

รายงานประจำปี 2559

# ANNUAL REPORT



**SIAM FUTURE DEVELOPMENT PLC.**

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## Message from the Board of Directors

2016 world economy was similar to that last year. Global economy continued to slow down due to a decline of oil price as a result of excess supply, albeit a slight increase in oil price around the end of the year attributable to OPEC production cut for the first time in eight years. Financial market also fluctuated due to China's devaluation of its yuan currency in January as well as the UK's leaving of the European Union (Brexit) in June. Additionally, dollar currency and interest rate in the US still tended to increase, causing a capital outflow from the developing countries, including Thailand.

2016 economic situation in Thailand was driven by the government spending and investment in the infrastructure for transportation. Tourism sector continued to grow in spite of an impact from a decrease in the number of tourists from China due to a crackdown of zero-dollar tour. Household spending also rose attributable to the government's tax measure to stimulate domestic spending in April and December. Consumption also earned benefits from a recovery of farmers' income as draught situation eased up and prices of the agricultural produces increased. Moreover, an investment from the private sector improved compared to that in the previous year. However, overall domestic economy was still confronted with risk factors from the recovery of global economy due to an uncertainty in the US economic policy after the president election and the uncertainty of politics in Thailand. This, thus, affected an investment decision of the foreign and domestic investors. As such, the Company took precaution against the development of projects to suit current economic situation.

The development of an extension of the Market Place Nanglinchee project resulted from a 30-year renewal of the leasing contract of current plot of land and the surrounding plots. The rental area would be expanded

from 3,000 square meters to 12,000 square meters. The 1<sup>st</sup> phase construction had already commenced on 14 July 2016 and was expected to complete and start the operation of the 1<sup>st</sup> phase on the 7,000 square meters space in October 2017. The 2<sup>nd</sup> phase on the 5,000 square meters space was expected to complete and start the operation in July 2018.

Besides, the Company planned to develop a new project in form of community mall on Rajvithi Road, Dusit, with a salable space of 6,500 square meters. It would be in form of a 2-storey lifestyle shopping center plus 1-storey underground parking lot in expectation of future light red line and purple line subways. In addition, such area was surrounded by various schools, hospitals and corporates such as SuanSunandhaRajabhat University, SuanDusit University, Saint Gabriel's College, St. Francis Xavier School, Vajira Hospital and the companies under Boonrawd group, etc. Target customers were working age, students, collegians, parents and residents in the surrounding areas. The project was expected to complete within 2018.

The Esplanade project was planned to expand the space for more restaurants to support the number of customers in the shopping center from the AIA Capital Center Building and the Stock Exchange of Thailand Building which was officially opened on Monday, 4 January 2016.

An operating performance of Mega Bangna project was continually outstanding. In 2016, the project adjusted the tenant mix to enhance and better fulfil the customers' requirement, e.g. Sizzler, Eve and boy, Loft, Tsuruha, True Sphere, Miniso, etc. As such, net profit from normal operation rose 36% from THB 468 million in 2015 to THB 635 million (the Company recognized the revenues according to the 49% shareholding proportion). Mega Bangna project planned to develop the surrounding areas

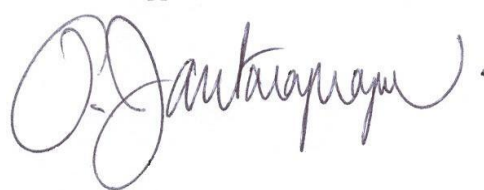
into Mega City, a mixed-use project comprising office building, hotel and residence. The 1<sup>st</sup> phase would be the development of the expansion and building in front of the project next to Kanjanaphisek Road. The building would have seven floors with total space of approximately 57,000 square meters. The first three floors would be retail space with the area of approximately 11,000 square meters. The remaining space would be parking lots of approximately 1,200 cars. Tops Market would be an anchor tenant, plus retail shops of more than 40 shops. The construction had commenced since September 2016 and was expected to complete and start the operation in the 4<sup>th</sup> quarter of 2017.

As at 31 December 2016, the Company had 22 projects in total with total rental space of 408,563 square meters. It mainly focused on adjusting the shops as well as developing and improving the existing projects to support the surrounding customers.

The Board of Directors had acted professionally and with quality under precaution as a result of domestic economy fluctuation which was slowly recovered. Branch expansion, thus, needed to be considered more carefully. It also acted with ethical and governance transparency.

However, this year the Company emphasized on a renovation of the existing shopping centers with good performance which could expand additional salable space to expand the existing customer base and to earn continuous income for the benefit of all stakeholders in a long run.

The Company's accomplishment as aforementioned was the result of dedication, commitment and cooperation from all groups of business alliances of the Company. The Board of Directors would like to convey a sincere appreciation to shareholders, suppliers, customers, financial institutions, financial advisors and all employees for their continuous trust and support in the past and going forward.



(Mr. Oranop Jantaraprapa)

Chairman

# Audit Committee Report

Dear Shareholders of Siam Future Development PLC.

The Audit Committee of Siam Future Development Public Company Limited consists of three independent directors. In 2016 there were five meetings of the Audit Committee, all of which being participated by all members of the Audit Committee. In the meeting, the Audit Committee discussed with the management, auditor and internal auditor, and provided their opinion as well as advice independently in the way it should be. The Audit Committee reported the operating results in four meetings of the Board of Directors, main points and opinions of which as follows:

**Accuracy, completeness and creditability of the financial reports:** The Audit Committee has reviewed quarterly financial statements, annual financial statements, material accounting policy and material financial reports. From the scopes of audit plan, audit methods and issued found, together with the management and the auditor, the Audit Committee is of the opinion that the Company's financial reports were prepared in conformity with generally accepted accounting principles, accurate, complete and creditable. The adoption of the accounting policy is reasonable.

**Sufficiency of the internal control system and internal audit:** The Audit Committee has reviewed the reports of the Internal Audit Department and the auditor regarding the evaluation of internal control system as well as the operation of the management according to the suggestion in such reports. The Audit Committee is of the opinion that the Company's internal control system is sufficient and suitable. The Audit Committee has reviewed the annual risk-based internal audit plan, results from the implementation of such plan and the evaluation of the Internal Audit Department's operation. It also has constantly discussed with the Head of the Internal Audit Department without the management. The Audit Committee, therefore, is of the opinion that the internal audit is independent and appropriate.

**Compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business:** The Audit Committee has reviewed the compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business, and has regularly followed up on the approach of improvement of the management. The Audit Committee is of the opinion that the Company complies with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business.

**Potential conflict of interest transactions:** The Audit Committee has placed importance on the consideration of related party transactions and potential conflict of interest transactions to ensure that they comply with the laws and regulations of the Stock Exchange of Thailand. It also has the Internal Audit Department preliminarily checked the accuracy from the report of interest of the directors and the management as well as having the auditor reviewed those transactions annually. The Audit Committee is of the opinion that the related party transactions considered are deemed normal business with the conditions in the ordinary course of business, reasonable, fair and yield maximum benefit to the Company.

**Suitability of the auditor, consideration, selection and nomination of the auditor:** An Audit Committee had assessed the independency and 2016 performance of PricewaterhouseCoopers ABAS Ltd. was satisfied by evaluating from independency, reputation, creditability, as well as their performance which complied with general accounting standard. It therefore proposed to the Company's Board of Directors to seek approval from the shareholders' meeting to appoint Mr. Chanchai Chaiprasit C.P.A.(Thailand) no. 3760, Mr. Kajornkiet Aroonpirodkul C.P.A. (Thailand) no. 3445, and Mr. Paiboon Tunkoonl C.P.A.

(Thailand) no. 4298 from PricewaterhouseCoopers ABAS Ltd. as the auditors of the Company. Any one of the above persons shall be eligible to conduct an audit and express an opinion to the Company's financial statements for the accounting year of 2017. In the absence of the above-named auditors, PricewaterhouseCoopers ABAS Ltd. is authorized to identify one other Certified Public Accountant within PricewaterhouseCoopers ABAS Ltd. to carry out the work.

**Overall opinion and observation from the performance of duties in accordance with the charter:** The Audit Committee had cautiously and independently performed its duties in accordance with the charter. It was of an opinion that the Company's internal control and internal audit was efficient. The financial statements were accurately and completely prepared. The Company complied with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business as well as the consideration of related party transactions.



(Mrs. Nantiya Montriwat)

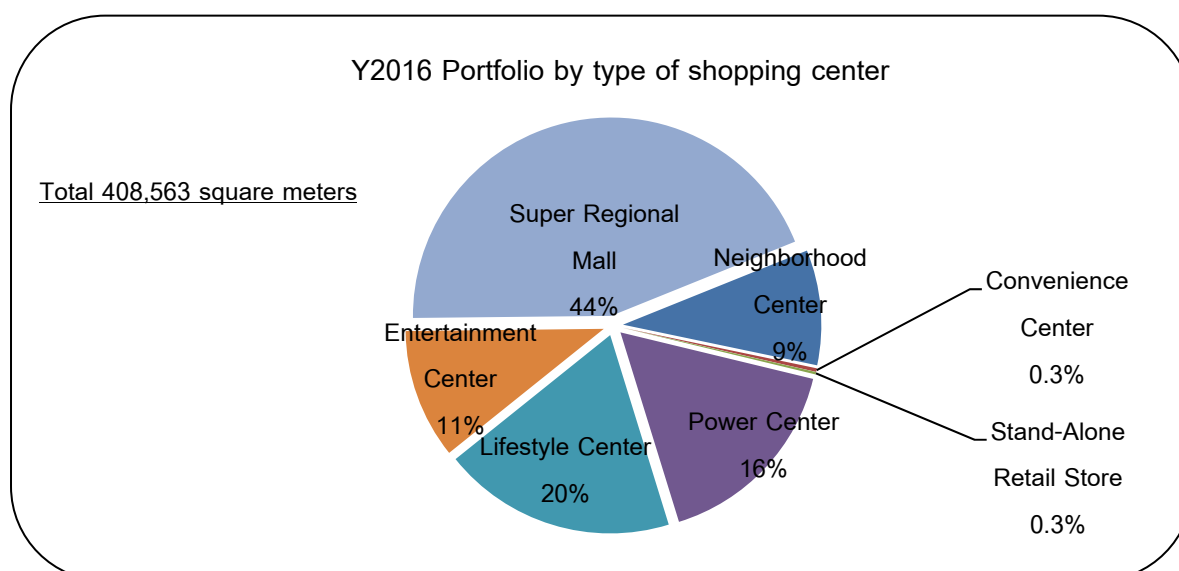
Chairman of the Audit Committee

## General Information

Siam Future Development Public Company Limited, “Company”, was incorporated on August 29<sup>th</sup>, 1994 by Mr. PongkitSuttapong and Mr. NoppornWitoonchart with 10 Million Baht registered capital to run the business in shopping center development and managementby focusing on open-air shopping center development and management<sup>1</sup>. In 2012, the Company has begun to develop and manage super regional mall <sup>2</sup> i.e. MegaBangna Shopping Center.

Presently the company owns altogether 22 operating projects. Currently Total gross leasable area is 408,563sq.m.

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	7	Bangbon, Pracha-Utis, Sukhapiban 3,ThonglorSoi4,Nanglinchee, Piyaom Place (SoiSukhumvit 101/1) and Market Place Nawamin(Sukapiban 1)
Convenience shopping center	2	Wanghin and LadpraoSoi 120
Stand-alone retail store	2	Bangkaeand Mengjai
Power Center	3	SF Major Cineplex Cha ChoengSao,Petchkasem Power Center,andEkkamai Power Center
Lifestyle Center	6	J Avenue Thonglor 15, The Avenue Chaengwathana, La Villa Phonyothin, PattayaAvenue, The Avenue Ratchayothin, and Nawamin City Avenue
Urban Entertainment Center	1	Esplanade Ratchadapisek
Super Regional Mall	1	Mega Bangna
<b>Total</b>	<b>22</b>	

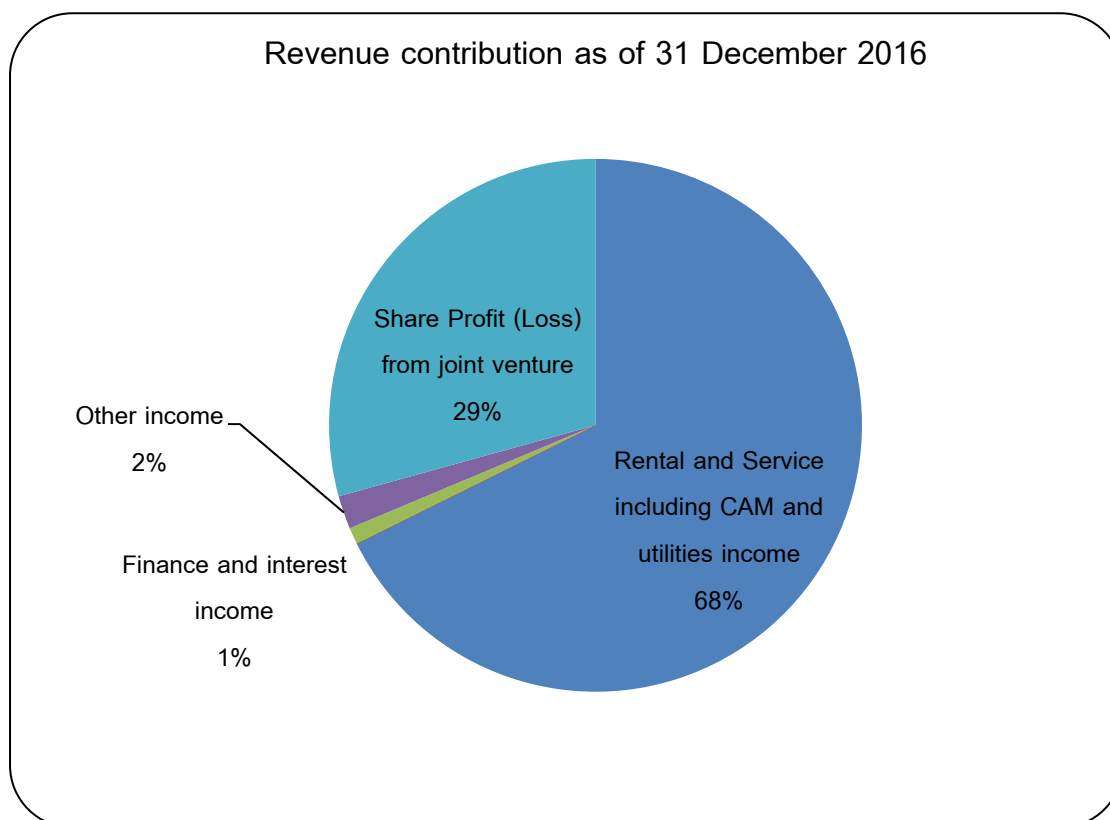


<sup>1</sup> Open-air Shopping Center defines as the shopping center which has outdoor parking. Generally there is a few 1-3 stories building which locate in straight line, L shape, or U shape and there is no air-conditioner in the corridor.

<sup>2</sup> Super Regional Mall defines as the shopping center which has gross building area more than 150,000 sq.m. There are varieties of tenants which comprise of such as a supermarket, restaurants, banks, specialty stores, event area, food court, Office towers.

The Company earns its income from 5 groups of major services:

1. Revenue from the project rental, management services, and common area maintenance (CAM) including revenue from public utilities services consisting of electricity, water supply and telephone bills.
2. Revenue from finance lease contracts<sup>1</sup> from long term lease tenants
3. Revenue from Finance and interest from long term lease tenants
4. Other Income such as revenue from installation of Electricity and water meter
5. Share profit (loss) from joint venture



<sup>1</sup>additional details concerning accounting policy on long-term lease can be found in item 2.9 of the notes to financial statements on page 80

### Company Profile

Siam Future Development Public Company Limited

Registration No. : 0107545000187

Registration Date: August 13, 2002

Address: Esplanade Ratchadapisek 99 Ratchadapisek Road, Sub-district Din Daeng, District Din Daeng, Bangkok, Thailand 10400.

