer are not the same person and have different responsibilities. The authority and responsibility of Chairman of the Board of Directors and Chief Executive Officer are clearly defined.
- 1.7 At present, Chairman of the Board of Directors is not an independent director.
- 1.8 In Year 2008, the Company has appointed the Company's secretary whose responsibility are to advise Board of Directors on related law and regulations the Board of Directors should be aware of, administer the activities of the Board of Director and coordinate with concerned parties to implement the Board of Directors' resolutions.

#### **2. Committees**

- 2.1 In addition to an Audit Committee which is required by the regulation of SET, the Company also establishes other subcommittees for the purpose of good governance, i.e. Remuneration Committee and Nomination Committee. At present, the Audit Committee of the Company also assumes the role of Remuneration Committee.
- 2.2 For the sake of transparency and independence in the operation, the majority of subcommittee members are independent directors and Chairman of the subcommittees are independent directors.



- 2.3 Chairman of the Board of Directors is not a Chairman or member of the subcommittees to allow true independence in the operation of subcommittees.

### **3. Roles and Responsibilities of the Board of Directors**

- 3.1 The Board of Directors of the Company has participated in approving the Company's vision, mission, strategy, target, business plan and budget of the Company. It also clearly defines the role and responsibility of the Board of Executive Directors and the executives as well as monitors to ensure that the executives follow the predetermined plan and budget effectively and efficiently.
- 3.2 The Board of Directors will set the corporate governance policy in writing and will approve such policy. It will also regularly review the policy and the implementation of such policy once a year at minimum.
- 3.3 According to the Company's mission, the Board of Directors, the executives and employees are required to perform their duties with integrity, fairness and responsibility in order for the operation to be transparent and verifiable.
- 3.4 The Board of Directors has reviewed the conflict of interest matter with due care. The guideline for considering the transaction with potential conflict of interest should be clear and based on the benefit of the Company and shareholders as a whole. The directors with conflict of interest should not be involved in making decision. The Board of Directors has monitored to ensure that related operation procedures are fully complied with and related information of the transaction with potential conflict of interest is disclosed accurately and adequately.
- 3.5 The Company is aware of the importance of effective internal audit system which will enhance the operation transparency. The effective internal control system also helps improve and thus optimize the effectiveness of operational system. However, the Company is still considered a small business in terms of the number of employees and relatively simple management structure. This is considered one of its competitive advantages that allow the supervision and internal audit to be simply conducted through a review of levels of approval limit, review of document flow and a clear segregation of duty. In addition, the Company monitors the usage of its assets in order to generate the best return while appropriately allows balance of power and cross-checking within the organization. In 2008, the Company appointed an internal audit firm to improve the internal audit system more effectively.
- 3.6 The Company also has the risk management in place in order to minimize the damage which might be incurred by obtaining opinion from independent financial expert prior to entering into any transaction which might involve the risk, such as registering long-term lease of land with significant contract value comparing to value of total assets of the Company or offering the Company's ordinary shares through private placement.

### **4. Board of Directors Meeting**

- 4.1 The Company has scheduled the Board of Directors' meeting in advance and informed each Director of such schedule to ensure that they can manage the time to attend the meeting.
- 4.2 Normally, the Board of Directors' meeting is convened every three months with the meeting date scheduled in advance. Additional meeting may be held as necessary. The secretary of the Board of Directors will prepare the document, meeting invitation together with meeting agenda and circulate to the Board members 7 days prior to the meeting date to allow sufficient time for the Board of Directors to study the information before attending the meeting. However, the Company convenes the meeting of Executive Board of Directors on a monthly basis and provides report on operating performance to other members of the Board of Directors every time.



- 4.3 Chairman of the Board of Directors and Chief Executive Officer consider the agenda for Board of Directors' meeting together to ensure that all important matters are included in the agenda. Each director is free to propose the matter to be included in the meeting agenda.
- 4.4 In Year 2010, there were 4 Board of Directors' meeting and each meeting lasted for approximately 2-3 hours. The secretary of the Board of Directors has taken the note and prepared the minutes of each meeting in writing as well as keeping the minutes of the Board of Directors' meeting which have been approved by the Board of Directors for review.
- 4.5 The Board of Directors will support the Chief Executive Officer to invite top executives to attend the Board of Directors' meeting to provide additional information as they are directly involved in the matter and for the Board of Directors to know the top executives better which will be useful in considering succession plan.
- 4.6 The Board of Directors has requested for additional information as necessary within the predetermined scope from Chief Executive Officer or the Company's secretary or other designated executives.
- 4.7 The non-executive directors can hold meeting among themselves, without the management team, as necessary to discuss the management issues of their interest and inform the Chief Executive Officer the outcome of such meetings.

## **5. Board of Directors' Self-Assessment**

The Board of Directors has arranged to assess themselves in order for the Board of Directors to jointly consider the performance and issues for further improvement. The benchmark for performance evaluation will be systematically predetermined.

## **6. Remuneration**

- 6.1 Remuneration of the Board of Directors is comparable to the industry level taking into account the experience, duty, scope of work, accountability and responsibility as well as the contribution from each Director. Directors who are assigned with additional tasks and responsibilities, such as member of subcommittees, will receive appropriate additional remuneration.
- 6.2 Remuneration of the Chief Executive Officer and top executives is in accordance with the principle and policy fixed by the Board of Directors within the limit approved by the shareholders' meeting. For the best interest of the Company, level of salary, bonus and long-term incentive of each executive should be consistent with the Company's and their performance. The remuneration of the Company's Board of Directors and executives in Year 2010 comprised salary, meeting allowance and provident funds totaling Baht 33.80 million. Details of such are as follows:
  1. 12 Board of Directors' members received meeting allowance of Baht 5.58 million in total.
  2. 6 Executive Board of Directors' members and the Company's management received remuneration of Baht 21.41 million in total.
  3. Other compensations included provident funds of Baht 1.96 million and warrants allocated to directors and executives (ESOP) of Baht 4.85 million.
- 6.3 All non-executive directors or Remuneration Committee will appraise the performance of the Chief Executive Officer annually to set the compensation of the Chief Executive Officer. The criteria of the appraisal, however, will be



mutually agreed upon by the Chief Executive Officer. Such criteria will be objective and take into account financial performance, long-term strategy performance and career development plan for executives, etc.

## **7. Board of Directors and Management Training**

- 7.1 The Board of Directors has encouraged and facilitated training on corporate governance of the Company for all internal parties, such as director, Audit Committee, executives and the Company's secretary, by sending them to attend the training course arranged by Thai Institute of Directors (IOD) to enable them to continuously enhance their operation.
- 7.2 In case where the new director is appointed, the management will provide new director with all documents and information useful to perform their jobs as well as providing such new director with introduction on nature of business and business operation guidelines of the Company.
- 7.3 The Board of Directors will establish an objective development and succession plan in writing which will allow the Chief Executive Officer and top executives to prepare their successors in case they cannot perform their duties.

In relation to the development program for executives, the Company has arranged its executives to attend conferences and seminars held by International Council of Shopping Centers (ICSC), an international organization established with an objective to provide knowledge on shopping center, information, news and statistics related to shopping centers and retail business around the world as well as to strengthen the relationship among professionals in shopping center business.



**SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2010**



## AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Siam Future Development Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010 and 2009 of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited ("the Company") and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 31 December 2010 and 2009, and the consolidated and company results of operations and cash flows for the years then ended of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited in accordance with generally accepted accounting principles.

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Limited

Bangkok  
15 February 2011



## Siam Future Development Public Company Limited

## Balance Sheets

As at 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	54,745,492	142,430,726	14,872,889	16,567,319
Short-term investments	6	310,000,449	437,109,972	310,000,449	437,109,972
Trade accounts receivable	7, 30	85,944,265	100,667,976	34,590,486	46,221,494
Finance lease receivables due					
within one year	8, 30	11,965,192	77,210,383	7,568,296	72,824,911
Amounts due from related parties	30	1,546,416	999,986	186,211,004	213,449,897
Loans to subsidiaries and related party	30	440,126,829	-	280,560,143	348,308,006
Other current assets	10	111,996,985	124,033,516	29,095,355	63,136,908
<b>Total current assets</b>		<b>1,016,325,628</b>	<b>882,452,559</b>	<b>862,898,622</b>	<b>1,197,618,507</b>
<b>Non-current assets</b>					
Restricted cash		550,088	533,642	-	-
Finance lease receivables	8, 30	942,560,621	984,075,085	391,825,223	411,469,490
Investments in subsidiaries	11	-	-	460,425,000	240,425,000
Interest in joint venture	11	1,459,361,551	1,470,000,000	1,470,000,000	1,470,000,000
Prepaid rent, net	12	1,364,353	765,720,629	-	487,490,335
Intangible assets, net	13	27,270,793	27,219,375	22,833,293	22,531,875
Investment property	14	6,378,892,212	-	3,697,045,057	-
Property, plant and equipment, net	15	565,363,470	4,392,621,834	28,225,210	1,657,442,007
Deposits for leasehold land		56,448,668	56,338,668	56,448,668	56,338,668
Other non-current assets		36,399,009	25,342,899	35,216,873	24,165,489
<b>Total non-current assets</b>		<b>9,468,210,765</b>	<b>7,721,852,132</b>	<b>6,162,019,324</b>	<b>4,369,862,864</b>
<b>Total assets</b>		<b>10,484,536,393</b>	<b>8,604,304,691</b>	<b>7,024,917,946</b>	<b>5,567,481,371</b>

Director ..... Director .....