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

Website: [www.siamfuture.com](http://www.siamfuture.com)

Registered Capital: 1,776,618,036 Baht with 1,776,618,036 ordinary shares, par value of Baht 1 each.

Issued and Paid-up Capital: 1,776,607,541 Baht with 1,776,607,541 ordinary shares, par value of Baht 1 each.

### Vision

Unlike other developers, we create a place for people first then for business.

### 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.
- The 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

#### 1. Securities Registrar:

Thailand Securities Depository Company Limited

93 The Stock Exchange of Thailand Building Tower A, 14<sup>th</sup> Floor, Ratchadapisek Road, Sub-district Din Daeng, District Din Daeng, Bangkok, Thailand 10400

Tel: 0-2009-9378-89

Fax: 0-2009-9001

#### 2. External Auditors:

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

#### 3. Bond Registrar:

Kasikorn Bank Public Company Limited

11<sup>th</sup> Floor, Phahonyothin Office

400/22 Phahonyothin Road, Samsennai, Phayatai, Bangkok, Thailand 10400

Tel: 0-2470-1994

Fax: 0-2470-1998

## Major Accomplishments of the Company

1994	◆	Siam Future Development Public Company Limited was established with a purpose to conduct an open-air shopping center development and management services.
1995 - 2000	◆	The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant and expanded 14 centers including B-Quik stand alone.
2002	◆	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.
2003	◆	The 5 <sup>th</sup> and 6 <sup>th</sup> neighborhood shopping centers were opened in Thong Lo And Thungmahamek 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
2004	◆	Acquired The Family Center Chaeng Watthana and Piyaom 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.
2005	◆	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.
2006	◆	Raising Registered Capital to Baht 533.95 million by Right Offering to Existing
	◆	2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened. Esplanade Ratchadapisek, an urban entertainment center, was opened.
2007	◆	Pattaya Avenue, a lifestyle center, and Kao Yai Market Village, a Power Center,

2007	◆	Pattaya Avenue, a lifestyle center, and Kao Yai Market Village, a Power Center, were opened and in 2009, the Company sold Kao Yai Market Village to Tesco Lotus.
	◆	Issued the Baht 940 Million 3-year Debenture with Credit Rating of BBB+
2008	◆	One neighborhood center named Market Place Nawamin and one lifestyle center Named Avenue Ratchayothin were opened.
2009	◆	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 IKANO Pte. (IKEA)
	◆	Nawamin City Avenue Lifestyle center on Kaset-Nawamin Road was opened.
	◆	Issued the Baht 500 million 3.5-year Debenture with Credit rating of BBB+
2010	◆	Issued the Baht 1,200 million Debenture with Credit rating of BBB
	◆	Disposal of Leasehold right of Avenue Ratchayothin to Major Cineplex Lifestyle property fund (MJLF) for 30 years.
2011	◆	Festival Walk Nawamin Art Village on Kaset-Nawamin Road was opened which had a new concept "Art Village".
	◆	IKEA Store Bangna, a home furniture under brand IKEA, was opened as the first IKEA Store in Thailand on November 3rd, 2011.
2012	◆	Mega Bangna , Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 <sup>th</sup> , 2012. The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden under brand "IKEA".
2013	◆	The company management service provider for Bangkok University's community mall named "Imagine village" Currently the management contract has been expired.
2014	◆	Joint venture with IKEA and acquire land for developing new MEGA project in northern Bangkok
2015	◆	Issued the Baht 500 Million Debenture with Credit Rating of BBB+
2016	◆	Started construction of an additional section at Market Place Nanglinchee and Mega Bangna, which is expected to inaugurate in Q4, 2017.
	◆	Partial tender Offer by Major Cineplex Group PLC.

# Financial Highlights

## Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2016

Unit: Million Baht	Year 2016	Year 2015	%Change in Y2016-2015
Total Assets	14,920	14,422	3%
Total Liabilities	5,289	5,516	(4%)
Shareholders' Equity	9,632	8,906	8%
Paid-up Capital	1,777	1,777	-
Total Revenue	2,006	2,026	(1%)
Net Profit	964	1,408	(32%)
Recurring Profit	424	332	28%
Book Value per Share (Baht) <sup>1</sup>	4.95	4.56	
Dividend per Share (Baht) <sup>2</sup>	0.20	0.15	
Net Profit Margin	48.05%	69.48%	
Return on Equity (ROE) <sup>3</sup>	11.41%	18.98%	
Return on Assets (ROA) <sup>4</sup>	6.57%	10.47%	
Interest Bearing Debt to Equity Ratio	0.16	0.22	
Gross Leasable Area (Sq.m.)	408,563	408,563	

### Note

1 Book Value per share means total equity attributable to owners of the parent divided by Number of ordinary shares.

2 Dividend per share to be presented to the shareholders' meeting for approval of Cash dividend at 0.20 Baht/share.

3 Return on Equity (ROE) calculate from (Net profit / Average Equity attributable to owners of the parent) x 100%

4 Return on Asset (ROA) calculate from (Net profit / Average total assets) x 100%



# Management Discussion and Analysis (MD&A)

## Overview of the Operating Performance for the Year 2016

Some shopping centers have been operated for more than 10 years, developing and improving the potential of the existing projects which have been the company's main focus in 2016. This year, the company has already renewed land lease agreement on these 2 projects: Marketplace Nanglinchee and Marketplace Thonglo for another 30 and 20 years respectively.

In addition, the company also put a lot of effort to optimizing area within the projects by allocating more common space which consequently resulted in higher traffic and more revenue for the projects.

## Accounting Policy

In 2006, the Company started to recognize revenues from long-term lease called financial lease according to the accounting standard no. 17. The Company recognized revenues as if it sold the rental areas. Revenues from financial lease recognized on the delivery date of the rental area to the customers consisted of upfront payment, net present value of monthly rental throughout the leasing period, the cost of financial lease, i.e. land leasing fee and construction cost of the project, and net present value of land lease expenses.

Accounting record as financial lease would change the Company's statements of financial position. For example, on the assets side, the financial lease receivables increased while land, building and equipment decreased. On the liabilities side, finance lease liabilities on land leases increased. In the profit & loss statements, the Company's revenues from financial lease contracts increased as revenues would be recognized on the delivery date of rental areas of the project. Interest income would be recognized throughout the period of

lease while cost of financial lease rose (please refer to the notes to the financial statements no. 2.9 regarding accounting for long-term lease on page 80 for more details).

In 2010 the Company started to adopt the accounting standard no. 40 regarding investment property whereby fair value appraised by an independent appraiser of those properties owned by the Company intended for rental incomes would need to be shown to reflect the actual market condition. Such fair value could be calculated from the projected cash flow statements throughout the period of lease contract, reduced to the net present value. With this method, the Company would need to appraise the fair value of the investment property for all shopping centers projects, and compare it with the book value upon the commencement of the operation of the projects. After the commencement, the appraisal would need to be conducted every quarter for comparison. Should the fair value increase, it would be recognized as gain from fair value adjustment (please refer to the notes to the financial statements no. 2.8 regarding investment property on page 80 for more details).

## Summary of the Financial Results

Company operates in only one business segment which is the development of shopping centers and lease out space in the centers. Currently, financial statements presented at fair value. Where as chief operating decision-maker and other financial analysts preferred using cost method. Therefore, company has provided cost method of income statement in No.32 Segment information of Notes to the Consolidated and Company Financial Statements in page 118. Detail as follow:

(Thousand Baht)

	2016	2015	Change (%) Increase (decrease)
Revenue			
Rental and service income	1,369	1,366	4%
Revenue from finance lease contracts	-	-	(100%)
Finance and interest income	26	27	0%
Other income	36	36	38%
Share profit from joint venture	281	201	5%
<b>Total revenues</b>	<b>1,721</b>	<b>1,630</b>	<b>3%</b>
Expenses			
Cost of rental and service	911	909	(3%)
Cost of finance lease contracts	-	-	(100%)
Selling and administrative expenses	238	233	2%
<b>Total expenses</b>	<b>1,149</b>	<b>1,142</b>	<b>(4%)</b>
<b>Profit before finance costs</b>	<b>563</b>	<b>487</b>	<b>21%</b>
Finance costs	(75)	(96)	1%
Income taxes	(46)	(38)	15%
Non-controlling interests	(18)	(21)	17%
<b>Recurring Profit attributable to owners of the parent</b>	<b>424</b>	<b>332</b>	<b>30%</b>
<b>Profit from fair value adjustment on investment property *</b>			
Siam Future Development	246	679	322%
Joint venture (MEGA Bangna)	294	397	40%
<b>Net profit</b>	<b>964</b>	<b>1,408</b>	<b>101%</b>

\*Remarks: Profit from fair value adjustment on investment property is comprised of depreciation and amortization expense, land rental expense and change in investment property.

### Revenues

Rental and service income increased by THB 3 million or 0.22% year on year to THB 1,369 million attributing to the increase in revenue from common area management as well as the replacement of main tenants in Petchkasem Power Center from Homework to Makro Food Service and from Index Living Mall to JJ One Market which were opened in November and December 2016 respectively.

Share profit from joint venture totals THB 281 million, increased by THB 80 million or 40% year on year due to 3 main reasons:

1. Rental uplift after 3-year leasing agreement from Mega Bangna Project. Tenants are entitled to an average of 8% rental uplift when the agreement reaches maturity. The company also creates the variety of shops and new experiences for customers by implementing tenants mix strategy.

2. Increase in revenues from common space enhancement within Mega Bangna Project such as events management.

3. Interest cost reduction from loan refinancing end of 2015.

#### **Costs and Expenses**

Finance costs accounts for THB 75 million, decreases by THB 21 million or 22% year on year mainly because the company has used dividends from joint venture and cash from operating to pay off company's debenture for THB 750 million. By doing so, the company has managed to reduce overall debt by THB 400 million and also reduce average interest rate.

#### **Gain from Fair Value Adjustment on Investment Property**

In 2015, the company appraised fair value based on investment property evaluation. In this round of appraisal, land owned by the subsidiary company for the Avenue Ratchayothin project was appraised. The market price of the land in this area has risen dramatically along the BTS extension line and its stations. This is the reason why fair value evaluation in 2016 was at THB 246 million, significantly lower than in 2015 by THB 433 million.

Profit from fair value adjustment on investment property for Mega bangna project declined by THB 103 million year on year because of a terminal rate adjustment from 10% to 9% in 2015 which resulted in an increase in fair value in 2015 accordingly.

## Total Assets

(Thousand Baht)

Statements of Financial Position	2016	2015
<b><u>Assets</u></b>		
<b><u>Current assets</u></b>		
Cash and cash equivalents	25,198	33,500
Short-term investments	171,241	568,022
Trade and other receivables	126,410	225,879
Finance lease receivables due within one year	29,480	26,474
Amounts due from related parties	6,474	1,339
Short-term loans to related parties	18,150	23,000
Other current assets	13,678	5,966
<b>Total current assets</b>	<b>390,632</b>	<b>884,179</b>
<b><u>Non-current asset</u></b>		
Restricted cash	605	599
Finance lease receivables	605,180	635,587
Investments in joint ventures	4,649,303	4,123,934
Prepaid rent, net	9,102,952	1,034
Investments property	967	8,575,028
Building and equipment, net	58,198	45,399
Intangible assets, net	13,847	16,898
Deposits for leasehold land	49,387	86,915
Other non-current assets	49,252	52,511
<b>Total non-current assets</b>	<b>14,529,693</b>	<b>13,537,904</b>
<b>Total assets</b>	<b>14,920,324</b>	<b>14,422,082</b>

As of December 31, 2016, the Company's total assets increased by THB 498 million or 3.5% year on year to THB 14,920 million which is elaborated as follows:

1. Short-term investment consists of trading securities. In 2016, the Company's short-term investment reduced by THB 397 million from the previous year to THB 171 million. This resulted from debenture pay-off in February 2016 for THB 750 million and also from additional short-term loans investment for THB 350 million.
2. Interest from joint venture increased by THB 525 million to THB 4,649 million contributed by the share profit of

Mega Bangna project from the increase in profits from operations, fair value adjustment, dividend income from Mega Bangna project for THB 113 million.

3. In 2016, investment property increased by THB 528 million to THB 9,103 million due to an increase in land valuation from Market Place Nanglinchee project's leasing contract renewal for another 30 years (until 2047), and from Market Place Thonglor project's for another 20 years (until 2037) as well as the new tenant in Petchkasem Power Center project, and improvement in operating performance of several projects of the Company.

## Total Liabilities

(Thousand Baht)

Statements of Financial Position	2016	2015
<b><u>Liabilities</u></b>		
<b><u>Current liabilities</u></b>		
Bank overdrafts and short-term loans from financial institution	349,583	-
Trade and other payables	140,301	149,377
Amounts due to related parties	18,808	30,972
Current portion of unearned rental and service income	39,196	92,293
Current portion of long-term borrowings	699,389	749,014
Finance lease liabilities on land leases current portion	124,330	54,952
Corporate income tax payable	10,469	12,795
Other current liabilities	238,681	198,888
<b>Total current liabilities</b>	<b>1,620,757</b>	<b>1,288,291</b>
<b><u>Non-current liabilities</u></b>		
Unearned rental and service income	358,893	364,820
Long-term borrowings	499,406	1,198,797
Deposits received from customers	488,689	493,954
Deferred tax liabilities	957,134	902,493
Finance lease liabilities on land leases	1,326,235	1,234,598
Employee benefit obligations	37,508	33,126
<b>Total non-current liabilities</b>	<b>3,667,865</b>	<b>4,227,788</b>
<b>Total liabilities</b>	<b>5,288,622</b>	<b>5,516,079</b>

In 2016, the Company's total liabilities decreased by THB 227 million to THB 5,289 million due to 3 main reasons:

1. Bank overdrafts and short-term loans from financial institution increased by THB 350 million. The company issued THB 350 million of Short-term borrowings which is in the form of promissory notes and bills of exchange in the same year to repay THB 750 million debenture in February 2016.
2. Finance lease liabilities on land leases current portion and Finance lease liabilities on land leases in total have increased by THB 161 million from the previous year due to rental uplift from Market Place Nanglinchee and Market Place ThongLor.

3. As of 31 December 2016, the Company's interest bearing liabilities stood at THB 1,548 million with the average interest rate of 4.42%. The Company's debt to equity ratio and net interest-bearing debt to equity ratio stood at 0.55 times and 0.16 times, respectively. Nevertheless, the Company is required to maintain debt to equity ratio at not more than 1.5 times according to the debentures covenant.

## Shareholders' Equity

(Thousand Baht)

Statements of Financial Position	2016	2015
<u>Equity</u>		
Authorised share capital	1,776,618	1,776,618
Issued and paid-up share capital	1,776,618	1,776,608
Share premium	634,029	634,029
Retained earnings		
Appropriated – legal reserve	177,667	148,057
Unappropriated	6,213,232	5,545,348
Other components of equity	(446)	(446)
Non-controlling interests	830,613	802,408
<b>Total equity</b>	<b>9,631,702</b>	<b>8,906,003</b>

As of 31 December 2016, the shareholders' equity increased by THB 726 million from the previous year to THB 9,632 million contributed by the group's net profit and share profit from Mega Bangna joint venture less THB 266 million from dividends paid for 2015 performance. Return on equity (ROE) decreased from 17.54% last year to 11.41%.

### Cash Flow and Source of Fund

#### Cash Flow

1) In 2016, cash flow from operations increased by THB 802 million from last year to THB 921 million due to an increase in cash from operations and a reduction in interest burden resulting from February's debenture repayment.