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.

**Siam Future Development Public Company Limited****Balance Sheets (Cont'd)****As at 31 December 2010 and 2009**

		<b>Consolidated</b>		<b>Company</b>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from banks	16	200,005,804	743,922,324	200,005,804	743,922,324
Trade accounts payable		6,412,351	6,883,503	3,690,751	3,794,479
Amounts due to related parties	30	8,650,000	17,656,337	340,262	-
Loan from related parties	30	-	12,902,860	445,626,829	-
Current portion of unearned rental					
and service income	19, 30	76,801,669	59,952,559	55,417,314	40,715,740
Current portion of long-term borrowings	17	86,950,000	1,241,223,081	33,200,000	1,159,575,481
Finance lease liabilities on land leases					
current portion	14	85,354,756	-	86,394,778	-
Other current liabilities	18	316,617,500	307,697,665	143,060,489	185,291,727
<b>Total current liabilities</b>		<b>780,792,080</b>	<b>2,390,238,329</b>	<b>967,736,227</b>	<b>2,133,299,751</b>
<b>Non-current liabilities</b>					
Unearned rental and service income	19, 30	597,810,597	489,871,070	152,382,677	185,987,227
Long-term borrowings	17	1,985,049,215	1,380,651,866	1,748,299,215	587,500,000
Deposits received from customers		412,907,231	462,267,058	232,883,446	243,903,682
Deferred tax liabilities	20	759,307,432	346,835,432	305,853,122	102,709,944
Finance lease liabilities on land leases	14	1,662,552,931	399,588,541	1,084,556,721	188,822,393
Other non-current liabilities		16,709,366	185,650,381	16,709,366	185,650,381
<b>Total non-current liabilities</b>		<b>5,434,336,772</b>	<b>3,264,864,348</b>	<b>3,540,684,547</b>	<b>1,494,573,627</b>
<b>Total liabilities</b>		<b>6,215,128,852</b>	<b>5,655,102,677</b>	<b>4,508,420,774</b>	<b>3,627,873,378</b>

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.

**Siam Future Development Public Company Limited****Balance Sheets (Cont'd)****As at 31 December 2010 and 2009**

	<b>Notes</b>	<b>Consolidated</b>		<b>Company</b>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital	21				
Authorised share capital		<u>1,047,089,351</u>	<u>1,047,089,351</u>	<u>1,047,089,351</u>	<u>1,047,089,351</u>
Issued and paid-up share capital	21	1,030,411,617	1,026,295,826	1,030,411,617	1,026,295,826
Share premium	21	599,203,451	584,065,564	599,203,451	584,065,564
Share subscription	21	459,562	-	459,562	-
Retained earnings					
Appropriated - legal reserve	22	61,926,690	51,926,690	61,926,690	51,926,690
Unappropriated		<u>1,873,022,750</u>	<u>968,756,912</u>	<u>824,495,852</u>	<u>277,319,913</u>
<b>Total parent's shareholders' equity</b>		<u>3,565,024,070</u>	<u>2,631,044,992</u>	<u>2,516,497,172</u>	<u>1,939,607,993</u>
Minority interests		<u>704,383,471</u>	<u>318,157,022</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>4,269,407,541</u>	<u>2,949,202,014</u>	<u>2,516,497,172</u>	<u>1,939,607,993</u>
<b>Total liabilities and shareholders' equity</b>		<u>10,484,536,393</u>	<u>8,604,304,691</u>	<u>7,024,917,946</u>	<u>5,567,481,371</u>

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Statements of Income**
**For the years ended 31 December 2010 and 2009**

	Notes	Consolidated		Company	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
<b>Revenues</b>					
Rental and service income		1,295,979,860	1,222,988,423	662,271,086	626,242,655
Revenue from finance lease contracts	9	684,155,028	187,515,778	-	187,515,778
Finance and interest income		46,882,040	45,665,817	37,820,083	49,978,895
Gain on fair value adjustment on investment property, net	14	83,177,157	-	4,901,157	-
Other income	15	27,706,164	108,535,803	118,402,321	230,928,379
<b>Total revenues</b>		<u>2,137,900,249</u>	<u>1,564,705,821</u>	<u>823,394,647</u>	<u>1,094,665,707</u>
<b>Expenses</b>					
Cost of rental and service		510,176,423	841,449,141	261,214,760	461,403,467
Cost of finance lease contracts		274,779,166	124,033,147	-	124,033,147
Selling expenses		27,424,294	25,767,624	20,339,409	21,553,195
Administrative expenses		139,906,002	137,181,812	97,598,469	101,126,572
Management's remuneration		25,168,123	25,262,593	25,168,123	25,262,593
<b>Total expenses</b>		<u>977,454,008</u>	<u>1,153,694,317</u>	<u>404,320,761</u>	<u>733,378,974</u>
<b>Profit before financial costs and tax</b>		<u>1,160,446,241</u>	<u>411,011,504</u>	<u>419,073,886</u>	<u>361,286,733</u>
Financial costs	24	(150,167,988)	(154,830,085)	(106,261,726)	(108,317,621)
<b>Profit before tax</b>		<u>1,010,278,253</u>	<u>256,181,419</u>	<u>312,812,160</u>	<u>252,969,112</u>
Income tax	25	(291,106,280)	(70,272,554)	(79,252,118)	(66,327,735)
<b>Net profit for the year</b>		<u><u>719,171,973</u></u>	<u><u>185,908,865</u></u>	<u><u>233,560,042</u></u>	<u><u>186,641,377</u></u>
<b>Attributable to:</b>					
Shareholders of the parent		517,637,509	182,985,177	233,560,042	186,641,377
Minority interests		201,534,464	2,923,688	-	-
<b>Net profit for the year</b>		<u><u>719,171,973</u></u>	<u><u>185,908,865</u></u>	<u><u>233,560,042</u></u>	<u><u>186,641,377</u></u>
<b>Earnings per share for profit attributable to the shareholders of the parent</b>	26				
Basic earnings per share		0.50	0.25	0.23	0.25
Diluted earnings per share		0.50	0.25	0.23	0.25

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years ended 31 December 2010 and 2009**

		Consolidated						
	Notes	Issued and share capital Baht	Share premium Baht	Share subscription Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Minority interests Baht	Total Baht
Closing balance 31 December 2009 - as previously reported		1,026,295,826	584,065,564	-	51,926,690	982,137,594	318,157,022	2,962,582,696
Adjustment - change in accounting policy regarding employee benefits	4.1	-	-	-	-	(13,380,682)	-	(13,380,682)
Closing balance 31 December 2009 - as restated		1,026,295,826	584,065,564	-	51,926,690	968,756,912	318,157,022	2,949,202,014
Adjustment - change in accounting policy regarding investment property	4.2	-	-	-	-	519,783,829	(35,308,015)	484,475,814
Opening balance 1 January 2010		1,026,295,826	584,065,564	-	51,926,690	1,488,540,741	282,849,007	3,433,677,828
Net profit for the year		-	-	-	-	517,637,509	201,534,464	719,171,973
Legal reserve appropriation	22	-	-	-	10,000,000	(10,000,000)	-	-
Additional of investment in subsidiary		-	-	-	-	-	220,000,000	220,000,000
Dividends	27	-	-	-	-	(123,155,500)	-	(123,155,500)
Issuance of ordinary shares	21	4,115,791	15,137,887	-	-	-	-	19,253,678
Share subscription	21	-	-	459,562	-	-	-	459,562
Closing balance 31 December 2010		1,030,411,617	599,203,451	459,562	61,926,690	1,873,022,750	704,383,471	4,269,407,541
Opening balance 1 January 2009 - as previously reported		513,147,913	481,435,982	-	51,926,690	759,477,712	352,011,213	2,157,999,510
Adjustment - change in accounting policy regarding employee benefits	4.1	-	-	-	-	(10,483,856)	-	(10,483,856)
Opening balance 1 January 2009 - as restated		513,147,913	481,435,982	-	51,926,690	748,993,856	352,011,213	2,147,515,654
Net profit for the year - as restated		-	-	-	-	182,985,177	2,923,688	185,908,865
Issuance of ordinary shares	21	513,147,913	102,629,582	-	-	-	-	615,777,495
Adjustment of attributable to minority interest		-	-	-	-	36,777,879	(36,777,879)	-
Closing balance 31 December 2009 - as restated		1,026,295,826	584,065,564	-	51,926,690	968,756,912	318,157,022	2,949,202,014