2) In 2016, cash flow used for investment activities increased by THB 179 million from last year to THB 259 million due mainly to the investment in Market Place Nanglinchee expansion project and development of other projects.

3) In 2016, cash flow used for financing activities increased by THB 637 million from last year to THB 670 million as the company has made THB 750 million repayments of debenture and THB 150 million repayments of short-term borrowing (promissory notes) in the same year. In 2016, the company issued additional THB 350 million of Short-term borrowings which are in forms of promissory notes and bills of exchange to repay partial bill of exchange and debenture.

Additionally, in 2016 the Company has finalized annual share dividend payment for 2015 at the ratio of THB 0.15 : 1 common share which accounted for THB 266 million in total. Such share dividend payout rate was higher than that in 2015 at the rate of 5 existing shares :1 new share. As a result, cash dividend payment was higher.

#### Source of Fund

The company issued THB 350 million of promissory notes and bills of exchange to repay THB 750 million debenture due in February 2016.

# 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 a shopping center developer and management service provider.

The company has a goal to be a leader of community mall developers and management service providers in Thailand, so the company has a plan to expand 10,000 – 20,000 square meters of gross leasable area (GLA) in order to develop various shopping centers to increase variety of services to retailer and customer are as follow:

Neighborhood shopping center is an open-air shopping center which has supermarket as an anchor tenant day-to-day product and specialty stores such as theatre, bowling, restaurant, bakery shop and music school.

Convenience center is a small shopping center in an area 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, and/or school.

Stand-alone retail store is a one-shop retail store in an area 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.

Power center is a large scale shopping center with more than 2 anchor tenants and specialty stores such as Hypermarket and Cinema, etc.

Lifestyle center is an open-air 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.

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.

Super Regional Mall is a center type provides general merchandise (a large percentage of which is apparel) and services in full depth and variety. Its main attractions are its anchors: traditional, mass merchant, or discount department stores or fashion specialty stores. A typical regional center is usually enclosed with an inward orientation of the stores connected by a common walkway and parking surrounds the outside perimeter.

## Launch and Expansion Shopping Center

In 1995, the Company opened Bang bon project as its first neighborhood shopping center with Jusco Supermarket as the anchor tenant.

In 1996 the Company opened its second and third neighborhood shopping centers, i.e. PrachaUthit 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 and 8

branches as stand-alone retail stores. B-Quik's remaining 4 branches were established on the Company's existing neighborhood shopping centers.

In 2002, 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 2003 the Company opened the new neighborhood shopping center in Thungmahamek with Tops Supermarket as the anchor tenant. Moreover, the Company entered into a long-term lease agreement with an owner of the land on Thong Lo Soi 15 and Changwattana Road to be developed the shopping center in next year.

In 2004, the Company opened 5 new shopping centers i.e. The Family Center Chaengwattana, Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, Lifestyle Center "J Avenue Thonglor15", and Piyarom Place Sukhumvit 101/1.

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

In 2006, The Company opened 3 new shopping centers as follows: The Avenue Chaeng wathana Lifestyle center, La Villa Phahonyothin Lifestyle center, and Esplanade Ratchadapisek Entertainment center with Major Cineplex, Ratchadalai Theatre and Tops Supermarket as anchor tenants. In 2014 there are new anchor tenants We Fitness Society and Art in paradise that is the first 3D Art museum in Thailand.

In 2007, the Company launched 2 new shopping centers as follow: The Avenue Pattaya (Lifestyle Center) with Major Cineplex, Major Bowl and Villa Market as anchor tenants, Kao Yai Market Village (Power Center) with Tesco Lotus

as an anchor tenant. In 2009, The Company disposed Kao Yai Market Village to Tesco Lotus.

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

In 2009, The Company opened the newly Nawamin City Avenue Lifestyle center located on Kaset-Nawamin Road and Villa Market as an anchor tenant.

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

In 2011, the Company launched 2 new shopping centers. First Festival Walk Nawamin Art Village, an expansion of Nawamin City Avenue, on Kaset-Nawamin. Second, the first IKEA Store in Thailand, one of anchor tenants in Mega Bangna which is joint venture Company with IKANO Pte opened 40,000 sq.m.

In 2012, the Company launched one super regional mall. Mega Bangna, located on Bangna-Trad Road K.M. 8, The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden. Mega Bangna is anchored by IKEA, Major Cineplex, BigC, Homepro, and Robinson with Gross Leasable Area of 180,000 sq.m.

In 2013, the company management service provider for Bangkok University's community mall named "Imagine village" which was opened in April 2013. Imagine Village anchored by 7-Eleven. The management contract has expired at Oct 31<sup>st</sup>, 2015

In 2016, the company renewed the land lease agreements of Marketplace Thonglo and Marketplace Nanglinchee for another 20 years and 30 years respectively. For Marketplace Nanglinchee, the company leased additional

land for 30 years to expand the rental area for major renovation so as to modernize our image and in response to the high end customer. The 1<sup>st</sup> phase of construction had already commenced on 14 July 2016. Moreover, the company has started the construction of the additional section and extended the parking building in front of Mega Bangna to increasing the diversification of shops in the mall areas and adds more parking spaces for customer's convenience.

In summary, as of 31 December 2016, the Company operates 22 centers, Gross Leasable Area in the amount of 408,563 sq.m. with 93% occupancy rate. There are 2 projects under construction: Marketplace Nanglinchee and the additional section at MagaBangna, Gross Leasable Area in the number of 22,000 sq.m.

## Funding

Siam Future Development Public Company Limited launched business in Year 1994 with a registered capital of Baht 10 million.

In 1997 the Company increased its registered capital from Baht 10 million to 20 million to support further expansion, after that the company has highlight funding as follows:

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.

In 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 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 and 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 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 424.12 million baht to 533.95 million 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 508.94 million baht from right offering.

In 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 will redeem on 2010.

In 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 IKANO Pte. 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.

In 2010, the Company issued 3-4 year debenture of Baht 1,200 Million will redeem Baht 700 Million on 2013 and Baht 500 Million on 2014.

In 2012, the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share operating result totaling 130 Million shares. The company had registered capital 1,169.86 million shares.

In 2013 the Company issued 3-4 year debenture of Baht 1,450 Million will redeem Baht 750 Million on 2016 and Baht 700 Million on 2017, beside the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share. Operating results total 146.16 Million shares. The company had registered capital 1,316.02 million shares.

In 2014, the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share. Operating results total 164.50 Million. The company had registered capital 1,480.52 million shares.

In 2015, the Company issued 5 year debenture of Baht 500 Million will redeem on 2020, beside the Company had a stock dividend to shareholders at the ratio of 5 existing shares to 1 new share. Operating results total 296.09 Million shares. The company had registered capital 1,776.62 million shares.

In 2016, at Extraordinary General Meeting 1/2016 approved the partial tender offer from Major Cineplex Group Public Company Limited. The tender offer period has started from 21 December 2016 to 26 January 2017. The company obtained Notification of Receipt of the copy

of the report on the result of the tender offered by Major Cineplex Group Public Company Limited on 2<sup>nd</sup> February 2017. The total number of securities held by Major

Cineplex Group Public Company Limited is 447.57 million shares or 25.19% of the total issued and paid-up shares of the business.

## Revenue Structure

2014-2016 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	232.51	29.63%	195.42	26.73%	193.74	25.78%
2. Co-Tenants	552.33	70.37%	535.82	73.27%	557.88	74.22%
<b>Total</b>	<b>784.84</b>	<b>100.00%</b>	<b>731.24</b>	<b>100.00%</b>	<b>751.61</b>	<b>100.00%</b>

## Details of the 22 existing projects (Rental Area and Occupancy Rate)

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangbon	Maxvalu Supermarket	Neighborhood Center	7,206	73
2	PrachaUtitt	Maxvalu Supermarket	Neighborhood Center	6,174	100
3	Sukaphiban 3	Tops Market	Neighborhood Center	6,725	95
4	Thonglo 4	Tops Market	Neighborhood Center	3,644	95
5	Nanglinchee	Tops Market	Neighborhood Center	2,877	100
6	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm,	Lifestyle Center	21,031	94
7	Piyarom Place	Tops Market	Neighborhood Center	7,588	98
8	Cha Choeng Sao	Major Cineplex	Power Center	8,408	86
9	J Avenue (Thonglo 15)	Villa Market	Lifestyle Center	7,765	96
10	Wanghin	B-Quik	Convenience Center	535	100
11	Ladprao 120	Tesco Lotus Express	Convenience Center	643	84
12	Bangkae	Seacon Square	Stand-Alone Retail Store	364	100
13	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
14	Petchkasem Power Center	Big C, Makro Food Service, JJ One Market, MajorCineplex	Power Center	43,735	98
15	Ekkamai Power Center	Big C, Index	Power Center	15,074	100
16	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	100
17	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, WeFitness Society, Ratchadalai Theatre, Tops Market, Art in Paradise	Entertainment Center	43,241	99
18	Pattaya Avenue	Major Cineplex, Major Bowl, Villa Market, Premium Outlet	Lifestyle Center	24,113	70
19	Market Place Nawamin	Big C Market	Neighborhood Center	4,175	82
20	The Avenue Ratchayothin	Villa Market	Lifestyle Center	3,904	90
21	Nawamin City Avenue*	Villa Market, Bosch	Lifestyle Center	15,566	90

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
22	Mega bangna	IKEA, Major Cineplex, Major Bowl, Sub-Zero Ice Skate, Big C, HomePro, Robinson	Super Regional Mall	180,000	100
	<b>Total</b>			<b>408,563</b>	<b>93</b>

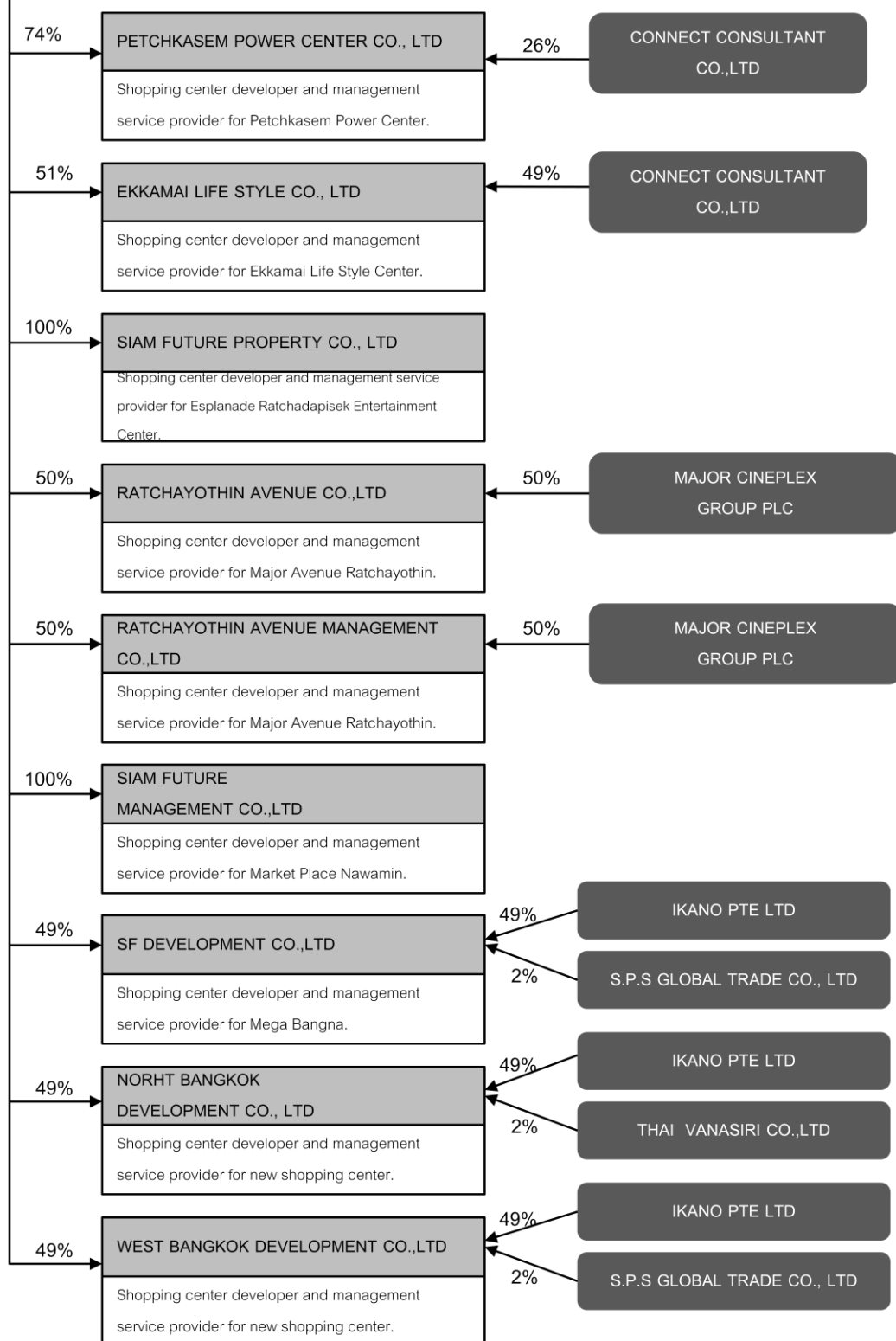
Remarks: As at December 31<sup>st</sup>, 2016.

No. 13 Total leasable area is occupied by B-Quik, automotive service workshop, only.

\*For managing the purpose, the company decided to integrate Nawamin City Avenue and Festival walk to be united.

# SIAM FUTURE DEVELOPMENT PLC

% of shareholder



Remark Shareholding and voting rights are the same proportion.

## Marketing and Competition

### (a) Marketing Policy of Major Products or Services

The Company classifies customers into two groups as follows:

**Anchor tenants** i.e. supermarkets, hypermarkets, movie theaters, etc. This group of customers is important and essential to the shopping centers of the Company as these anchor tenants will be a magnet for co-tenants as well as customers of the shopping centers. Therefore, the Company oversees, monitors turnover and facilitates anchor tenants to ensure their business is operated smoothly.

**Retail tenants** More than 700 shops are the Company's retail tenants. The Company continually monitors their business and analyzes market information so that tenants of the shopping centers are well mixed. It also procures new tenants to create new atmosphere and add diversity to each project.

The Company organizes events to meet its customers to obtain feedback on those areas which need improvements so that the needs of shops and customers are genuinely responded.

Additionally, marketing campaigns have been continually implemented with a focus on providing support to shops in the project to boost sales of shops in the Company's shopping centers. Marketing department always finds distinctive, modern and creative activities to create good experiences from using services in the shopping centers.

### (b) Industry Overview and Competition

#### Domestic Economic Situation in Quarter 3 of 2016

Thai economy in the 3<sup>rd</sup> quarter of 2016 continued to grow by 3.2%, an increase from 0.6% growth in the prior quarter, resulting in a growth of 3.3%<sup>(1)</sup> for the first 9

months of 2016. This was attributable to a continual growth of household expenditure and governmental investment, as well as the service export, hotel and restaurant, transportation, construction, retail and wholesale sectors, and industrial expansion. Agricultural sector expanded for the first time in the last eight quarters. Overall domestic economy improved. Therefore, the government considered to issue economic stimulus packages to stimulate spending from both private and governmental sectors, e.g. measures to assist low income citizens, measures to stimulate small investment, measures to stimulate tourism, spending measures, etc.

Table illustrating Thailand economic index in quarter 3 of 2016

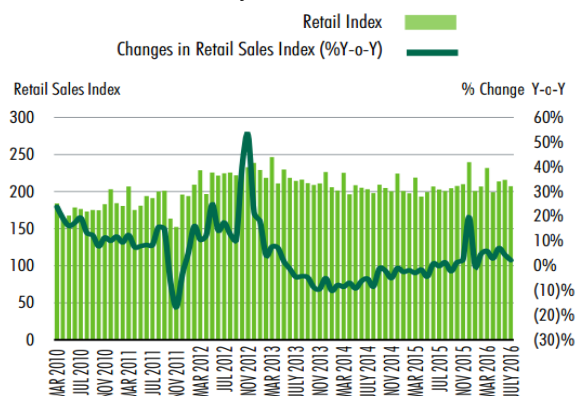


Source: Office of the National Economic and Social Development Board (NESDB)

#### Retail Business Overview

As the economy was slowly recovering, the customers became more cautious in their spending while the purchasing power was declining. As a result, retail sector grew marginally. This was reflected in the retail sales index in July 2016 (Figure 2) which rose merely by 2.21% yoy<sup>(1)</sup>. Additionally, the competition in retail business, both in Bangkok and the metropolitan areas, became more intense during the past several years. The shopping center developers was thus cautious in selecting the location while many had delayed the mega projects, e.g. Bangkok Mall, Central M and theEmSphere projects, etc. They, instead, put more focus on the renovation and repositioning of the shopping centers.

Table illustrating Thailand retail sales index in  
July of 2016

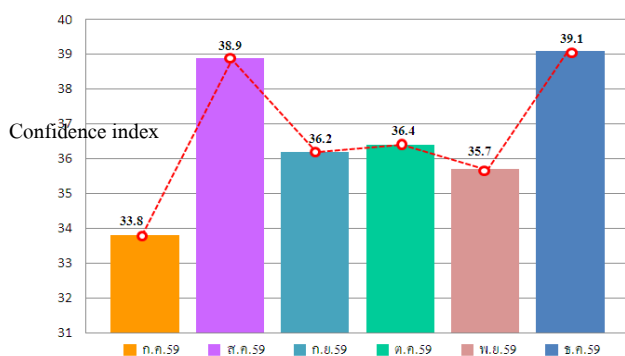


Source: Research Department, Colliers International Thailand Ltd.

Note<sup>(1)</sup> The Bank of Thailand

In the fourth quarter, the government issued economic stimulus packages to stimulate spending, or “Shop Chuay Chart” from 14 – 31 December 2016. This had a direct positive impact on the retail sector. The Thai Retailers Association forecasted that this measure had stimulated spending of approximately THB 22,500 million from the customers, which would help expand the commerce sector by 0.2%, as indicated in Figure 3, consumer confidence index in July – December 2016

Table illustrating consumer confidence index in July –  
December 2016



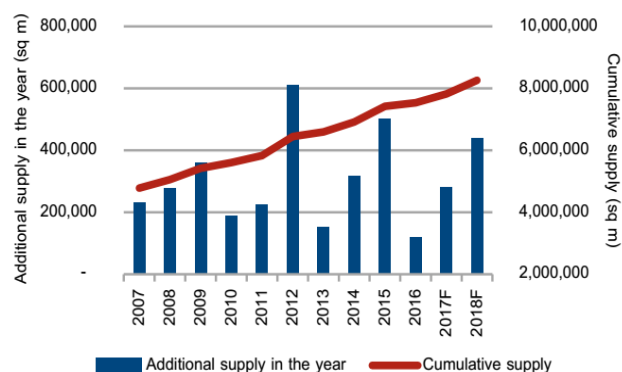
Source: Bureau of Trade and Economic Indices

## Supply

In 2016, the retail space rose by approximately 119,000 square meters, as indicated in Figure 4. Most of them were community malls, e.g. Habito project with salable space of approximately 10,000 square meters, JAS

UrbanSrinakarin project with salable space of approximately 17,000 square meters, etc. Several shopping centers were planned to start the operation in 2017 and 2018, which would raise supply in the market by approximately 700,000 square meters, e.g. Takashimaya Department Store, part of the Icon Siam shopping center with the space of approximately 36,000 square meters, would start the operation in 2017.

Table illustrating accumulated supply in 2016

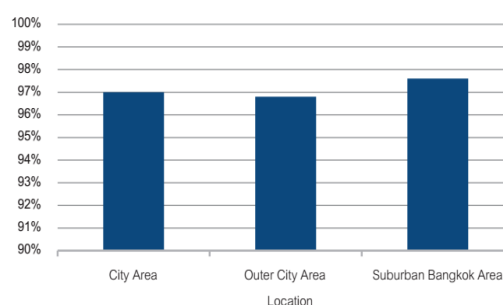


Source: Research Department, Colliers International Thailand Ltd.

## Demand

Although the economic situation was not as good as the government predicted, the retail occupancy rate in the 4<sup>th</sup> of 2016 in all areas was still similar to that in the previous quarter, which was greater than 96% in all areas especially for well-known shopping centers because of their uniqueness and proper management. The occupancy rate for outer area of Bangkok was high as they were able to secure well-known brands as tenants of the projects.

Table illustrating the average occupancy rate of retail  
space classified by locations in 2016



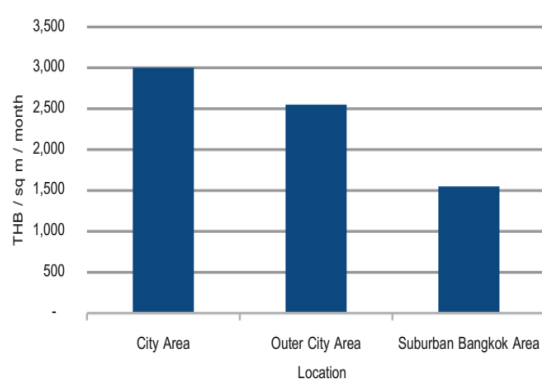
Source: Research Department, Colliers International Thailand Ltd.

## Rental Rate

The average rental rate in all locations within Bangkok and the metropolitan areas was similar to that in the previous quarter. The rental rate of retail space in the new projects would be higher in spite of being in the same location. Additionally, the projects situated in the CBD and next to the BTS stations would command a higher rental rate.

It was projected that the rental rate in 2017 would slightly increase as Thai and foreign brands still planned to expand their branches in Thailand.

**Table illustrating the average rental rate classified by location in 2016**



Source: Research Department, Colliers International Thailand Ltd.

## Retail Business Outlook

While the retail sector grew marginally, e-commerce appeared to grow rapidly in the past few years, and was expected to grow significantly in 2016. As a result, the shopping centers needed to arrange 2017 sale promotion and various marketing campaigns to attract the customers to the shopping centers. Online marketing was also adopted in parallel with offline marketing.

Offline distribution channel and service, or physical shops is still important to products and services or brands as it helps strengthen the image, created diversified distribution channels, relationship, entertainment and experiences to the customers. As a result, Thai and foreign brands still plan to expand their branches. Therefore, retail space still could grow, but the shopping center developers need to be cautious in considering the location, quality and good management, and appropriate

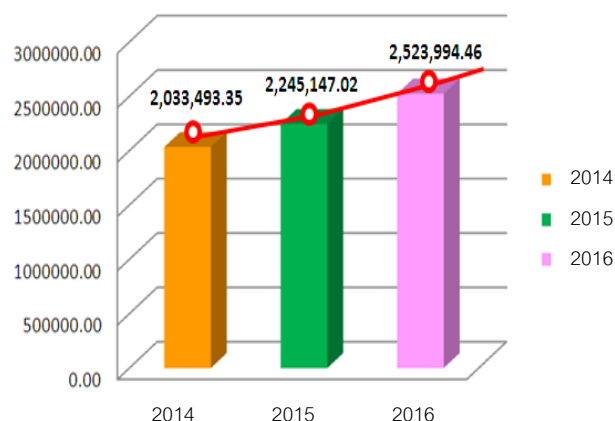
rental rates, as well as arranging various marketing events and promotions together with the shops to attract customers to come to the shopping centers.

## Challenge: Retail Business in Digital Era

At present, the customers tend to use internet all the time via various equipment. It is expected lifestyle and consumption behavior of the new generation who grows up with communication technology will change, resulting in more online transactions both domestically and overseas.

In Thailand, online shopping and services is another channel for the consumers to access goods and services more conveniently and is gaining more popularity. Value of the e-commerce, including e-auction, rose from that in 2014 to as high as THB,2,245 million. It was expected value of the e-commerce, including e-auction, in 2016 would increase by 12.42% in 2015 to THB 2,523,994.46million.

**Table illustrating value of the e-commerce in Thailand in 2014 – 2016**



Source: Electronic Transactions Development Agency (Public Organization)

## Note

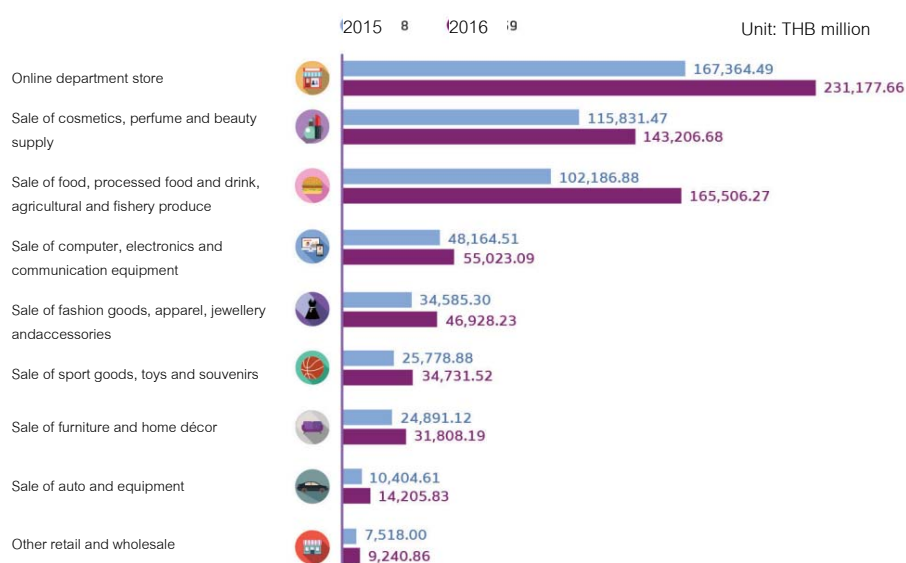
<sup>(1)</sup> Survey report on value of e-commerce in Thailand 2016, Electronic Transactions Development Agency (Public Organization)

Retail sector is another business which adopts more of the internet technology in the operation and management, e.g. use of radio frequency identification (RFID), near field

communication (NFC), e-commerce, shopping through mobile application, social media, etc. Such technology helps increase the access to goods and services for convenience and quickness to the customers. It was found that in 2015 – 2016 goods and services in retail and wholesale sector with the highest growth of e-commerce value were sale of food, processed food and drink, agricultural produce and fishery products, whose growth

was as high as 61.96%, followed by online department store whose growth stood at 38.13%. One with the 3<sup>rd</sup> highest growth was sale of automobile and equipment, with the growth of 36.53%<sup>(1)</sup> as illustrated below.

**Table illustrating value of the e-commerce in Thailand for the year 2015 and projected 2016 of retail and wholesale sector classified by type of goods and services**



Source: Electronic Transactions Development Agency (Public Organization)

Upon change to digital era, consumers' behavior in online shopping grows every year. This is thus an opportunity and obstacle in business that the operators need to adjust and keep up. For example, a number of operators who used to sell their goods and services offline only now expand to online distribution channel while a number of operators who used to sell their goods and services online only also plan to expand to offline channel.

## 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 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.

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.

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#### Note

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

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

Anchors in the neighborhood shopping centers will draw co-tenants 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, 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). The Company then earns revenue continuously. 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 PrachaUthit Project where the Company has 30-year 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 and PrachaUthit project, Jusco Supermarket (Now renamed to MaxValu), 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 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.

Remaining land lease term From 31 Dec 2016	Gross Leasable Area (sq.m.)	%
Less than 5 years	42,216	11%
5 - 10 Years	21,610	5%
More than 10 years	160,833	40%
Land Ownership	183,904	45%
<b>Total Leasable Area</b>	<b>408,563</b>	<b>100%</b>

### 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.

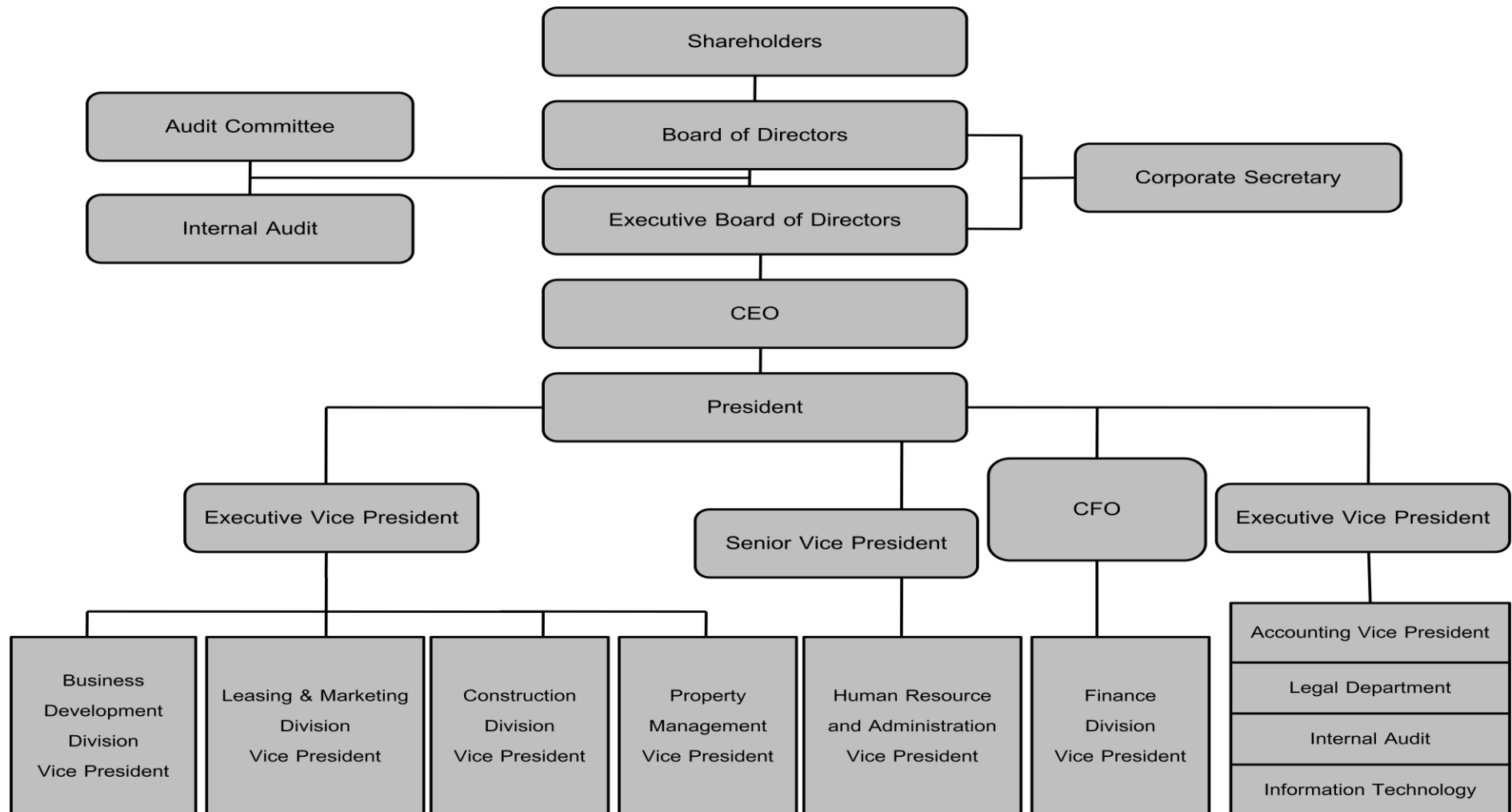
### Risk of the delay from receiving the rent of all projects

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.