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years ended 31 December 2010 and 2009**

	Notes	Company					Total Baht
		Issued and paid-up share capital Baht	Share premium Baht	Share subscription Baht	Legal reserve Baht	Unappropriated retained earnings Baht	
<b>Closing balance 31 December 2009 - as previously reported</b>		1,026,295,826	584,065,564	-	51,926,690	290,700,595	1,952,988,675
Adjustment - change in accounting policy regarding employee benefits	4.1	-	-	-	-	(13,380,682)	(13,380,682)
<b>Closing balance 31 December 2009 - as restated</b>		1,026,295,826	584,065,564	-	51,926,690	277,319,913	1,939,607,993
Adjustment - change in accounting policy regarding investment property	4.2	-	-	-	-	446,771,397	446,771,397
<b>Opening balance 1 January 2010</b>		1,026,295,826	584,065,564	-	51,926,690	724,091,310	2,386,379,390
Net profit for the year		-	-	-	-	233,560,042	233,560,042
Legal reserve appropriation	22	-	-	-	10,000,000	(10,000,000)	-
Dividends	27	-	-	-	-	(123,155,500)	(123,155,500)
Issuance of ordinary shares	21	4,115,791	15,137,887	-	-	-	19,253,678
Share subscription	21	-	-	459,562	-	-	459,562
<b>Closing balance 31 December 2010</b>		1,030,411,617	599,203,451	459,562	61,926,690	824,495,852	2,516,497,172
<b>Opening balance 1 January 2009 - as previously reported</b>		513,147,913	481,435,982	-	51,926,690	101,162,392	1,147,672,977
Adjustment - change in accounting policy regarding employee benefits	4.1	-	-	-	-	(10,483,856)	(10,483,856)
<b>Opening balance 1 January 2009 - as restated</b>		513,147,913	481,435,982	-	51,926,690	90,678,536	1,137,189,121
Net profit for the year - as restated		-	-	-	-	186,641,377	186,641,377
Issuance of ordinary shares	21	513,147,913	102,629,582	-	-	-	615,777,495
<b>Closing balance 30 September 2009 - as restated</b>		1,026,295,826	584,065,564	-	51,926,690	277,319,913	1,939,607,993

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Statements of Cash Flows**
**For the years ended 31 December 2010 and 2009**

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Cash generated from operating activities	28	1,484,059,715	754,347,478	405,093,216	402,989,084
Interest paid		(157,032,058)	(164,620,717)	(112,853,747)	(116,916,102)
Income tax paid		(134,497,372)	(14,852,283)	(60,839,889)	(22,923,576)
Net cash generated from operating activities		1,192,530,285	574,874,478	231,399,580	263,149,406
<b>Cash flows from investing activities</b>					
(Increase) decrease in restricted cash		(16,446)	2,214,860	-	-
Cash received (invested) in short-term investment		127,109,523	(379,924,113)	127,109,523	(379,924,114)
Cash invested in acquisition of subsidiary/ joint venture	11	-	(857,500,000)	(220,000,000)	(857,500,000)
Purchases of intangible assets		(2,746,497)	(7,882,070)	(2,746,497)	(7,882,070)
Purchases of property, plant and equipment and investment property		(76,493,154)	(454,405,612)	(70,030,674)	(417,062,702)
Proceeds from disposals of motor vehicles and equipment		13,517,158	198,479,435	13,517,158	188,079,435
Proceeds from disposals of assets held for sale		90,383,178	-	-	-
Loans made to subsidiaries and related party	30	(440,126,829)	-	(14,000,000)	(11,141,537)
Loans repayments from subsidiaries	30	-	-	81,747,863	525,704,999
Interest received		1,361,868	1,177,186	21,683,782	34,214,908
Net cash used in investing activities		(287,011,199)	(1,497,840,314)	(62,718,845)	(925,511,081)
<b>Cash flows from financing activities</b>					
Decrease in bank overdrafts and short-term loans from bank		(543,916,520)	(80,682,313)	(543,916,520)	(78,014,476)
Proceeds from loans from related parties	30	-	-	447,626,829	1,000,000
Repayments to loans from related parties	30	(12,902,860)	(36,000,000)	(2,000,000)	(6,000,000)
Proceeds from long-terms borrowings	17	1,200,000,000	950,000,000	1,200,000,000	500,000,000
Repayments to long-term borrowings	17	(1,752,942,680)	(427,376,353)	(1,168,643,214)	(359,800,000)
Payments for liabilities under financial lease agreement		-	(70,643)	-	(70,643)
Cash received for share subscription	21	459,562	-	459,562	-
Proceeds from issuance of ordinary shares and share premium	11, 21	239,253,678	615,777,495	19,253,678	615,777,495
Dividends paid	27	(123,155,500)	-	(123,155,500)	-
Net cash (used in) receipts from financing activities		(993,204,320)	1,021,648,186	(170,375,165)	672,892,376
<b>Net (decrease) increase in cash and cash equivalents</b>					
		(87,685,234)	98,682,350	(1,694,430)	10,530,701
Cash and cash equivalents, beginning balance		142,430,726	43,748,376	16,567,319	6,036,618
<b>Cash and cash equivalents, ending balance</b>		<b>54,745,492</b>	<b>142,430,726</b>	<b>14,872,889</b>	<b>16,567,319</b>

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the years ended 31 December 2010 and 2009**

**Supplementary information for cash flows:**

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2010 and 2009 are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Accounts payable arisen as a result of purchases of property, equipment and investment property	251,345	1,519,145	-	63,000
Accounts payable arisen as a result of purchases of intangible assets	231,897	260,000	231,897	260,000
Property, plant and equipment and prepaid rent decreased due to recognition as cost of finance lease contracts	274,779,166	72,696,761	-	72,696,761
Increase in land rental recognised as cost of financial leases contracts	-	87,286,748	-	87,286,748
Property, plant and equipment decreased due to transfer to investment in joint venture	-	490,000,000	-	490,000,000
Amount due from related party decreased due to transfer to investment in joint venture	-	122,500,000	-	122,500,000
Property, plant and equipment decreased due to transfer to assets held for sale	356,940,288	-	-	-
Increase in investment property	6,144,046,093	-	3,573,839,039	-

The notes to the consolidated and company financial statements on pages 10 to 39 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2010 and 2009**

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**1 General information**

Siam Future Development Public Company Limited (“the Company”) is a public limited company, which is incorporated and domiciled in Thailand. The address of its registered office is as follows:

99 Ratchdapisek Road, Khwaeng Din Daeng, Khet Din Daeng, Bangkok 10400.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operating of the Group is the rental of building space and provision of utilities services in four categories as follow:

- (a) Short-term and long-term rental of building space, with rental terms of 1 - 3 years and 10 - 30 years, respectively.
- (b) Manage and provide services relating to common areas where by the term of service is in accordance with the term of rental.
- (c) Provision of utilities, which comprise electricity, water supplies and telephones.
- (d) Location procurement services.

These consolidated and company financial statements have been approved by the Board of Directors on 15 February 2011.

**2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

**2.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statement and the amounts or revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.



## 2 Accounting policies (Cont'd)

### 2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

#### a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

#### b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them, except as disclosed in the next paragraph:

##### Effective for the periods beginning on or after 1 January 2011

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Ventures
TAS 33	(Revised 2009)	Earnings per Share
TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
TFRS 2		Share-based Payment
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
TFRIC 15		Agreements for the Construction of Real Estate

##### Effective for the periods beginning on or after 1 January 2013

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

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented, except the accounting policies regarding employee benefits and investment property which the Group has chosen for early adoption of the related accounting standards. In addition, the Group has adopted accounting standard regarding assets held for sale in this year. The effect of the application of these new accounting policies are disclosed in Note 4.



## 2 Accounting policies (Cont'd)

### 2.3 Group accounting - Investment in subsidiaries and interest in joint venture

#### a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (See Note 2.11 for the accounting policy on goodwill).

If the cost of acquisition over the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported by using cost method less impairment (if any).

A list of the Group's principal subsidiaries is set out in Note 11.

#### b) Interest in joint venture

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group's share of its joint venture's post-acquisition profits or losses is recognised in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint venture. When the Group's share of losses in joint venture equals or exceeds its interest in joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

In the Company financial statements, the cost method is applied to account for interests in joint venture. Under the cost method, income from interests in joint venture will be recorded when dividends are declared.

A list of the Group's joint venture is set out in Note 11.

### 2.4 Cash and cash equivalents

Cash and cash equivalents are carried on the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are included in within current liabilities on the balance sheet.