### Risk of maintaining financial ratio according to Covenants of Debenture

Refer to Covenants of Debenture between Issuer and Debenture holder, the Company must maintain Interest Bearing Debt to Equity Ratio not exceed 1.5 : 1 as at the end of each financial year. As of 31 December 2016, the Company had Interest Bearing Debt to Equity Ratio equal to 0.16. Therefore; the Risk of maintaining financial ratio is less.

## Organization Chart



# Shareholding Structure and Management

## Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 30 December 2015 are as follows:

	Name of Shareholders <sup>1</sup>	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited <sup>2</sup>	422,191,283	24.89
2	LUCKY SECURITIES, INC	143,661,366	8.09
3	Mr. Nopporn Witoonchart	109,357,561	6.16
4	Mr. Pongkit Suttapong	102,345,154	5.76
5	Mr. Suttikul Jiratiwat	78,090,600	4.40
6	MORGAN STANLEY & CO. INTERNATIONAL PLC <sup>3</sup>	59,000,000	3.32
7	Ms. Artitaya Jantaraprapa	42,308,886	2.38
8	Mrs. Gasinee Witoonchart	31,000,000	1.74
9	Ms. Thanjira Pojkasemsin	26,092,352	1.47
10	Mr. Aukim Jantaraprapa	22,680,789	1.28
<b>Total</b>		<b>1,056,727,991</b>	<b>59.48</b>
<b>No. of ordinary shares</b>		<b>1,776,607,541</b>	<b>100</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.8 are related as aunt and nephew

2 Major Cineplex Group PLC, company's major shareholder, assigns Mr. Vicha Poolvaraluck Mr. Verawat Ongvasithand Ms.Thitapat Issarapornpat as directors of the company.

3.These shareholders such as LUCKY SECURITIES, INC and MORGAN STANLEY & CO. INTERNATIONAL PLCdo not have any influence over the Company's strategies or operational management.

## 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 at 31 December 2016 are as follows:

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

#### **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.

#### 6. Authorization of Board of Directors

The Board of Directors has an authorization to perform all duties in compliance with the law, articles of association. Defines visions, strategies, operation plans, annual budget, salary and bonus, organization chart, human resource, borrowing from financial institution, bad debt, recruit transfer terminate employee of assistant manager level.

## 2. Executive Committee

The Executive Committee comprises 5 Directors as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Chairman of Executive Board
2.	Mr. Vicha Poonvoruluck	Executive Director
3.	Mr. Somnuk Pojkasemsin	Executive Director
4.	Mr. Kittinanth Sumruatruamphol	Executive Director
5.	Ms. Thitapat Isarapornpat	Executive Director

#### 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.	Mrs. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mrs. Sabaithip Suntaros*	Member of the Audit Committee
3.	Mr. Dej Bulsuk	Member of the Audit Committee

\* Mrs. Sabaithip Suntaros is a Member of Audit Committee who has knowledge and experience in Review of Financial Statement.

#### **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 is as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Acting Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Mr. Kittinanth Sumruatruamphol	Chief Financial Officer
4.	Ms. Porntipa Rujipairoj	Executive Vice President
5.	Mr. Thongchai Tantisathit	Executive Vice President

Company's secretary: Ms.Porntipa Rujipairoj, who is also in the position of Executive Vice President since May 8<sup>th</sup> 2008.

## Board of Directors' Meeting

In 2013- 2015, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	2014 (Totally 5 meetings)	2015 (Totally 4 meeting)	2016 (Totally 5 meeting)
Mr. Oranop Jantaraprapa	5	4	4
Mr. Pongkit Suttapong	4	4	4
Mr. Nopporn Witoonchart	5	4	5
Mr. Somnuk Pojkasemsin	5	4	5
Mr. Kittinanth Sumruatruamphol	5	4	5
Mr. Vicha Poolvaraluck	5	4	4
Mr. Verawat Ongvasith	5	4	4
Ms. Thitapat Isarapornpat	5	4	5
Mr. Chai Jroongtanapibarn	5	4	5
Ms. Nantia Montriwat	5	4	4
Mr. Dej Bulsuk	5	3	4
Ms. Sabaithip Suntaros	5	4	5
Ms. Porntipa Rujipairoj*	-	1	-
Ms. Jitthada Paoin*	-	1	-
Ms. Panravee Pongpan*	-	1	-

\* The Board of Directors' Meeting has approved a resolution to appoint Ms. Porntipa Rujipairoj, Ms.Jitthada Paoin and Ms.Panravee Pongpanas directors since April 22<sup>th</sup>, 2015 and to resign from director position of company, being effective from Aug 4, 2015.

## 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.

## Audit Fee

In 2016 audit fee out of the company has been paid for audit firm that the auditor work for amounted to THB 813,000.

## Non-Audit Fee

-None-

## BOARD OF DIRECTORS

### 1. Mr.Oranop Jantaraprapa • Age 69 years • Shareholding 0.29%

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 Telecommunication public co. ltd.</li> <li>• 1990 – 1993: President, the International Engineering Plc, Telecommunication</li> <li>• 1980 – 1990: Siam Cement Group Vice President of Operation Division, Construction &amp; Supply Machine President, SCT Computer Co., Ltd., Computer President, Pan Supplies Co., Ltd (Siam Cement Group), Construction Material &amp; Decoration Manager of Accounting department, Manager of Trading department, Manager of Finance department, Siam Cement Trading Co., Ltd. International Trading</li> </ul>

### 2. Mr. Pongkit Suttapong • Age 57 years • Shareholding 6.76%

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 (PorPorRor. 9), King Prajadhipok's Institute, year 2005</li> <li>• The Joint State-Private Class #19, National Defense College, (WorPorOr. 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 52 years • Shareholding 6.18%

Position	Director • Chairman of Executive Board • Acting 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 # 70) in 2005, Thai Institute of Directors Association (IOD)</li> <li>• Capital Market Academy (CMA#8) 2009</li> <li>• Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010</li> <li>• Top Executive Program in Urban Green Development (Mahanakorn #1), Urban Green Development Institute Bangkok 2011</li> <li>• Diploma, National Defence College, The Joint State – Private Sector Course Class 55, National Defence college of Thailand</li> <li>• Top Executive Program in Industry and Investment Business Development, Institute of Business and Development (IBID1)</li> <li>• Top Executive Program in Energy Literacy for the world – Class 6, Thailand Energy Academy 2015</li> <li>• Top Executive Program in Advance Insurance Leadership – Class 6, Thailand Energy Academy 2016</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 1994 – Present: Director, Chairman of Executive Board, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1994 – Present: Managing Director, Siang Somboon Co., Ltd., Real Estate</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>

### 4. Mr. Somnuk Pojkasemsin • Age 59 years • Shareholding 0.20%

Position	Director • Executive Director • President • 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, The 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 54 years • Shareholding 0%**

Position	Director • Executive Director • Chief Financial Officer • Authorized Director
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> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2009 – Present: Director, Executive Director, and 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. Vicha Poolvaraluck • Age 53 years • Shareholding 0%**

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> <li>• MBA, United States International University of San Diego, USA.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003–Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2012–Present: Chairman of Executive Committee, Major Care Foundation</li> <li>• 1998 – Present: Director, Chairman of Executive Board, Major Cineplex Group Plc., Cinema and Bowling</li> </ul>

**7. Mr. Verawat Ongvasith • Age 46 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>• 2011–Present: Chairman of Executive Board, Oak tree Co.,Ltd., and Sofitel So Bangkok Co.,Ltd., Hotel</li> <li>• 2011–Present: Chairman of Executive Board, Veranda Resort and Spa Co.,Ltd., Hotel</li> <li>• 2011 – Present: Chairman of Executive Board, Veranda Beach Pattaya Co.,Ltd., Hotel</li> </ul>

**8. Ms.Thitaphat Issarapornpat • Age 48 years • Shareholding 0%**

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> <li>• MBA, Chulalongkorn University</li> <li>• Bachelor of Accounting, Ramkamhaeng University</li> <li>• Director Certification Program (DCP 148/2554)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer</li> <li>• 2013 – Present: Chief Finance Officer, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2012 – Present: Director, K Arena Co., Ltd.</li> <li>• 2012 – Present: Director, Thai Ticket Major Co., Ltd.</li> <li>• 2012 – Present: Director, M Pictures Entertainment Plc.</li> <li>• 2013 – Present: Director, M Pictures Co., Ltd.</li> <li>• 2013 – Present: Director, MVD Co., Ltd.</li> <li>• 2013 – Present: Director, M Thirty Nine Co., Ltd.</li> <li>• 2011 – Present: Director, Talent 1 Co., Ltd.</li> <li>• 2011 – Present: Director, EGV Entertainment Plc.</li> <li>• 2009 – 2013: Finance &amp; Accounting Director, Major Cineplex Group Plc.</li> <li>• 1991 – 2009: Accounting Manager, Wiik&amp;Hoeglund Plc.</li> <li>• 2015 – Present: Director, Major Bowl Group Co., Ltd.</li> </ul>

**9. Mrs. Nantiya Montriwat • Age 69 years • Shareholding 0.29%**

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 and Independent Director, Siam Future Development Plc, Shopping Center Developer</li> <li>• 2008 – Present: Director, Thai Samut Asset Co., Ltd.</li> <li>• 2007 – Present: Chairman, Muang Thai Management Co., Ltd.</li> <li>• 2007 – 2015: Director, Muang Thai Real Estate Pcl.</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 Insurance Co., Ltd.</li> </ul>

**10. Mrs. Sabaithip Suntaros • Age 69 years • Shareholding 0.07%**

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>• 2003– Present: Member of Audit Committee and Independent Director, Siam Future Development Plc, Shopping Center Developer</li> <li>• 2009 – Present: Independent Director, HuaSengHeng Gold Future Co., Ltd., Trading Gold Future</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>

**11. Mr. Dej Bulsuk • Age 66 years • Shareholding 0.15%**

Position	Member of the Audit Committee and 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: Member of the Audit Committee and Independent Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2011 – Present: Independent Director, Patum Rice Mill and Grannary PCL.</li> <li>• 2004– Present: Chairman of Executive Board, CCC Business Development Co., Ltd.</li> <li>• 2004 – Present: Member of the Audit Committee and Independent Director, The Erawan Group PCL.</li> <li>• 2001 – Present: Member of the Audit Committee and Independent Director, AEON Thana Sinsap (Thailand) PCL.</li> <li>• 2011 – 2015: Chairman of Nomination and Remuneration Committee, GMM Grammy PCL.</li> <li>• 2002 – 2015: Member of the Audit Committee and Independent Director, GMM Grammy PCL.</li> <li>• 2002 – 2013: Member of the Audit Committee and Independent Director, Jay Mart PCL.</li> <li>• 2006 – 2009: Advisor Director, President Bakery PCL.</li> <li>• 2002 – 2009: Member of the Audit Committee and Independent Director, GMM Media PCL.</li> <li>• 2004– 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food</li> <li>• 2001 - 2006: Chairman, Ronald McDonald's House Charities</li> <li>• 1984– 2004: Founder and President, McThai Co., Ltd. (McDonald's Thailand), Fast Food</li> </ul>

12. Mr. Chai Jroongtanapibarn • Age 62years • Shareholding 0%

Position	Independent 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: Independent 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, Audit Committee and Risk Management Director, Siam Food Plc., Exporting of Canned fruits</li> <li>• 2006 – Present: Independent Director,Audit Committee and Chairman of Risk Management Director, OishiPlc.,Softdrink&amp; Restaurants</li> <li>• 2014 – Present: Independent Director and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel trading and services</li> <li>• 2000 – Present: Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit</li> <li>• 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading &amp; Manufacturing</li> </ul>

Remark:

- No relationship among each director.
- Shareholding includes spouse and not sui juris (legal age) children's shareholding as listed in the shareholders' registration at 30 December 2016.

## Management

### 1. Mr. Nopporn Witoonchart • Age 59 years

Please see the Details in Board of Directors

### 2. Mr. Somnuk Pojkasemsin • Age 54 years

Please see the Details in Board of Directors.

### 3. Mr. Kittinanth Sumruatruamphol • Age 54 years

Please see the Details in Board of Directors.

### 4. Ms. Pornnipa Rujipairoj • Age 53 years

Position	Company's secretary • 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> <li>• Politics and Governance in Democratic Systems for Executives Class (PorPorRor # 17), King Prajadhipok's Institute</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 Assistance, Deloitte ToucheTomutsu (Thailand) Co.,Ltd., Ltd., Audit Firm</li> </ul>

# Report on Compliance with Principles of Good Corporate Governance

The Board of the Directors of the Company was aware of the roles, duties and responsibilities according to the code of best practices for the directors of listed company in order for the transparency of the operation and to increase the credibility to be in accordance with international standard as well as sustainable growth of the Company. The Board of the Directors, therefore, adopted self-assessment form on the compliance with good corporate governance principles as a tool to develop the Company's corporate governance system to be in compliance with the good corporate governance principles set out by the Stock Exchange of Thailand. The Company set out an approach and operational methods which could be divided into five sections as follows:

## *Section 1 Shareholders' Rights*

The Company was aware of the rights of the shareholders. Sufficiency and timeliness of the information used in decision making and disclosure of information of the Company was in compliance with the regulations of related entities

### **Opportunity for the shareholders to consider the information prior to the date of the shareholders'**

- In order for all shareholders to receive clear and sufficient information with enough time to study in advance before the date of the shareholders' meeting, the Company had clearly disclosed the information regarding the date, time, venue and meeting agenda through SET Portal of the Stock Exchange of Thailand and on its website approximately two months prior to the date of the shareholders' meeting.
- In delivering the document for the shareholders' meeting, the Company assigned Thailand Securities Depository Company Limited, its share registrar, to deliver an invitation letter for the 2016 Annual General Meeting of the Shareholders 14 days prior to the meeting. The Company

also disclosed the information supplementary to the meeting agenda both in Thai and English on its website prior to the delivery of the document so that the shareholders had sufficient time to consider the meeting agenda and supplementary information. The information was similar to the paper document that the Company delivered to the shareholders, which consisted of:

1. Invitation letter for the 2016 Annual General Meeting of the Shareholders
  2. Attachment 1: Minutes of the 2015 Annual General Meeting of the Shareholders
  3. Attachment 2: 2015 Annual Report
  4. Attachment 3: Details on the provisioning of legal reserve for the 2015 operating results and dividend payment
  5. Attachment 4: Details on the re-election of the directors whose terms expired and to consider an appointment of the new directors
  6. Attachment 5: Details on directors' remuneration
  7. Attachment 6: Details on the appointment of auditors for the year 2016 and the determination of audit fee
  8. Profile of Independent Director for principals
  9. Proxy Form A
  10. Proxy Form B
  11. Proxy Form C
  12. Evidence for proving the rights to attend the shareholders' meeting
  13. Articles of Association regarding the meeting of the shareholders
  14. Map for the meeting venue
- The delivery of document to the shareholders was in compliance with the regulations of the Stock Exchange of Thailand. The Company's information was also disclosed through the SET Portal
  - To facilitate those shareholders who could not attend the meeting in person, the Company provided an opportunity to give a proxy to an independent director or other persons

to attend the meeting on their behalf using the proxy form delivered together with the meeting invitation letter. The Company had attached the document or evidence required to be provided prior to the meeting as well as profile of the independent director assigned as proxy by the Company. The shareholders could download the proxy form, both in Thai and English versions, through the Company's website.

## **Process on the Date of Shareholders' Meeting**

### **1. Facilitation for the shareholders to use their rights**

- On the date of shareholders' meeting, the Company facilitated the shareholders and their proxies in the registration for meeting attendance by using barcode system in the registration and vote counting. The barcode specified the registration number of each shareholder. Such system helped speed up the registration process. Ballots were also distributed to those shareholders who attended the meeting in person prior to the meeting. Additionally, the Company arranged the document checkpoint for proxy and prepared duty stamp to be attached with the proxy form. Staff had been arranged to facilitate the registration. The registration was also open at least two hours prior to the meeting.