## 2 Accounting policies (Cont'd)

### 2.5 Short-term investment

Short-term investment is investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and short-term is defined as a year. The short-term investment is presented at a fair value in the balance sheet. The change of investment valuation are recognised a net gain or loss in the statement of income. The fair value of unit trust is based on net assets value of the fund on the last business day of the year. Fair value of government bond is calculated by the yield that referencing from the Thai Bond Market Association. The Company used the first-in, first-out method to determine a cost of investment.

An impairment review is carried out by the Group when there is a factor indicating that such investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

### 2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the closing date. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the income statement within selling and administrative expenses.

### 2.7 Assets held for sale

Assets held for sale are assets that carrying amount will be recovered principally through a sale transaction rather than through continuing use. Asset held for sale are measured at the lower of book value and fair value less cost to sell and depreciation on such assets to cease.

### 2.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation as at the balance sheet date. Depreciation is calculated on the straight-line basis to write off the cost of each asset, to its residual value over the estimated useful life, or, if it is shorter, the lease term, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings and improvements	Land leased contracts being 15 - 30 years
Office equipment	5 years
Computer and equipment	3 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference will be recorded as impairment loss in the statement of income.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.



## 2 Accounting policies (Cont'd)

### 2.8 Property, plant and equipment (Cont'd)

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in operating profit.

Borrowing costs to finance the construction of property and equipment are capitalised as part of cost of the asset during the period of time that is required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings. Capitalisation of borrowing costs will be suspended during extended periods in which active development is interrupted.

### 2.9 Investment property

Investment property comprises freehold properties that are held for rentals yields. It is carried at fair value based on valuations by independent valuers which will be revalued every three years. However, managements will review the fair value to reflect market conditions at the end of the reporting period. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted. Any gain or loss arising from a change in fair value is recognised in the statements of income.

Properties interest on land held under operating leases is classified and accounted as investment property and is accounted for as if it was a finance lease under "Finance lease liabilities on land leases". Financial cost incurred from such recording is presented by net from gain or loss arising from a change in fair value.

### 2.10 Accounting for long-term leases

#### Where a Group is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership to the lessees 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 property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property or equipment acquired under finance leases is depreciated over the useful life of the asset. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### Where a Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.



## 2 Accounting policies (Cont'd)

### 2.11 Intangible assets

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset and amortised by straight-line method over the estimated useful lives 20 years.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

#### Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets and are amortised using the straight line method over their useful lives 10 years.

#### Prepaid rent - leasehold right

Leasehold right are capitalised and amortised using the straight line method over the estimated useful life, or, if it is shorter, the lease term 15 to 30 years.

### 2.12 Impairment of assets

Property, plant and equipment and other non-current assets which are non-financial assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets (excluded goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



## 2 Accounting policies (Cont'd)

### 2.13 Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences of the Group arise from deposit received from customers, unearned service income, profit from finance lease contracts and investment properties.

Tax rates enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### 2.15 Employee benefits

The Group operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions made by the Group to the provident funds are charged to the statement of income in the year to which they relate.

The Group provides for post employment benefits to employees under the labour laws applicable in Thailand. With effective 1 January 2010, the Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

### 2.16 Borrowings

Borrowings are recognised initially at fair value of proceeds received. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the statements of income over the period of the borrowings.

### 2.17 Revenue and expenses recognition

Revenue from rentals and services are recognised over the period in accordance with the agreement and rental and services are rendered. Revenue from leases are recognised in accordance with the accounting policy per Note 2.11 - Leases.

Unearned rental and service income are recognised using the straight-line method over the period of lease.

Interest income is recognised on an accrual basis unless collectibles is in doubt.

Expenses are generally recognised on an accrual basis.



## 2 Accounting policies (Cont'd)

### 2.18 Financial instruments

Significant financial assets carried on the balance sheet include cash and cash equivalents, short-term investment, trade accounts receivable, finance lease receivable, amount due from related parties, loan to related parties. Significant financial liabilities carried on the balance sheet include trade accounts payable, amount due to related parties and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group does not has policy to trade or speculate in any financial instruments. The Group is not party to other financial instruments which are not recognised in the financial statements.

### 2.19 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by shareholders.

## 3 Critical accounting estimates, assumptions and judgements and capital risk management

### 3.1 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### a) Impairment of receivable and finance lease receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables and finance lease receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

#### b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

#### c) Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.



### 3 Critical accounting estimates, assumptions and judgements and capital risk management (Cont'd)

#### 3.1 Critical accounting estimates, assumptions and judgements (Cont'd)

##### d) Provision for employee benefits

The present value of the provision for employee benefits depends on a number of assumptions. The assumptions used in determining the net cost for employee benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of the provision for employee benefits.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value at estimated future cash outflows expected to be required to settle the employee benefits obligations. In determining the appropriate discount rate, the Group considers the interest rate of government bond that have terms to maturity approximating the terms at the related employee benefits liability.

Other key assumptions for the provision for employee benefits are based in part on current market conditions.

Key assumptions are as follows:

Discount rates	4.5%
Future salary increase rates	6%
Retirement age	60 years old

##### e) Investment property

The fair value of investment property is carried based on valuations by independent valuers. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted which are at the rates between 4.15% to 12% per annum.

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



#### 4 Changes in accounting policies

##### 4.1 Employee benefits

In 2010, the Group has chosen to early adopt accounting standard regarding accounting for employee benefits and has accounted for the adoption retrospectively in accordance with the accounting standard. The comparative financial statements have been restated accordingly. The effect of the changes on the comparative financial statements is summarised as follows:

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>Balance sheet at 31 December 2009</b>		
Liabilities		
Other current liabilities - increase in provision for employee benefits	13,381	13,381
Shareholders' equity		
Decrease in retained earnings at 1 January 2009	(10,484)	(10,484)
Decrease in retained earnings at 31 December 2009	(13,381)	(13,381)
<b>Statement of income for the year ended 31 December 2009</b>		
Increase in administrative expenses	2,897	2,897
Decrease in net profit for the year	(2,897)	(2,897)
Decrease in basic earnings per share (Baht)	(0.004)	(0.004)
Decrease in diluted earnings per share (Baht)	(0.004)	(0.004)

##### 4.2 Investment property

In 2010, the Group has chosen to early adopt accounting standard regarding accounting for investment property and has adjusted the cumulative effect of differences between fair value and book value of the investment properties exist before 1 January 2010 to the retained earnings as of that date, and has not restated the comparative financial statements. The effect of the adoption of the standard is summarised as follows:

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>Adjustments as at 1 January 2010</b>		
Increase in investment properties	6,144,046	3,573,839
Decrease in property, plant and equipment, net	3,460,797	1,627,714
Decrease in prepaid rent, net	764,291	487,490
Decrease in other current assets	26,920	17,145
Decrease in other current liabilities	1,673	1,673
Increase in deferred tax liabilities	192,820	148,924
Decrease in other non-current liabilities	172,270	172,270
Increase in finance lease liabilities on land leases	1,388,687	1,019,738
Increase in retained earnings	484,475	446,771

#### 5 Cash and cash equivalents

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>
Cash	123	138	90	105
Deposits at call with banks	54,622	142,293	14,783	16,462
	<u>54,745</u>	<u>142,431</u>	<u>14,873</u>	<u>16,567</u>

The interest rates of deposits at call with banks during 2010 are ranging from 0.5% to 0.625% per annum (2009: 0.5% to 0.75% per annum).

**6 Short-term investment**

As at 31 December 2010, short-term investment represents investment in unit trusts of open fund and government bond amounting to Baht 60 million and Baht 250 million, respectively (2009: investment in unit trusts of open fund and fixed deposit amounting to Baht 436 million and Baht 1 million, respectively).

**7 Trade accounts receivable, net**

Outstanding trade accounts receivable can be aged as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current	57,071	69,348	23,331	34,336
Overdue 1 to 6 months	6,544	12,408	4,672	1,200
Overdue 7 to 12 months	1,676	7,993	226	3,563
Overdue over 12 months	20,653	10,919	6,361	7,122
	85,944	100,668	34,590	46,221
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	85,944	100,668	34,590	46,221

**8 Finance lease receivables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
The gross receivable in the lease contracts				
Due within 1 year	53,931	119,913	22,768	88,068
Due within 2 to 5 years	238,644	238,233	103,197	102,069
Due later than 5 years	1,434,615	1,570,447	548,285	596,774
	1,727,190	1,928,593	674,250	786,911
The present value of minimum lease payments receivable				
Due within 1 year	11,965	77,210	7,568	72,825
Due within 2 to 5 years	62,873	55,786	39,310	35,294
Due later than 5 years	879,688	928,289	352,515	376,175
	954,526	1,061,285	399,393	484,294
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	954,526	1,061,285	399,393	484,294
The unearned finance income	772,664	867,308	274,857	302,617

The unearned finance income is calculated basing on the discount rate between 4.15% to 8.00% per annum.

The significant characteristic terms of the leasing arrangements are:

- the lease term covers the major part of the economic life of the asset although title to the asset is not transferred by the end of the lease term;
- the lease amount which the lessee agrees to pay to the lessor at the commencement of the lease will not be obliged by the lessor to refund;
- in case of the lessee cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.

**9 Assets held for sale**

	<b>Consolidated</b>		
	<b>Building improvement Baht'000</b>	<b>Equipment Baht'000</b>	<b>Total Baht'000</b>
<b>Year ended 31 December 2010</b>			
Opening net book value	-	-	-
Transfer from building, building improvement and equipment	353,958	2,982	356,940
Disposals	(353,958)	(2,982)	(356,940)
Closing net book value	-	-	-

During 2010, the Group has classified the building, building improvement and equipment of a property project as assets held for sale. In December 2010, the project was sold to a property fund under finance lease contracts (where the Group is the lessor) resulting in a gain amounting to Baht 409 million.

**10 Other current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>
Other accounts receivable	36,033	39,851	24,515	20,422
Withholding tax deducted at sources	60,988	25,053	-	-
Prepaid expenses	9,580	38,456	3,843	28,092
Others	5,396	20,674	737	14,623
	<u>111,997</u>	<u>124,034</u>	<u>29,095</u>	<u>63,137</u>

**11 Investment in subsidiaries and interest in joint venture**

Movements in investments in subsidiaries and interest in joint venture are as follows:

	<b>Company</b>	
	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>
<b>Investment in subsidiaries</b>		
<b>For the years ended 31 December</b>		
Opening book value	240,425	240,425
Additional	220,000	-
Closing book value	<u>460,425</u>	<u>240,425</u>

During 2010, the Company has made additional investment in a subsidiary together with Major Cineplex Group Public Company Limited in form of ordinary shares at par value. The percentage of shareholding held in that subsidiary has not changed.

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>Interest in joint venture</b>		
<b>For the year ended 31 December 2010</b>		
Opening book value	1,470,000	1,470,000
Share loss form joint venture	(10,639)	-
Closing book value	<u>1,459,361</u>	<u>1,470,000</u>

**11 Investment in subsidiaries and interest in joint venture (Cont'd)**

The details of investments in subsidiaries and interest in joint venture as at 31 December 2010 and 2009 are as follow:

	<b>Nature of relationship</b>	<b>% Ownership interest</b>
<b>Subsidiaries</b>		
Petchkasem Power Center Company Limited	Shareholder	74
Ekkamai Lifestyle Center Company Limited	Shareholder	51
Siam Future Property Company Limited	Shareholder	100
Ratchayothin Avenue Company Limited	Shareholder	50
Ratchayothin Avenue Management Company Limited	Subsidiary of Ratchayothin Avenue Company Limited	50
Siam Future Management Company Limited	Shareholder	100
<b>Joint venture</b>		
SF Development Company Limited	Shareholder	49

All subsidiaries and joint venture are incorporated in Thailand and engage in the business of building rental and providing utilities services.

The following amounts represent the assets and liabilities and revenue and expenses of joint venture:

	<b>As at 31 December</b>	
	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>
Cash and cash equivalents	337,951	694,872
Other current assets	32,537	20,619
Prepaid rent	170,653	98,561
Property, plant and equipment	3,985,376	2,641,943
Other assets	156,634	61,298
<b>Total assets</b>	<b>4,683,151</b>	<b>3,517,293</b>
Loans from shareholders	-	368,139
Long term loan from financial institution	750,000	-
Advance from shareholder	-	245,000
Unearned rental	442,454	156,421
Other liabilities	512,791	273,116
<b>Total liabilities</b>	<b>1,705,245</b>	<b>1,042,676</b>
<b>Net assets</b>	<b>2,977,906</b>	<b>2,474,617</b>
	<b>For the year ended 31 December</b>	
	<b>2010 Baht'000</b>	<b>2009 Baht'000</b>
Rental income	3,911	-
Interest income	661	393
Other income	441	-
Expenses	(26,724)	(660)
<b>Loss before income tax</b>	<b>(21,711)</b>	<b>(267)</b>
Income tax	-	-
<b>Net loss</b>	<b>(21,711)</b>	<b>(267)</b>

**12 Prepaid rent, net**

	<b>Consolidated</b>	<b>Company</b>
	<b>Leasehold rights</b>	<b>Leasehold rights</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>At 1 January 2009</b>		
Cost	825,265	498,386
<u>Less</u> Accumulated amortisation	(213,943)	(176,546)
Net book value	<u>611,322</u>	<u>321,840</u>
<b>Year ended 31 December 2009</b>		
Opening net book value	611,322	321,840
Additions	200,134	198,468
Disposals	(5,742)	(5,742)
Amortisation charge	(39,993)	(27,076)
Closing net book value	<u>765,721</u>	<u>487,490</u>
<b>At 31 December 2009</b>		
Cost	994,362	665,816
<u>Less</u> Accumulated amortisation	(228,641)	(178,326)
Net book value	<u>765,721</u>	<u>487,490</u>
<b>Year ended 31 December 2010</b>		
Opening net book value	765,721	487,490
Transfer to investment property (Note 4.2)	(764,291)	(487,490)
Amortisation charge	(66)	-
Closing net book value	<u>1,364</u>	<u>-</u>
<b>At 31 December 2010</b>		
Cost	1,653	-
<u>Less</u> Accumulated amortisation	(289)	-
Net book value	<u>1,364</u>	<u>-</u>

As at 31 December 2009 prepaid rent with the net book value of Baht 175 million have been pledged as collateral for borrowings as described in Note 16 and Note 17.

Disposals during 2009, include Baht 4.1 million of assets sold under finance lease contracts (where the Group is the lessor).



### 13 Intangible assets, net

	<b>Consolidated</b>			
	<b>Goodwill Baht'000</b>	<b>Computer software licenses Baht'000</b>	<b>Total Baht'000</b>	<b>Computer software licenses Baht'000</b>
<b>At 1 January 2009</b>				
Cost	5,000	21,523	26,523	21,523
<u>Less</u> Accumulated amortisation	(63)	-	(63)	-
Net book value	<u>4,937</u>	<u>21,523</u>	<u>26,460</u>	<u>21,523</u>
<b>Year ended 31 December 2009</b>				
Opening net book value	4,937	21,523	26,460	21,523
Additions	-	3,413	3,413	3,413
Amortisation charge	(250)	(2,404)	(2,654)	(2,404)
Closing net book value	<u>4,687</u>	<u>22,532</u>	<u>27,219</u>	<u>22,532</u>
<b>At 31 December 2009</b>				
Cost	5,000	24,936	29,936	24,936
<u>Less</u> Accumulated amortisation	(313)	(2,404)	(2,717)	(2,404)
Net book value	<u>4,687</u>	<u>22,532</u>	<u>27,219</u>	<u>22,532</u>
<b>Year ended 31 December 2010</b>				
Opening net book value	4,687	22,532	27,219	22,532
Additions	-	2,978	2,978	2,978
Amortisation charge	(250)	(2,677)	(2,927)	(2,677)
Closing net book value	<u>4,437</u>	<u>22,833</u>	<u>27,270</u>	<u>22,833</u>
<b>At 31 December 2010</b>				
Cost	5,000	27,914	32,914	27,914
<u>Less</u> Accumulated amortisation	(563)	(5,081)	(5,644)	(5,081)
Net book value	<u>4,437</u>	<u>22,833</u>	<u>27,270</u>	<u>22,833</u>

### 14 Investment property

	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>Year ended 31 December 2010</b>		
Investment property as at 1 January 2010	6,144,046	3,573,839
Additions of investment property during the year	52,973	49,571
Gain from fair value adjustment	181,873	73,635
Investment property as at 31 December 2010	<u>6,378,892</u>	<u>3,697,045</u>
	<b>Consolidated Baht'000</b>	<b>Company Baht'000</b>
<b>Statement of income for the year ended 31 December 2010</b>		
Gain from fair value adjustment	181,873	73,635
Financial cost from recording investment property	<u>(98,696)</u>	<u>(68,734)</u>
Gain from fair value adjustment on investment property, net	<u>83,177</u>	<u>4,901</u>



#### 14 Investment property (Cont'd)

As at 31 December 2010, investment property with the net book value (before fair value adjustment) amounting to Baht 602 million was pledged as collateral for borrowings as described in Note 16 and Note 17.

During 2010, properties interest on land held under operating leases was classified and accounted as investment property and was accounted for as if it was a finance lease in the consolidated and company balance sheets amounting to Baht 1,364 million and Baht 991 million, respectively. It was calculated basing on the discount rate between 4.15% to 8.00% per annum. The land lease agreements will expire during the year 2011 to 2038.