- On the meeting date, prior to the meeting time, the master of ceremonies would explain details of the meeting rules, voting process and vote counting method as provided in the meeting invitation letter to the shareholders again which could be summarized as follows:

(1) The number of votes of each shareholder equaled the number of shares held by such shareholder. One share equaled one vote.

(2) Ballot with more than one mark, ballot with conflicting votes, ballot with deleting mark without endorsement, or ballot with marks more than entitled votes would be considered voided ballot. The shareholders who would like to change their votes would cross out the existing

mark and affix their signatures. Votes which differ from the aforementioned would be considered invalid.

(3) In case of foreign shareholders who appointed custodians to be share depository and custodians, their votes would be separated whether in approval, disapproval or abstention on each agenda item, with the number of votes separated equivalent to the number of shares they held.

(4) To ensure efficiency and promptness of each agenda, in casting the vote on the agenda under consideration, the Company would ask if there were any shareholders or proxies who disapproved or abstained from voting. Any agenda without shareholders who disapproved or abstained from voting would be considered unanimously approved by the meeting. Should there be any shareholders who disapproved or abstained from voting, the Company would collect only disapproving or abstaining ballots, and deducted the number of disapproving and abstaining votes from the total number of votes. The remaining votes would be considered as votes of approval. Shareholders who had voted to approve each agenda item would be asked to keep their ballots and return them to the Company's staff after the meeting had been adjourned to be used as evidence of the meeting.

- The Company allowed the shareholders to join the meeting after the Chairman opened the meeting. These shareholders were entitled to vote on the agenda under consideration which had not been voted. They would be counted as meeting quorum from the attended agenda and afterwards. Therefore, the number of votes in each agenda might not be equal.

### **2. Opportunity for the shareholders to provide opinion**

- Prior to the voting, the Company provided the shareholders an equal opportunity to provide opinions, suggestion or raise questions on the matters related to the agenda so that the shareholders could receive sufficient information and details of each agenda. The shareholders

were requested to avoid repeated questions or opinions to provide the opportunity for other shareholders to use their rights and to ensure the meeting was held within appropriate period.

- Should the shareholders have questions not related to the agenda under consideration, they were open to raise questions or provide suggestions in other agenda at the end of the meeting so that the meeting could be continually conducted according to the order of the agenda.

#### **Disclosure of the Resolutions of the Shareholders' Meeting and the Preparation of Meeting Minutes**

- The Company disclosed the meeting resolutions through the SET Portal of the Stock Exchange of Thailand so that public could be informed of the voting results of each agenda.
- The Company thoroughly recorded the minutes of the shareholders' meeting which comprised important information, i.e. names of the directors who attended the meeting, voting results of each agenda, questions and answers, suggestions and opinions of the shareholders presented in the meeting, and submitted the minutes of the annual general meeting of the shareholders to the Stock Exchange of Thailand and the Ministry of Commerce within the period required by law within 14 days from the meeting date.
- The Company recorded images and voices of the shareholders' meeting which provided details of material substances of the Q&A during the meeting as well as voting results of each agenda on the Company's website after the meeting. As such, the shareholders who could not attend the meeting could be informed of the details and could use them as reference afterwards.

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

The Company was aware of the care, protection of interest of all shareholders, be it major shareholders, minor shareholders, individual shareholders, institutional investors, Thai investors or foreign investors. All shareholders were treated and entitled equally for the maximum benefits of shareholders. As such, the following policy to facilitate the shareholders was set out:

#### **Provision of Opportunity for the Shareholders to Propose the Meeting Agenda and Nominate Candidates for the Company's Directors in Advance**

The Company provided the opportunity for the shareholders to propose the meeting agenda and nominate candidates for the Company's directors in advance. Such rules were disclosed on the SET Portal of the Stock Exchange of Thailand and on the Company's website ([www.siamfuture.com](http://www.siamfuture.com)). For the 2016 Annual General Meeting of the Shareholders, the Company provides the opportunity for the shareholders to propose the meeting agenda and nominate candidates for the Company's directors from 16 December 2015 to 15 January 2016. Form of meeting agenda proposal and form of nomination for the Company's directors and support evidence could be submitted to the Investor Relation. Rules were as follows:

The Company provided the rights to one or several shareholders who held at least 5% of the total issued shares of the Company as at the date of meeting agenda proposal to propose the meeting agenda and nominate candidates for the Company's directors in advance. The Company's Board of Directors would screen out whether to include the proposal as the meeting agenda according to the Company's rules and disclose in the meeting invitation letter as the agenda proposed by the shareholders.

However, during such period, no shareholders proposed the meeting agenda and nominated candidates for the Company's directors in advance.

### **Provision of the Opportunity for the Shareholders Who Could Not Attend the Meeting in Person to Assign Proxy to Attend the Meeting and Vote on Their Behalf**

The Company provided the rights to the shareholders who could not attend the meeting in person to assign an independent director who had no interest in the agenda under consideration or other persons as their proxy to attend the meeting and vote on their behalf by using the proxy form provided by the Department of Business Development, the Ministry of Commerce. The proxy form was submitted together with the meeting invitation letter 14 days before the meeting date. It was also published on the Company's website.

### **Prevention of the Use of Insider Information**

The Company gave importance to the use of its insider information, information which had not been disclosed to public, or information which might have an impact on the Company's share price. As such, the following guidelines were set out for the management and staff:

- The Company supervised the use of insider information by requiring the management and staff to keep the information of the Company and customers confidential.

The information which might be obtained by virtue of position was not to be used for their own benefit or not to be used to damage the Company and its customers.

- The directors and management were required to report the change in their ownership in the Company's securities according to the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

- The regulations were set to prevent the Company's management from trading the Company's securities one month prior to the disclosure of the Company's financial statements to public.

- The Company consistently reviewed the securities trading of related parties and prohibited staff related to the preparation of the financial statements from disclosing the financial statements to other persons not relating to the preparation of the financial statements from the

closing date of the financial statements to the disclosing date of such financial statements.

### **Interest of the Directors**

To prevent any potential conflict of interest, the Company set out policy and conduct of the potential conflict of interest transactions and related party transactions as follows:

- Require the directors and high-level management to report their and related party's interest when first taking the position of directors or high-level management.

- The Company's Board of Directors has the power to consider the investment or the transaction with related benefits. However, the directors with related benefits or with interest are not entitled to cast their vote in the meeting.

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

The Company gave importance to the rights of all groups of stakeholders by considering to protect their rights and to fairly treat all related parties. Approaches to treatment of all groups of stakeholders were as follows:

### **1) Staff and family**

The Company believed in value of each person and was aware that people were major valuable resources which would drive the Company to continue to succeed. Therefore, the Company was determined to take care of and nurture quality of life in all aspects for staff, be it remuneration and welfare, environment, health, safety, knowledge development, or staff activities, all of which could be summarized as follows:

- The Company appropriately remunerated and provided welfare to all staff by fairly considering their works which could be measured, both in terms of monthly remuneration, annual bonus, life insurance or provident fund, etc.

- The Company treated all staff fairly and equally, e.g. staff evaluation, keeping work profile confidential, staff's exercise of their rights, etc.
- The Company was determined to continually support and develop skills and knowledge of human resources through continual training arrangement and putting the management and staff at all levels to the seminars.
- The Company was aware of the rights of staff. It provided an opportunity for staff to submit a complaint directly to the human resources department if they were not treated fairly.
- The Company always took care of work environment for the safety, hygiene and efficiency of works.

## 2) Customers

In order for customers to be confident and optimally satisfied, the Company was focused on nurturing long-term relationship and cooperation with the customers by holding to the principles of honesty, belief and trust. Additionally, in response to the needs of new customers, the Company continually develops the potentials of shopping centers so that they were diversified, modern and be consistent with the consistent changes in economic and social situation.

Moreover, the Company gave first priority to the problems and needs of the customers. It had duty to maximize satisfaction of the customers through the care and responsibilities. Therefore, the Company set out a measure for all management and staff to comply as follows:

- (1) Adhere to the presentation and transfer of rental space with standard and which meets the need of the customers.
- (2) Adhere to the compliance with the terms and conditions of the contracts agreed with the customers.
- (3) Quotation and commercial terms proposed to the customers within the same group must be equal or have similar rental rate.
- (4) Give accurate information on type of the projects, location and position of the rental area to the customers to

build confidence and fairness to the Company's customers.

- (5) Be prepared to respond to the customers' questions, including consistent action on complaint, suggestion and monitoring of progress of issues informed by the customers.

However, the Company set out compensation standard for those customers damaged from violation. It supervised the customers according to the policy of customer's supervision. Project managers were appointed as a center of complaint submission if the customers had problems and need direct assistance.

## 3) Creditors

The Company was aware of the relationship with all related parties including creditors. It had the following guidelines to build confidence and fairness to the creditors:

- The Company had duties to create relationship and treat the creditors by holding to the principles of honesty, belief and trust.
- The Company had duties to be responsible for, to care and to strictly comply with the terms and conditions agreed with the creditors.
- Notify the creditors without hiding the truth if it cannot comply with any terms and conditions or upon an event of default so that solution is mutually and reasonably considered.
- Manage appropriate capital structure to support the operation of the Company and to build trust to the creditors.

## 4) Shareholders

The Company gave importance to equal rights of shareholders. It had duties to protect and respect the fundamental rights of the shareholders as required by law and the Company's Articles of Association, i.e. rights to trade or transfer shares, rights to share profit of the Company, rights to receive sufficient information of the Company, rights to attend the shareholders' meeting to appoint or remove the directors, appointment of the

auditors, determination or amendment of the Articles of Association or the Memorandum of Association, capital increase or reduction, approval of extraordinary transactions, etc. The Company had duties to promote and support the shareholders in exercising their rights in the Annual General Meeting of the Shareholders as disclosed in Section 1 Rights of the Shareholders and Section 2 Fair Treatment to the Shareholders.

Presently, the Company proceeded to protect and supervise the fundamental rights of the shareholders, both rights in receiving the information and rights to attend the shareholders' meeting, as well as supporting the exercise of other rights according to the law. In addition, it assessed and monitored the action to prevent damages from violation of the shareholders both within and outside the organization by assessing with the department which supervised the rights of the shareholders. External assessment was in form of AGM Checklist annually assessed by the Office of the Securities and Exchange Commission, Thai Investors Association and Thai Listed Companies Association.

#### **5) Business partners**

The Company had duties to strictly comply with the commercial terms and agreement made with business partners. It gave an equal opportunity for all business partners to propose their services. The management and staff would treat business partners honestly and equally. Any consideration and decision was made based on quality and other conditions with the first priority to the Company's short and long term benefit. Additionally, related management and staff were required to keep information of the business partners confidential and prohibited from requesting or receiving any assets or benefits from the business partners, and prohibited from disclosing the information or proposal of one or several business partners to others whether directly or indirectly.

#### **6) Competitors**

The Company treated competitors fairly according to the framework of moral trade competition under the law and ethics. It also did not take advantage of the competitors using illegal action or by discrediting the competitors using negative accusation without true information.

#### **7) Analysts, investors and financial institutions**

The Company gave an opportunity for the analysts, investors and financial institutions to be informed of its business information and outlook of the operation results as deemed appropriate and in compliance with the law and good corporate governance on the information disclosure. Contact channel for the request of information was through the Investor Relation (IR) at tel.02-660-9464-5, 02-660-9474, or in form of face-to-face meeting, or through the Company's website ([www.siamfuture.com](http://www.siamfuture.com)).

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

The Company set out policy on the corporate governance by giving high importance to equal treatment of all parties, be it shareholders, the Company's stakeholders or any related parties. It arranged to have sufficient information disclosed, be transparent and could be checked. Throughout the year of 2016, the Company had accurately, completely, timely and transparently disclosed both financial and non-financial information according to the regulations specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand through the SET Portal of the Stock Exchange of Thailand and through the Company's website. The Company had never been preceded by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand from the violation of the regulations, and had strictly complied with the deadline for information disclosure. It also assessed and controlled potential unavoidable risks by having sufficient control and internal audit. Moreover, the Company set out policy of operation to comply with the law and normal commercial ethics.

The Company had not set up specific unit for investor relation. However, it had assigned related persons to answer the questions and communicate with the investors and analysts from various institutions as deemed appropriate. The Company had accurately, completely and promptly disclosed both financial and non-financial information through various electronic channel and media of the Stock Exchange of Thailand and the Company's website. The investors could request additional information of the Company with Investor Relation at tel. 02-6609464-5, 02-660-9474 or at website <http://www.siamfuture.com>. At present the Company disclosed Thai and English information on the website. In 2016, the Company attended various meetings for the CFO to present the operating results and future investment plan to the investors and analysts. The Company had attended Thailand Focus organized by the securities companies, one Opportunity Day event organized by the Stock Exchange of Thailand, one offshore road show, and continual company visits and conference calls with the investors.

The Company's Board of Directors was responsible for the Company's financial statements and financial information as disclosed in the Annual Report that such financial statements were prepared in accordance with Thai Financial Reporting Standards by consistently adopting and complying with appropriate accounting policy using cautious discretion and best forecast in the preparation. Material information was also sufficiently disclosed in the notes to the financial statements. The Board of Directors arranged to maintain efficient internal control system to reasonably ensure that accounting records were accurate, complete and sufficient to preserve assets, and to reasonably build confidence in the reliability of the Company's financial statements.

Remuneration policy for the Company's directors and management was apparent and transparent. Remuneration of the Board of Directors would be determined by the shareholders in a fixed amount

annually. The Company's Board of Directors had a policy in determining the directors' remuneration at appropriate level to be sufficient to attract and maintain capable directors.

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

### **1. Policy on the Good Corporate Governance**

1.1 The Company's Board of Directors intended to supervise the business based on the good corporate governance principles. It was aware of the benefit and importance of the good corporate governance which supported efficient, transparent, and checkable operation. As a result, the Company's competition capability was increased while value was added to the shareholders in a long run.

1.2 Consideration of the shareholders' rights and provision of rights to the shareholders in various matters, e.g. rights to propose the agenda for the shareholders' meeting in advance, rights to nominate candidates for directors position in advance, etc. It also did not perform any action which violated or derogated the rights of the shareholders.

1.3 Fair and equal treatment to the shareholders, investors, stakeholders and related parties

1.4 Disclosure of accurate and sufficient information to all shareholders, investors, stakeholders and related parties equally within the determined deadline through appropriate channels so that the shareholders and related parties could access the information conveniently, e.g. through the Company's website, etc.

1.5 Conduct of duties and responsibilities of the Company's Board of Directors in supervising and managing the business with honesty, ethics, cautiousness and care in order to achieve the Company's target and to

maximize benefits with transparency under the internal audit and control system.

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

2.1 The Company's Board of Directors consisted of three executive directors, five non-executive directors and four independent directors. The independent directors accounted for 33% of total Board of Directors, allowing for efficient check and balance. The number of the remaining directors was according to the investment of each group of shareholders.

2.2 The Company clearly determined tenor of the directors.

2.3 The Board of Directors considered the appropriateness of the qualification of the "Independent Director" in order for the Company's independent directors to be genuinely independent according to the special nature of the Company.

2.4 The Board of Directors had not determined the number of the companies in which each director could have a position, to suit the nature or characteristics of the Company. However, each director had complied with appropriate code of conduct.

2.5 The Board of Directors had not clearly determined the policy and guidelines for the CEO and high-level management to have a director position in other companies.

2.6 Chairman of the Board of Directors and CEO are not the same persons with different responsibilities. Duties and power of the Chairman and the CEO had been clearly determined.