#### 15 Property, plant and equipment, net

	Consolidated					Total Baht'000
	Land Baht'000	Leasehold improvement Baht'000	Building and building improvement Baht'000	Motor vehicles, office equipment, and computer Baht'000	Construction in progress and project under development Baht'000	
<b>At 1 January 2009</b>						
Cost	582,100	32,800	4,351,944	102,103	770,053	5,839,000
<u>Less</u> Accumulated depreciation	-	(8,817)	(578,188)	(51,769)	-	(638,774)
Net book value	<u>582,100</u>	<u>23,983</u>	<u>3,773,756</u>	<u>50,334</u>	<u>770,053</u>	<u>5,200,226</u>
<b>Year ended 31 December 2009</b>						
Opening net book value	582,100	23,983	3,773,756	50,334	770,053	5,200,226
Additions	-	286	52,559	7,810	375,121	435,776
Disposals, net	(64,049)	-	(40,646)	-	(2,256)	(106,951)
Transferred in (out)	-	10,098	204,714	5,935	(1,135,819)	(915,072)
Depreciation charge	-	(1,858)	(201,684)	(17,815)	-	(221,357)
Closing net book value	<u>518,051</u>	<u>32,509</u>	<u>3,788,699</u>	<u>46,264</u>	<u>7,099</u>	<u>4,392,622</u>
<b>At 31 December 2009</b>						
Cost	518,051	43,184	4,565,571	112,204	7,099	5,246,109
<u>Less</u> Accumulated depreciation	-	(10,675)	(776,872)	(65,940)	-	(853,487)
Net book value	<u>518,051</u>	<u>32,509</u>	<u>3,788,699</u>	<u>46,264</u>	<u>7,099</u>	<u>4,392,622</u>
<b>Year ended 31 December 2010</b>						
Opening net book value	518,051	32,509	3,788,699	46,264	7,099	4,392,622
Additions	-	-	-	20,261	4,968	25,229
Disposals, net	-	-	(1,055)	(11,806)	(1,536)	(14,397)
Transferred in (out)	-	-	1,333	373	(1,706)	-
Depreciation charge	-	-	(4,147)	(16,207)	-	(20,354)
Transfer to assets held for sale	-	-	(353,958)	(2,982)	-	(356,940)
Transfer to investment property	-	(32,509)	(3,420,466)	(7,822)	-	(3,460,797)
Closing net book value	<u>518,051</u>	<u>-</u>	<u>10,406</u>	<u>28,081</u>	<u>8,825</u>	<u>565,363</u>
<b>At 31 December 2010</b>						
Cost	518,051	-	12,308	98,075	8,825	637,259
<u>Less</u> Accumulated depreciation	-	-	(1,902)	(69,994)	-	(71,896)
Net book value	<u>518,051</u>	<u>-</u>	<u>10,406</u>	<u>28,081</u>	<u>8,825</u>	<u>565,363</u>



# 15 Property, plant and equipment, net (Cont'd)

	Company					
	Land Baht'000	Leasehold improvement Baht'000	Building and building improvement Baht'000	Motor vehicles, office equipment, and computer Baht'000	Construction in progress and project under development Baht'000	Total Baht'000
<b>At 1 January 2009</b>						
Cost	64,048	32,385	1,872,466	73,334	770,167	2,812,400
<u>Less</u> Accumulated depreciation	-	(8,785)	(386,138)	(41,400)	-	(436,323)
Net book value	64,048	23,600	1,486,328	31,934	770,167	2,376,077
<b>Year ended 31 December 2009</b>						
Opening net book value	64,048	23,600	1,486,328	31,934	770,167	2,376,077
Additions	-	286	33,809	5,673	374,657	414,425
Disposals, net	(64,048)	-	(30,489)	(486)	(2,256)	(97,279)
Transferred in (out)	-	10,098	204,714	5,935	(1,135,819)	(915,072)
Depreciation charge	-	(1,844)	(106,609)	(12,256)	-	(120,709)
Closing net book value	-	32,140	1,587,753	30,800	6,749	1,657,442
<b>At 31 December 2009</b>						
Cost	-	42,770	2,078,167	84,220	6,749	2,211,906
<u>Less</u> Accumulated depreciation	-	(10,630)	(490,414)	(53,420)	-	(554,464)
Net book value	-	32,140	1,587,753	30,800	6,749	1,657,442
<b>Year ended 31 December 2010</b>						
Opening net book value	-	32,140	1,587,753	30,800	6,749	1,657,442
Additions	-	-	-	18,424	3,894	22,318
Disposals, net	-	-	-	(11,806)	(1,536)	(13,342)
Transferred in (out)	-	-	-	330	(330)	-
Depreciation charge	-	-	-	(10,479)	-	(10,479)
Transfer to investment property	-	(32,140)	(1,587,753)	(7,821)	-	(1,627,714)
Closing net book value	-	-	-	19,448	8,777	28,225
<b>At 31 December 2010</b>						
Cost	-	-	-	73,556	8,777	82,333
<u>Less</u> Accumulated depreciation	-	-	-	(54,108)	-	(54,108)
Net book value	-	-	-	19,448	8,777	28,225

During 2009, the borrowing cost of Baht 8 million arising from financing for the project under development has been capitalised. The interest rate of 5% which is the weighted average cost of loans is applied for the capitalisation.

During 2009, the disposals in the consolidation and the company financial statements include Baht 69 million of assets sold under finance lease contracts (where the Group is the lessor). In addition, the Company sold land, building and assets of a project resulting in a gain amounting to Baht 98 million reported as other income in the statement of income.

As at 31 December 2009, properties with the net book value of Baht 1,805 million have been pledged as collateral for borrowings (Note 17).

**16 Bank overdrafts and short-term loans from banks**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Bank overdrafts	6	2	6	2
Short-term loans from banks	200,000	743,920	200,000	743,920
	<u>200,006</u>	<u>743,922</u>	<u>200,006</u>	<u>743,922</u>

Loans from a bank have been guaranteed by pledge of investment property of a property project as collateral. Loans bear interest rate at 4.05% per annum (2009: 2.9% to 3.5% per annum).

**17 Borrowings**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Current portion of long-term borrowings</b>				
Bank borrowings	86,950	178,248	33,200	96,600
Debentures	-	1,062,975	-	1,062,975
	<u>86,950</u>	<u>1,241,223</u>	<u>33,200</u>	<u>1,159,575</u>
<b>Long-term borrowings</b>				
Bank borrowings	289,250	880,652	52,500	87,500
Debentures	1,695,799	500,000	1,695,799	500,000
	<u>1,985,049</u>	<u>1,380,652</u>	<u>1,748,299</u>	<u>587,500</u>
<b>Total borrowings</b>	<u>2,071,999</u>	<u>2,621,875</u>	<u>1,781,499</u>	<u>1,747,075</u>

**Bank borrowings**

Long-term bank borrowings which bear interest rates at MLR and MLR minus 0.25% and 0.75% per annum (2009: MLR and MLR minus 0.25%, 0.50% and 0.75% per annum) are secured by pledge of investment property of property projects. The borrowings are due for monthly repayment.

**Debentures**

During 2010, the Company issued 1,200,000 units of Baht 1,000 per unit, unsubordinated and unsecured debentures, totaling Baht 1,200 million. The debentures bear interest at the rates between 4.40% to 4.80% per annum and will be mature during July 2013 to July 2014. The Company has to maintain financial ratios as stipulated in the offering documents.

**17 Borrowings (Cont'd)**

The movements in the borrowings can be analysed as follows:

For the year ended 31 December	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Opening amount	2,621,875	2,094,861	1,747,075	1,602,484
Additional	1,200,000	950,000	1,200,000	500,000
Debenture issuance cost	(5,244)	(2,025)	(5,243)	(2,025)
Repayment of borrowings	(1,747,699)	(425,422)	(1,163,400)	(357,845)
Amortisation of debenture issuance cost	3,067	4,461	3,067	4,461
Closing amount	2,071,999	2,621,875	1,781,499	1,747,075

The exposure of the borrowings in relation to interest rate changes are as follows:

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Total borrowings:				
- at fixed rates	1,695,799	1,562,975	1,695,799	1,562,975
- at floating rates	376,200	1,058,900	85,700	184,100
	2,071,999	2,621,875	1,781,499	1,747,075
	Consolidated		Company	
	2010 %	2009 %	2010 %	2009 %

Weighted average effective interest rates:

All borrowings:	4.95	5.23	4.81	5.17
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The carrying amounts and fair values of long-term borrowings as at 31 December are as follows:

	Consolidated			
	Carrying amount		Fair value	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Total borrowings:	2,071,999	2,621,875	1,928,222	2,427,726
	Company			
	Carrying amount		Fair value	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Total borrowings:	1,781,499	1,747,075	1,637,722	1,706,471

The fair values of bank borrowings and debentures are based on discounted cash flows using a discount rate based upon the borrowing rate which the managements expect would be available to the Group at the balance sheet date.