2.7 Presently the Chairman of the Board of Directors was not an independent director.

2.8 In 2008 the Company appointed Secretary to provide advice on legal, accounting and regulations which the Board of Directors must be aware of, and to supervise the

activities of the Board of Directors as well as coordinating to have the resolution of the Board of Directors complied.

## **3. Sub-Committee**

3.1 Apart from the Audit Committee required by the regulations of the Stock Exchange of Thailand, the Company had not set up other sub-committees for good corporate governance, i.e. Compensation Committee, Nomination Committee and Corporate Governance Committee. At present, the Company's Board of Directors acted as Compensation Committee and Audit Committee also acted as the Corporate Governance Committee.

3.2. For the transparency and independency, majority of the sub-committee members were independent directors while the Chairman of the sub-committee was independent director.

3.3 Chairman of the Board of Directors was not the Chairman or the member of the sub-committee in order for the genuine independency of the sub-committee.

## **4. Roles, Duties and Responsibilities of the Board of Directors**

4.1 The Company's Board of Directors participated in approving the vision, mission, strategy, target, business plan and budget of the Company. It also clearly determined the roles and duties of the Executive Committee and the management, and supervised the management to efficiently and effectively operate according the determined plan and budget.

4.2 The Board of Directors arranged to have the policy on corporate governance written and approved such policy, which would be reviewed consistently at least once a year.

4.3 The Company's mission specified that the Board of Directors, management and staff shall perform their duties with honest, ethics and morality, and shall be responsible which would result in transparent and checkable operation.

4.4 The Board of Directors had determined the conflict of interest with care. The approach in considering transaction with potential conflict of interest should be clear and for the benefit of the Company and shareholders as a whole. Person with interest should not participate in the decision making. The Board of Directors had supervised to ensure the compliance with the regulations concerning the process and accurate and thorough disclosure of information of the transaction with potential conflict of interest.

4.5 The company gave importance to the good internal control system for the transparency of the operation. It also maximized the effectiveness of the operation. However, as the Company was considered relatively small in terms of the number of staff while the management structure was not complicated, which was considered one of the Company's advantages, the internal control and audit could be easily conducted through the review of order of authorization power, review of the document path, and clear separation of duties. Additionally, the utilization of the Company's assets had been controlled to ensure maximum benefit from the utilization. Check and balance was appropriately in place. In 2008, the Company engaged an internal audit company to increase the efficiency of the Company's internal control system.

4.6 The Company also arranged for risk management to minimize potential damage by seeking opinion from independent financial expert when it was required to enter into any transaction which may be exposed to the risk, e.g. registration of the long-term lease of land with high value compared with the Company's total assets, or upon an offering of ordinary shares for private placement.

## **5. Meeting of the Board of Directors**

5.1 The Company scheduled the meeting of the Board of Directors in advance and notified each directors of such schedule to allow the directors to be able to arrange their time for the meeting.

5.2 Normally the meeting would be held regularly every three months. The meeting date was set in advance while there may be additional meetings as deemed necessary. The Secretary of the Board of Directors would prepare the document, meeting invitation letter and meeting agenda seven days prior to the meeting so that the Board of Directors had enough time to study the information prior to the meeting. However, the meeting of the Company's Executive Committee was held every month while every report on the operating results was also submitted to other directors.

5.3 Chairman of the Board of Directors and the CEO had jointly considered the selection of the agenda for the meeting of the Board of Directors to ensure that the significant matters had been included. Each director was free to propose the matters for the meeting agenda.

5.4 In 2016, four meetings of the Board of Directors were held. Each meeting took approximately 2 – 3 hours. The Secretary had recorded and prepared the minutes of each meeting in writing, and had kept the minutes of the meeting certified by the Board of Directors for audit.

5.5 The Board of Directors would support the CEO to invite the high-level management to attend the meeting of the Board of Directors to provide additional details of the information as they were directly involved in the situation, and to provide the opportunity to be acquainted with the high-level management for succession plan.

5.6 The Board of Directors could request additional necessary information from the CEO, the Company's Secretary, or other assigned management within the scope of determined policy.

5.7 Non-Executive Board of Directors could arrange their meetings as deemed necessary to discuss problems under consideration without the management. Results of the meeting would be informed to the CEO.

## 6. Self-Assessment of the Board of Directors

The Board of Directors would arrange for self-assessment in order for them to jointly consider the results of the work and problems for improvement afterwards. Criteria would be set for systematic comparison of the results.

## 7. Remuneration

7.1 Directors' remuneration was set to be comparable with normal practice of the industry based on experiences, obligation, accountability and responsibility as well as benefits expected from each director. Directors with additional roles and responsibilities, e.g. as a member of sub-committee, would receive additional remuneration as deemed appropriate.

7.2 Remuneration of the CEO and the high-level management was in compliance with the principles and policy determined by the Board of Directors within the limit approved by the shareholders' meeting and for the maximum benefit of the Company. Level of the remuneration as salary, bonus and long-term incentives should be consistent with the Company's achievement and performance of each management. In 2015, remuneration of the Company's Board of Directors and management comprised salary, meeting attendance fee and provident fund which amounted to THB 31.01 million in total, whereby

1. 15 members of the Board of Directors received meeting attendance fee of THB 6 million in total.

2. 5 members of Executive Committee and management received remuneration of THB 20.59 million in total.

3. Other remuneration, i.e. provident fund, equaled THB 4.42 million.

All non-executive directors or Compensation Committee would assess the CEO annually to be used in considering the remuneration of the CEO. However, criteria, including financial results, achievement in long-term strategic

objectives, development of the management, etc., would be set with the CEO in advance.

## 8. Development of the directors and management

8.1 The Board of Directors supported and facilitated the training and education to persons related with the Company's corporate governance system, e.g. directors, Audit Committee, management, the Company's Secretary, etc., for the continual improvement of the operation. They had attended the trainings with the Thai Institute of Directors (IOD).

8.2 For every change of the directors, the Company would provide useful document and information on the duties of new directors, including an introduction of the nature of business and the Company business approach, to new directors.

8.3 The Board of Directors would determine concrete development and succession plan in writing afterwards. The CEO and high-level management had prepared the successor if they were not able to perform their duties.

8.4 In developing the management, the Company arranged its management to attend academic seminars and meetings organized by the International Council of Shopping Centers (ICSC) and MAPIC, which were international organizations with objectives to educate shopping centers information, news and statistics related to the shopping centers and retail business around the world, as well as to connect persons related to the shopping centers.

# Corporate Social Responsibility: CSR

## Overall Policy on Social Responsibility

The Company's core business is developing and managing open-air shopping center. Its vision is "Unlike other developers, we create a place for people first then business".

In the prior year, the Company had acted upon the principles of good corporate governance, professional and quality management as well as ethical and governance transparency for the benefit of all stakeholders. The Company emphasized on continuous improvement of the existing projects to maintain the existing customer base so that it will be able to steadily develop the shopping centers to gain sustainable profit and return to the shareholders in a long run. The Company is thus cautious in considering new projects to ensure the feasibility of the investment. The Company's approaches towards the social and environmental responsibility are:

## Fair Business Operation

The Company puts an emphasis on promoting free, honest and fair trade competition in compliance with the law and business ethics. It avoids the practice that may cause conflict of interest by abiding by rules of equal competition based on fair return to both parties. The Company sets out a policy on fair business operation as follows:

- No request or acceptance of assets or other benefits outside of the commercial terms
- Keep confidential the information of business partners by not using it wrongfully for the benefit of itself or related persons whether directly or indirectly
- Strictly comply with the commercial terms and conditions, and not exploiting customers' information for the benefit of itself or related persons

- Focus on shopping center development, nurturing good relationship with business partners to enhance potential and efficiency of doing business together in a long run. Also treat the business partners with honesty and equality.

## Responsibility to the Consumers

The Company had continually developed the shopping centers to gain confidence from customers. It also endeavored to differentiate itself from other operators to respond to diversified needs of the customers. The Company increased channels of access to the customers. Its customers and tenants were well taken care of. Security guards were provided throughout the shopping centers. Surveillance cameras were also installed to safeguard the customers. Additionally, the Company was a member of the International Council of Shopping Centers (ICSC). The customers can then be assured that the Company's shopping centers were of international standard.

## Environmental Management

The Company pays attention and is aware of a negative impact on the environment. Therefore, prior to commencing the project, it will consider an effect on community, public utility, safety, traffic, transportation and strict compliance with property rules, regulations and law. The Company also sets out guidelines to minimize impact of the construction to the environment, e.g. use quality materials, use energy-saving light bulbs, use tarpaulin to cover construction to avoid dust, etc. Additionally, it pays attention to the increase of green area for the beauty of the projects to satisfy the customers, to support the importance of the environment and to be used as recreational areas for residents in the surrounding areas. For example, The Avenue Ratchayothin project was awarded ASA Green 2009

Award from the Association of Siamese Architects, under the Royal Patronage. Such award was selected by the Academic Committee of Building and Environment Technology.

## Fair Treatment to the Labor

The Company continually pays attention to staff safety and welfare, as well as staff development so that the employees' skills and knowledge match operational guidelines, e.g. organized Service Excellence training for staff, developed staff potentials for career path advancement and staff ethics for accurate and regulated operation, etc.

## Respect of Human Rights

The Company sets out a policy and process to relieve and solve an impact of its operation on human rights. It promptly assigns channel to communicate with public or customers should concern arises. Moreover, apart from law, the Company also gives importance to equality by

treating staff, public, business partners or customers fairly without discriminating any person because of the similarity or difference in look, race, religion, age, gender or education. It also does not support any director, management or staff to violate human rights.

## Stakeholders

The Company gives importance to the stakeholders and therefore sets out rules to determine groups of stakeholders who are directly and indirectly affected by any process of its operation, e.g. tasks of the staff in every unit, construction process, sale and purchase process, or after-sale process, both within and outside the organization.

As in the operation the Company needs to contact a number of stakeholders, it sets out an approach of conduct and strategy for supervising stakeholders in the following table

Stakeholders	Approaches and Supervision Strategy
Customers	Develop quality and diversified shopping centers to satisfy the needs of customers
Staff	Improve knowledge, treat fairly on human rights basis, and care for safety
Suppliers	Treat on the basis of moral business competition
Business partners	Pay appropriate remuneration, develop labor potentials and quality
Community	Operate business fairly without causing trouble to surrounding community
Shareholders	Operate business according to good corporate governance, disclose the information transparently
Investors	Treat investors fairly, provide assistance and advice
Creditors	Comply with the conditions of the agreement honestly
Governmental entities	Cooperate with governmental entities morally
Mass media	Disclose the information transparently, correctly and promptly
Competitors	Treat competitors fairly under moral business competition basis

## Operation and Report Preparation

Report preparation was based on report pattern and method of the Stock Exchange of Thailand which consists of 10 principles at present. Scope of the report covers the operating results of the Company only, and exclude the subsidiaries and joint ventures.

Approaches in determining contents and substance of the report are derived from several methods in the gathering and review of main issues in the operation of the Company, e.g. survey of opinion from people within the Company who contact stakeholders outside of the organization, survey of opinion of the stakeholders within the organization, meetings to select main issues of the organization, to ensure that the contents of the report are accurate and genuinely in line with the stakeholders.

In prioritizing an importance to the business, the Company gives first priority to the issue concerning responsibility to the consumers as they are directly and indirectly affected from the Company's operation. Secondly, it gives importance to environmental management by considering to minimize the impact to environment, to increase green area, etc.

## Business Operation with Impact to the Social Responsibility

Throughout the operation of shopping centers, the Company is aware of the importance of its impact to communities residing around the shopping centers. Each time prior to the construction of any shopping centers, the Company carefully sets out a plan to avoid any negative impact to the society. For example, during the construction, the Company used tarpaulin to cover the construction area to keep dust within limited area, build garbage rooms according to hygienic standard, build waste water treatment system for the whole shopping centers before releasing it to the drainage system, and

change all lightbulbs from LED to fluorescent bulbs to save energy, etc.

## After Process Activities for the Benefit of Society and Environment

- Build parking lots for hired motorcycles in front of four shopping centers (Esplanade Ratchadapisek, Petchakasem Power Center, Market Place Bangbon and The Avenue Pattaya shopping centers) for orderliness and attractiveness in front of the shopping centers and surrounding communities, and to facilitate customers of the shopping centers.

### Additional Approaches on Anti-Corruption

The Company sets out a policy on operational transparency and anti-corruption within the organization by setting up audit process, determining organization structure according to the good corporate governance principles, cultivating ethical consciousness to the staff and managing human resources transparently.

# SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2016

## **Independent Auditor's Report**

To the shareholders of Siam Future Development Public Company Limited

### **My opinion**

In my opinion, the consolidated financial statements of Siam Future Development Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Valuation of investment property. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Valuation of investment property</i></b></p> <p>Refer to note 11 in the financial statements ‘Investment property’</p> <p>The fair value of investment property at 21 locations is Baht 9,102.95 million, which represents 61% of total assets as at 31 December 2016 with again from fair value adjustment on investment property of Baht 26.65 million recognised in the statement of income.</p> <p>I focused on this area because of the complexity of the valuation model being income approach which was inherently subject to judgement applied by management. Management engaged an independent external valuer to evaluate the fair value of the investment property every three years.</p> <p>In determining a valuation, the valuer took into accounts of current information such as current tenancy agreements and rental income earned by the assets.</p> <p>Key assumptions of the model included current market rents, tenancy agreements and revenue growth, based on available market data, and a discount rate based on the dividend yield of property funds adjusted by a risk factors.</p>	<p>My procedures in relation to valuation of investment property included:</p> <ul style="list-style-type: none"> <li>- evaluating the independent external valuer’s competence, capabilities, independency and objectivity.</li> <li>- assessing the methodologies used and appropriateness of the key assumptions based on my knowledge of industry and the available evidence. This included assessing the market rent for property in comparable locations and conditions, assessing the discount rate by comparing with the industry rate.</li> <li>- checking, on a sample basis, the accuracy and relevance of the input data used, with the current rental contract.</li> </ul> <p>I found that the key assumptions were supported by the available evidence and the valuation was within an acceptable range of reasonable estimates.</p>

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

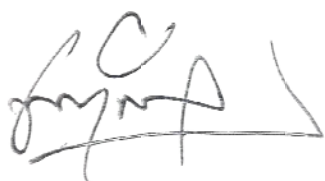
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Kajornkiet Aroonpirodkul**

Certified Public Accountant (Thailand) No. 3445

Bangkok

14 February 2017

**Siam Future Development Public Company Limited**
**Statements of Financial Position**
**As at 31 December 2016**

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	25,197,937	33,499,626	9,942,570	2,438,824
Short-term investments	6	171,241,172	568,021,531	171,241,172	568,021,531
Trade and other receivables	7	126,410,442	225,879,401	81,489,688	460,717,603
Finance lease receivables due within one year	8	29,480,285	26,473,760	22,613,377	19,794,788
Amounts due from related parties	30 c)	6,474,479	1,338,689	548,294,620	429,853,671
Short-term loans to related parties	30 d)	18,150,000	23,000,000	206,000,000	79,055,728
Other current assets	9	13,677,540	5,965,526	-	5,054,544
<b>Total current assets</b>		<b>390,631,855</b>	<b>884,178,533</b>	<b>1,039,581,427</b>	<b>1,564,936,689</b>
<b>Non-current assets</b>					
Restricted cash		605,072	598,537	-	-
Finance lease receivables	8	605,179,842	635,586,880	401,865,193	424,559,093
Investments in subsidiaries	10	-	-	257,925,000	257,925,000
Investments in joint ventures	10	4,649,303,072	4,123,933,565	1,978,580,800	1,978,580,800
Prepaid rent, net		967,361	1,033,551	-	-
Investment property	11	9,102,951,920	8,575,028,273	4,177,370,793	3,767,252,182
Building and equipment, net	12	58,198,419	45,398,848	27,736,753	19,923,451
Intangible assets, net	13	13,847,464	16,897,613	9,409,964	12,460,113
Deposits for leasehold land		49,387,093	86,915,335	49,387,093	86,915,335
Other non-current assets		49,252,389	52,511,113	42,630,352	46,088,055
<b>Total non-current assets</b>		<b>14,529,692,632</b>	<b>13,537,903,715</b>	<b>6,944,905,948</b>	<b>6,593,704,029</b>
<b>Total assets</b>		<b>14,920,324,487</b>	<b>14,422,082,248</b>	<b>7,984,487,375</b>	<b>8,158,640,718</b>