**17 Borrowings (Cont'd)**

Maturity of long-term borrowings:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	86,950	1,241,223	33,200	1,159,575
Later than 1 year and not later than 2 years	92,500	124,148	30,000	33,200
Later than 2 years and not later than 5 years	1,892,549	880,493	1,718,299	554,300
Later than 5 years	-	376,011	-	-
	<b>2,071,999</b>	<b>2,621,875</b>	<b>1,781,499</b>	<b>1,747,075</b>

**18 Other current liabilities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>Restated 2009</b>	<b>2010</b>	<b>Restated 2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Accrued expenses	79,134	53,700	36,799	30,822
Accrued property tax	180,842	141,230	70,293	56,130
Corporate income tax payable	9,699	36,703	-	35,692
Retention payable	10,145	19,273	7,826	15,643
Accrued interest expense	15,218	26,821	15,217	26,821
Others	21,580	29,971	12,925	20,184
	<b>316,618</b>	<b>307,698</b>	<b>143,060</b>	<b>185,292</b>

**19 Unearned rental and service income**

Unearned rental and service income are due for recognition as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	76,802	59,953	55,417	40,716
Within 2 years and not later than 5 years	147,624	162,201	88,428	105,038
Later than 5 years	450,186	327,670	63,955	80,949
	<b>674,612</b>	<b>549,824</b>	<b>207,800</b>	<b>226,703</b>

**20 Deferred income taxes**

The movements of the deferred income tax account are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance of deferred tax liabilities	(346,835)	(353,240)	(102,710)	(93,256)
Changes in accounting policy (Note 4.2)	(192,820)	-	(148,924)	-
Statement of income charges (Note 25)	(220,189)	6,405	(54,219)	(9,454)
Other adjustment	537	-	-	-
Closing balance of deferred tax liabilities	<u>(759,307)</u>	<u>(346,835)</u>	<u>(305,853)</u>	<u>(102,710)</u>

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

<b>Deferred tax assets</b>	<b>Consolidated</b>			
	<b>Deposit received from customers</b>	<b>Unearned service income</b>	<b>Accumulated deficit</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2010	12,277	16,747	94	29,118
Charges to net profit	2,857	3,846	(47)	6,656
Closing balance 31 December 2010	<u>15,134</u>	<u>20,593</u>	<u>47</u>	<u>35,774</u>

<b>Deferred tax liabilities</b>	<b>Consolidated</b>		
	<b>Profit from finance lease contracts</b>	<b>Investment property</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2010	375,953	192,820	568,773
Charges to net profit	107,570	118,738	226,308
Closing balance 31 December 2010	<u>483,523</u>	<u>311,558</u>	<u>795,081</u>

<b>Deferred tax assets</b>	<b>Company</b>		
	<b>Deposit received from customers</b>	<b>Unearned service income</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2010	4,235	4,702	8,937
Charges to net profit	1,206	725	1,931
Closing balance 31 December 2010	<u>5,441</u>	<u>5,427</u>	<u>10,868</u>

<b>Deferred tax liabilities</b>	<b>Company</b>		
	<b>Profit from finance lease contracts</b>	<b>Investment property</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2010	111,647	148,924	260,571
Charges to net profit	(4,406)	60,556	56,150
Closing balance 31 December 2010	<u>107,241</u>	<u>209,480</u>	<u>316,721</u>

**20 Deferred income taxes (Cont'd)**

Deferred income tax assets and liabilities are offset when the income taxes are related to the same fiscal authority being the Revenue Department. The following amounts, determining after appropriate offsetting, are shown in the consolidated and the Company balance sheets as at 31 December:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets	35,774	29,118	10,868	8,937
Deferred tax liabilities	(795,081)	(375,953)	(316,721)	(111,647)
Total deferred tax liabilities	(759,307)	(346,835)	(305,853)	(102,710)

**21 Share capital and share premium**

	<b>Ordinary share capital Baht'000</b>	<b>Share premium Baht'000</b>	<b>Total Baht'000</b>
<b>Issue and paid-up share capital</b>			
At 31 December 2008	513,148	481,436	994,584
Issue of shares	513,148	102,630	615,778
At 31 December 2009	1,026,296	584,066	1,610,362
Issue of shares	4,116	15,137	19,253
At 31 December 2010	1,030,412	599,203	1,629,615

At the Extraordinary General Meeting No. 1/2009 held on 17 June 2009, the shareholders approved the decrease and increase of share of 6,331 shares and 513,147,913 shares, respectively, at par value of Baht 1 each. The Company registered the decrease and increase of share capital with The Ministry of Commerce on 30 June 2009.

As at 31 December 2010, total authorised number of the ordinary shares is 1,047,089,351 shares with a par value of Baht 1 per share (2009: 1,047,089,351 shares with a par value of Baht 1 per share). Total issued and paid-up share capital is 1,030,411,617 shares with the paid-up of Baht 1 per share (2009: 1,026,295,826 shares with a paid-up of Baht 1 per share). The unissued authorised shares are reserved for the exercise of warrants.

**Warrants**

The shareholders approved the issuance of warrants to directors and employees of the Group on 17 January 2007, totalling 15,000,000 units with the exercise period of 5 years. The conversion right is 1 warrant unit per 1 ordinary share at the exercise price of Baht 6.94.

At the Board of Directors meeting held on 7 May 2009, the Board of Directors approved to change the conversion right from 1 warrant unit per 1 ordinary share to 1 warrant unit per 1.48344 ordinary shares and adjust the exercise price from Baht 6.94 to Baht 4.678.

During 2010, the warrants of 2,840,727 units (2009: nil) were exercised. The exercised warrants during the year of 66,224 units have been registered with the Ministry of Commerce on 12 January 2011 and are presented as share subscription. As at 31 December 2010, the unexercised warrants are 7,952,798 units (2009: 10,793,525 units).

**22 Legal reserve**

Under the Public Companies Act, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is not distributable as dividend. The Company will set aside its net profit as a legal reserve when the Board of Directors passes a resolution to approve the reserve.

**23 Expenses by nature**

The following significant expenditures, classified by nature, have been charged in arriving at profit before financial costs and tax:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Amortisation on prepaid rent (Note 12)	66	39,993	-	27,076
Depreciation on property and equipment (Note 15)	20,354	221,357	10,479	120,709
Staff costs	79,478	72,291	79,458	72,153

**24 Financial costs**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Interest expenses				
- Debentures	84,939	63,279	84,939	63,279
- Long-term borrowings bank	52,548	71,285	8,670	26,300
- Bank overdrafts	344	2,215	326	2,152
- Promissory notes	8,684	11,973	8,684	11,973
- Debenture issuance cost	3,067	4,461	3,067	4,461
- Loan from related parties	419	1,534	409	70
- Others	167	83	167	83
Total financial costs	150,168	154,830	106,262	108,318

**25 Income tax**

Income taxes in the consolidated and company statements of income can be analysed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current tax charge	70,917	76,678	25,033	56,874
Deferred tax (Note 20)	220,189	(6,405)	54,219	9,454
Income tax	291,106	70,273	79,252	66,328

**25 Income tax (Cont'd)**

The calculation of income tax in the consolidated and company statements of income are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>Restated</b>	<b>2010</b>	<b>Restated</b>
	<b>Baht'000</b>	<b>2009</b>	<b>Baht'000</b>	<b>2009</b>
		<b>Baht'000</b>		<b>Baht'000</b>
Profit before income tax	1,010,278	256,181	312,812	252,969
Tax calculated at a tax rate 25% for the Company and 15% to 30% for subsidiaries	288,689	67,911	78,203	63,966
Expenses not deductible for tax purposes	2,417	2,362	1,049	2,362
Income tax	291,106	70,273	79,252	66,328

**26 Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of paid-up ordinary shares in issue during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has warrants issued to the directors and employees (Note 21) for subscription of ordinary shares.

A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's ordinary shares) based on the outstanding warrants, and the potential shares are added to the ordinary shares outstanding but no adjustment is made to net profit.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>Restated</b>	<b>2010</b>	<b>Restated</b>
	<b>Baht'000</b>	<b>2009</b>	<b>Baht'000</b>	<b>2009</b>
		<b>Baht'000</b>		<b>Baht'000</b>
Net profit attributable to equity holders of the parent (Baht'000)	517,638	182,985	233,560	186,641
Weighted average number of paid-up ordinary shares in issue ('000 shares)	1,027,536	732,465	1,027,536	732,465
Basic earnings per share (Baht)	0.50	0.25	0.23	0.25
Effect of dilutive potential ordinary shares ('000 shares)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ( '000 shares)	1,027,536	732,465	1,027,536	732,465
Diluted earnings per share (Baht)	0.50	0.25	0.23	0.25



## 27 Dividends

At the Annual General Meeting held on 25 March 2010, the shareholders approved the payment of a dividend in respect of 2009 operating result of Baht 0.12 per share, amounting to a total of Baht 123.16 million to be paid to the shareholders on 23 April 2010.

## 28 Cash flows from operating activities

Reconciliation of net profit for the year to cash flows from operating activities:

	Consolidated		Company	
	2010	Restated	2010	Restated
	Baht'000	Baht'000	Baht'000	Baht'000
Net profit before income tax for the year	1,010,278,253	256,181,419	312,812,160	252,969,112
Adjustments for:				
Depreciation and amortisation (Notes 13 and 15)	23,281,449	224,011,638	13,156,266	123,113,084
Amortisation of prepaid rent (Note 12)	66,160	39,993,464	-	27,076,348
Interest income	(46,882,040)	(45,665,817)	(37,820,084)	(49,978,895)
Interest expense	150,167,988	154,830,085	106,261,726	108,317,621
Amortisation of debenture issuance costs	3,066,948	4,461,188	3,066,948	4,461,188
Realised unearned rental and service income	(49,776,629)	(56,001,940)	(35,441,077)	(38,587,789)
Gain on disposals of motor vehicles and equipment	(1,957,627)	(97,759,917)	(175,572)	(96,756,769)
Property, plant and equipment recognised as cost of finance lease	274,779,166	72,696,761	-	72,696,761
Increase in land rental recognised as cost of finance lease	-	87,286,748	-	87,286,748
Provision for employee benefit	3,328,683	2,896,826	3,328,683	2,896,826
Gain from fair value adjustment				
On investment property	(83,177,157)	-	(4,901,157)	-
Share loss from joint venture (Note 11)	10,638,449	-	-	-
Changes in operating assets and liabilities:				
- trade accounts receivable	14,723,711	(4,103,547)	11,631,008	(1,101,601)
- finance lease receivable	152,279,826	(128,510,357)	101,174,901	(203,399,711)
- amount due from related companies	(546,431)	39,283,958	27,238,893	(30,536,796)
- other current assets	(19,329,304)	5,434,962	(11,681,210)	(399,820)
- deposits for leasehold land	(110,000)	-	(110,000)	-
- other non-current assets	(11,056,109)	(10,062,181)	(11,051,384)	(9,856,915)
- trade accounts payable	(471,153)	(2,794,020)	(103,728)	(2,505,800)
- amounts due to related parties	(9,006,337)	14,162,877	340,262	(3,185)
- other current liabilities	43,254,493	51,832,773	5,754,781	20,508,971
- unearned rental and service income	174,565,267	(43,927,702)	16,538,101	(47,010,015)
- deposit received from customers	(49,359,827)	30,095,592	(11,020,236)	17,154,768
- finance lease liabilities on land leases	(104,698,064)	160,004,668	(83,906,065)	166,644,953
Cash flows from operating activities	1,484,059,715	754,347,478	405,093,216	402,989,084



## 29 Financial instruments

The principal financial risks faced by the Group are interest rate risk and credit risk. The Group borrows at both fixed and floating rates of interest to finance its operations. Credit risk arises from the risk in the collectability of rental fees.

### a) Credit risks

The current policies established by the Group to manage credit risk are:

- To collect a guarantee equivalent to 6 months rental and service fee from customers.
- To terminate rental contracts for tenants whose rental and service fees are overdue.

### b) Liquidity risks

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Group's treasury policy aims at maintaining flexibility in funding by keeping committed credit lines available.

### c) Fair values

The carrying amounts of the following significant financial assets and financial liabilities approximate to their fair values: cash and cash equivalent, finance lease receivables, amounts due from related parties, loans to subsidiaries, bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable since financial instruments are predominantly subject to market interest rate. Information on the fair values of borrowings are included in Note 17.

## 30 Related party transactions

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is an associate of Major Cineplex Group Public Company Limited which owns 23.22% of the Company's share (31 December 2009: 24.10%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

**30 Related party transactions (Cont'd)**

The Group enters into transactions with related companies in the normal course of business. Significant transactions for the years ended 31 December are summarised as follows:

**a) Revenues and expense**

For the years ended 31 December	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
<b>Rental and service income</b>				
Group Major Cineplex Group				
Public Company Limited	174,288	164,802	80,244	101,818
<b>Management fee income</b>				
Subsidiaries	-	-	62,404	93,049
<b>Interest income</b>				
Subsidiaries	-	-	20,652	33,526
<b>Management fee expense</b>				
Group Major Cineplex Group				
Public Company Limited	2,192	21,924	-	-

Rental and service incomes were carried out on normal commercial terms and conditions and at market prices which are subject to location, leases pace, leases terms, timing and type of lease.

Management fee income and expense were charged at the rates specific on the agreements.

Interest is charged at the rate between 6.00% to 7.75% per annum (2009: 6.00% to 7.75% per annum).

**b) Trade accounts receivable**

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Group Major Cineplex Group				
Public Company Limited	31,459	46,092	13,591	25,411
Related parties	51	-	-	-
	31,510	46,092	13,591	25,411

**c) Finance lease receivables**

	Consolidated	
	2010 Baht'000	2009 Baht'000
Related parties	309,679	327,911



### 30 Related party transactions (Cont'd)

#### d) Amounts due from related parties

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Major Cineplex Group				
Public Company Limited	1,221	1,000	-	-
Subsidiaries	-	-	185,886	213,450
Joint venture	325	-	325	-
	<u>1,546</u>	<u>1,000</u>	<u>186,211</u>	<u>213,450</u>

#### e) Loans to related parties

Movement of loans to subsidiaries during the year are as follows:

	Company	
	2010 Baht'000	2009 Baht'000
Beginning balance	348,308	862,871
Loans made during the year	14,000	11,142
Loans repayments during the year	(81,748)	(525,705)
Ending balance	<u>280,560</u>	<u>348,308</u>

Loans to subsidiaries represent short-term loans repayable upon demand. The loans bear interest at the rates between 6.00% to 7.75% per annum (2009: 6.00% to 7.75% per annum).

Movement of loans to a related company during the year are as follows:

	Consolidated
	2010 Million Baht
Beginning balance	-
Loans made during the year	<u>440,127</u>
Ending balance	<u>440,127</u>

Loans to a related company represent short-term loans repayable upon demand. The loans bear interest rates at MLR per annum.

#### f) Amount due to related parties

	Consolidated		Company	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Major Cineplex Group Public				
Company Limited	8,650	17,656	-	-
Subsidiaries	-	-	340	-
	<u>8,650</u>	<u>17,656</u>	<u>340</u>	<u>-</u>

**30 Related party transactions (Cont'd)****g) Loans from related parties**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Loan from:				
Major Cineplex Group				
Public Company Limited	-	12,903	-	-
Subsidiary	-	-	445,627	-
	-	12,903	445,627	-

Movement of loans from related parties during the year are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Major Cineplex Group Public Company Limited</b>				
Beginning balance	12,903	48,903	-	-
Loan repaid during the year	(12,903)	(36,000)	-	-
Ending balance	-	12,903	-	-
<b>Subsidiary</b>				
Beginning balance	-	-	-	5,000
Loan received during the year	-	-	447,627	1,000
Loan repaid during the year	-	-	(2,000)	(6,000)
Ending balance	-	-	445,627	-

Loans from related parties represent loans which are unsecured, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rates between 5.85% to 6.12% per annum (2009: 7.00% to 7.75% per annum).

**h) Unearned rental and service income**

As at 31 December of 2010, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 125 million (2009: Baht 131 million).

**i) Directors and management remuneration**

In 2010, the total salaries and other benefits, including directors' fee paid to directors and management included as an expense in the statements of income are amounting to Baht 25 million (2009: Baht 25 million).

**31 Commitments and contingencies****Operating lease commitments - the Group is the lessee**

The future minimum lease payments under non-cancelable operating lease are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Within 1 year	77	120	76	93
Within 2 years and not later than 5 years	706	754	556	608
Later than 5 years	2,106	2,236	1,149	1,240
	<u>2,889</u>	<u>3,110</u>	<u>1,781</u>	<u>1,941</u>

**Bank guarantees**

As at 31 December 2010, the Group has outstanding letters of guarantee amounting to Baht 290 million (2009: Baht 274 million) issued by the Group's bankers in respect of normal business operations.

**Guarantee**

As at 31 December 2010, the Company has guaranteed for bank loans granted to subsidiaries for a total of Baht 450 million (2009: Baht 782 million).

**32 Segment information**

The Group operates in only one business segment which is the development of shopping centers and lease out space in the centers. Additionally, currently, the business is only operated in Thailand. Therefore presentation of segment information is not necessary.

**33 Post balance sheet event**

At the Extraordinary General Meeting No. 1/2011 of a subsidiary held on 21 January 2011, the shareholders approved the decrease of share 40,500,000 shares, at par value of Baht 10 each. The subsidiary registered the decrease of share capital with The Ministry of Commerce on 27 January 2011.



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