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Siam Future Development Public Company Limited**
**Statements of Financial Position**
**As at 31 December 2016**

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings					
from financial institution	14	349,583,366	-	349,583,366	-
Trade and other payables	15	140,300,745	149,377,293	93,320,943	96,602,293
Amounts due to related parties	30 e)	18,808,089	30,971,552	13,998,770	18,242,249
Short-term loan from a subsidiary	30 f)	-	-	272,650,000	275,000,000
Current portion of unearned rental and service income	18	39,196,001	92,293,394	13,491,011	22,470,004
Current portion of long-term borrowings	16	699,388,708	749,013,606	699,388,708	749,013,606
Finance lease liabilities on land leases - current portion		124,330,241	54,952,329	101,259,936	53,207,892
Corporate income tax payable		10,468,806	12,795,089	2,024,904	-
Other current liabilities	17	238,681,472	198,887,659	136,989,587	117,480,059
<b>Total current liabilities</b>		<b>1,620,757,428</b>	<b>1,288,290,922</b>	<b>1,682,707,225</b>	<b>1,332,016,103</b>
<b>Non-current liabilities</b>					
Unearned rental and service income	18	358,893,145	364,820,001	39,064,972	57,654,319
Long-term borrowings	16	499,406,215	1,198,796,677	499,406,215	1,198,796,677
Deposits received from customers		488,688,642	493,953,717	290,578,039	287,383,841
Deferred tax liabilities	19	957,134,261	902,493,190	404,448,481	372,038,154
Finance lease liabilities on land leases		1,326,234,577	1,234,598,105	838,815,173	709,864,226
Employee benefit obligations	20	37,507,859	33,126,182	37,507,859	33,126,182
<b>Total non-current liabilities</b>		<b>3,667,864,699</b>	<b>4,227,787,872</b>	<b>2,109,820,739</b>	<b>2,658,863,399</b>
<b>Total liabilities</b>		<b>5,288,622,127</b>	<b>5,516,078,794</b>	<b>3,792,527,964</b>	<b>3,990,879,502</b>

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Siam Future Development Public Company Limited**

**Statements of Financial Position**

**As at 31 December 2016**

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
<b>Share capital</b>					
Authorised share capital	21	1,776,618,036	1,776,618,036	1,776,618,036	1,776,618,036
Issued and paid-up share capital	21	1,776,607,541	1,776,607,541	1,776,607,541	1,776,607,541
Share premium	21	634,028,511	634,028,511	634,028,511	634,028,511
<b>Retained earnings</b>					
Appropriated - legal reserve	22	177,666,690	148,056,690	177,666,690	148,056,690
Unappropriated		6,213,232,302	5,545,348,300	1,604,102,571	1,609,514,376
Other components of equity		(445,902)	(445,902)	(445,902)	(445,902)
<b>Equity attributable to owners</b>					
of the parent		8,801,089,142	8,103,595,140	4,191,959,411	4,167,761,216
Non-controlling interests		830,613,218	802,408,314	-	-
<b>Total equity</b>		<b>9,631,702,360</b>	<b>8,906,003,454</b>	<b>4,191,959,411</b>	<b>4,167,761,216</b>
<b>Total liabilities and equity</b>		<b>14,920,324,487</b>	<b>14,422,082,248</b>	<b>7,984,487,375</b>	<b>8,158,640,718</b>

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Siam Future Development Public Company Limited**
**Statements of income**
**For the year ended 31 December 2016**

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
<b>Revenues</b>					
Rental and services income		1,368,926,147	1,365,553,042	777,040,137	763,485,567
Finance and interest income		26,268,732	27,197,527	30,171,621	28,293,200
Dividends income	10, 30 a)	-	-	53,448,000	397,697,192
Other income		35,713,762	35,909,100	126,609,675	140,033,216
Share of profit from joint venture	10	575,349,506	597,633,912	-	-
<b>Total revenues</b>		<b>2,006,258,147</b>	<b>2,026,293,581</b>	<b>987,269,433</b>	<b>1,329,509,175</b>
<b>Expenses</b>					
Cost of rental and services		529,221,556	537,518,408	304,422,360	305,732,661
Loss from adjustment on investment property, net	11	60,247,841	(930,011,891)	40,736,007	182,479,605
Selling expenses		32,918,395	36,946,763	26,993,127	32,278,634
Administrative expenses		182,999,355	171,844,414	164,531,331	154,496,581
Directors and management's remuneration	30 h)	19,372,087	21,707,926	19,372,087	21,707,926
<b>Total expenses</b>		<b>824,759,234</b>	<b>(161,994,380)</b>	<b>556,054,912</b>	<b>696,695,407</b>
<b>Profit before finance costs and tax</b>		<b>1,181,498,913</b>	<b>2,188,287,961</b>	<b>431,214,521</b>	<b>632,813,768</b>
Finance costs	24	(75,242,935)	(96,372,720)	(79,975,177)	(101,643,170)
<b>Profit before tax</b>		<b>1,106,255,978</b>	<b>2,091,915,241</b>	<b>351,239,344</b>	<b>531,170,598</b>
Income tax expenses	25	(110,742,356)	(299,119,197)	(60,558,433)	(26,805,765)
<b>Profit for the year</b>		<b>995,513,622</b>	<b>1,792,796,044</b>	<b>290,680,911</b>	<b>504,364,833</b>
<b>Profit attributable to:</b>					
Owners of the parent		963,976,718	1,407,831,193	290,680,911	504,364,833
Non-controlling interests	10.2	31,536,904	384,964,851	-	-
		995,513,622	1,792,796,044	290,680,911	504,364,833
<b>Earnings per share</b>					
Basic earnings per share	26	0.54	0.79	0.16	0.28

The notes to the consolidated and company financial statements are an integral part of these financial statements.

## Statements of Comprehensive Income

For the year ended 31 December 2016

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Profit for the year	995,513,622	1,792,796,044	290,680,911	504,364,833
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial losses on defined employee benefit plans (Note 20)	-	(330,695)	-	(330,695)
Income tax relating to actuarial losses	-	66,139	-	66,139
Other comprehensive expense for the year, net of tax	-	(264,556)	-	(264,556)
Total comprehensive income for the year	995,513,622	1,792,531,488	290,680,911	504,100,277
Total comprehensive income attributable to:				
Owners of the parent	963,976,718	1,407,566,637	290,680,911	504,100,277
Non-controlling interests	31,536,904	384,964,851	-	-
	995,513,622	1,792,531,488	290,680,911	504,100,277

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Siam Future Development Public Company  
Limited**

**Statements of Changes in Equity**

**For the year ended 31 December 2016**

<b>Consolidated</b>								
		Attributable to owners of the parent				Other components of equity	Non-controlling interests	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings			
	Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance 1 January 2016		1,776,607,541	634,028,511	148,056,690	5,545,348,300	(445,902)	802,408,314	8,906,003,454
Legal reserve appropriation	22	-	-	29,610,000	(29,610,000)	-	-	-
Dividends	27	-	-	-	(266,482,716)	-	-	(266,482,716)
Dividend paid from a subsidiary to non-controlling interests		-	-	-	-	-	(3,332,000)	(3,332,000)
Profit for the year		-	-	-	963,976,718	-	31,536,904	995,513,622
Closing balance 31 December 2016		1,776,607,541	634,028,511	177,666,690	6,213,232,302	(445,902)	830,613,218	9,631,702,360
Opening balance 1 January 2015		1,480,515,030	634,028,511	131,626,690	4,483,285,422	(512,041)	417,443,463	7,146,387,075
Share dividends	21, 27	296,092,511	-	-	(296,092,511)	-	-	-
Legal reserve appropriation	22	-	-	16,430,000	(16,430,000)	-	-	-
Cash dividends	27	-	-	-	(32,915,109)	-	-	(32,915,109)
Actuarial losses	20	-	-	-	(330,695)	-	-	(330,695)
Income tax relating to actuarial losses		-	-	-	-	66,139	-	66,139
Profit for the year		-	-	-	1,407,831,193	-	384,964,851	1,792,796,044
Closing balance 31 December 2015		1,776,607,541	634,028,511	148,056,690	5,545,348,300	(445,902)	802,408,314	8,906,003,454

The notes to the consolidated and company financial statements are an integral part of these financial statements.

Siam Future Development Public Company Limited

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2016

	Notes	Separate					Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Other components of equity	
		Baht	Baht	Baht	Baht	Baht	Baht
Opening balance 1 January 2016		1,776,607,541	634,028,511	148,056,690	1,609,514,376	(445,902)	4,167,761,216
Legal reserve appropriation	22	-	-	29,610,000	(29,610,000)	-	-
Dividends	27	-	-	-	(266,482,716)	-	(266,482,716)
Profit for the year		-	-	-	290,680,911	-	290,680,911
Closing balance 31 December 2016		1,776,607,541	634,028,511	177,666,690	1,604,102,571	(445,902)	4,191,959,411
Opening balance 1 January 2015		1,480,515,030	634,028,511	131,626,690	1,450,915,050	(512,041)	3,696,573,240
Share dividends	21, 27	296,092,511	-	-	(296,092,511)	-	-
Legal reserve appropriation	22	-	-	16,430,000	(16,430,000)	-	-
Cash dividends	27	-	-	-	(32,912,301)	-	(32,912,301)
Actuarial losses	20	-	-	-	(330,695)	-	(330,695)
Income tax relating to actuarial losses		-	-	-	-	66,139	66,139
Profit for the year		-	-	-	504,364,833	-	504,364,833
Closing balance 31 December 2015		1,776,607,541	634,028,511	148,056,690	1,609,514,376	(445,902)	4,167,761,216

The notes to the consolidated and company financial statements are an integral part of these financial statements.

## Statements of Cash Flows

For the year ended 31 December 2016

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	1,059,203,694	266,369,524	759,667,354	(81,844,006)
Interest paid		(79,075,260)	(91,917,927)	(86,662,397)	(95,684,887)
Income tax paid		(65,452,989)	(60,052,623)	(26,123,201)	(22,951,586)
Income tax received		5,880,355	4,477,895	5,880,355	4,477,895
Net cash generated from (used in) operating activities		920,555,800	118,876,869	652,762,111	(196,002,584)
<b>Cash flows from investing activities</b>					
Purchases of intangible assets		(1,668,787)	-	(1,668,787)	-
Purchases of building, equipment and investment property		(312,872,552)	(67,752,012)	(186,015,026)	(30,151,750)
Short-term loans made to subsidiaries and related party	30 d)	-	-	(294,500,000)	(22,600,000)
Repayments received from short-term loans to subsidiaries and related party	30 d)	4,850,000	2,000,000	167,555,728	192,189,864
Cash paid for investments in joint ventures	10	-	(131,280,800)	-	(131,280,800)
Proceeds from sale of equipment		-	2,339,449	-	2,339,449
Dividends received	10	49,980,000	112,700,000	338,445,192	112,700,000
Interest received		1,085,200	2,242,535	173,878	233,065
Net cash (used in) generated from investing activities		(258,626,139)	(79,750,828)	23,990,985	123,429,828
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from financial institution		499,583,366	-	499,583,366	-
Proceeds from long-term borrowings	16	-	498,518,606	-	498,518,606
Proceeds from loans from subsidiary	30 f)	-	-	154,700,000	110,800,000
Repayments to short-term loans from financial institution		(150,000,000)	(498,816,867)	(150,000,000)	(498,816,867)
Repayments to long-term borrowings	16	(750,000,000)	-	(750,000,000)	-
Repayments to short-term loans from subsidiary and related party	30 f)	-	-	(157,050,000)	(8,000,000)
Dividends paid to shareholders	27	(266,482,716)	(32,912,301)	(266,482,716)	(32,912,301)
Dividends paid to non-controlling interests		(3,332,000)	-	-	-
Net cash (used in) generated from financing activities		(670,231,350)	(33,210,562)	(669,249,350)	69,589,438
<b>Net increase (decrease)</b>					
in cash and cash equivalents		(8,301,689)	5,915,479	7,503,746	(2,983,318)
Cash and cash equivalents, opening balance		33,499,626	27,584,147	2,438,824	5,422,142
Cash and cash equivalents, closing balance		25,197,937	33,499,626	9,942,570	2,438,824

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Siam Future Development Public Company Limited**

**Statements of Cash Flows (Cont'd)**

**For the year ended 31 December 2016**

Supplementary information for cash flows:

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2016 and 2015 are as follows:

		Consolidated		Separate	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of					
purchases of building, equipment and investment property		15,652,249	32,490,977	8,379,114	13,407,850
Accounts payable arisen as a result of					
purchases of intangible assets		260,000	1,698,737	260,000	1,698,737
Investment property increases due to					
reversal of finance lease contracts		1,195,276	5,554,481	-	3,493,083
Share dividends	27	-	296,092,511	-	296,092,511
Transfer building and equipment					
to investment property	11, 12	-	220,000	-	220,000
Dividends receivable		-	-	-	287,997,192
Increase in finance lease liabilities					
on land leases		231,526,287	-	231,526,287	-

The notes to the consolidated and company financial statements are an integral part of these financial statements.

**Notes to the Consolidated and Company Financial Statements**

**For the year ended 31 December 2016**

**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 Company and its subsidiaries (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) Managing and provision of 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 separate financial statements have been approved by the Board of Directors on 14 February 2017.

**2 Accounting policies**

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

**2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting 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.

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

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of management judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

An English version of the consolidated and separate 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.

## 2.2 New/revised financial reporting standards, and related interpretations

### 2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

TAS 24 (revised 2015)	Related party disclosures
TAS 40 (revised 2015)	Investment property
TFRS 8 (revised 2015)	Operating segments

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination. This standard has no impact to the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

There are 40 financial reporting standards with minor changes. The management assesses that they do not have an impact to the Group.

### 2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 10 (revised 2016)	Consolidated financial statements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to

the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

There are 47 financial reporting standards with minor changes. The management assesses that they do not have an impact to the Group.

## **2.3 Group accounting - Investment in subsidiaries and interests in joint ventures**

### **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 Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's Principle Subsidiaries is set out in Note 10.

### **b) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **c) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

#### **d) Joint arrangements**

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 interests in joint ventures. When the Group's share of losses in joint venture equals or exceeds its interests in joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

A list of the Group's joint venture is set out in Note 10.

### **2.4 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

### **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 statement of financial position. The fair value of unit trust is based on net assets value of the fund on the last business day of the year. The change of investment valuation are recognised a net gain or loss in the statement of income.

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. When disposing of part of the Company's part is determined by the weighted average carrying amount of the total holding of the investment.

## 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 Building and equipment

Building and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation as at the statement of financial position 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 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

## 2.8 Investment property

Investment property comprises freehold properties that are held for rentals yields, or for capital appreciation or both, and that is not occupied by the companies in the Group. Investment property also includes property that is being constructed or developed for future use as investment property. 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.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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". Finance cost incurred from such recording is presented by net from gain or loss arising from a change in fair value.

Borrowing costs to finance the construction of properties 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.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those that a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

## **2.9 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 investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## **2.10 Intangible assets**

### **Goodwill**

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

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 licenses**

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 are amortised using the straight line method over their useful lives 10 years.

## **2.11 Impairment of assets**

Building 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.

## **2.12 Deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.13 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.

## **2.14 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. 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## **2.15 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

## **2.16 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 2.9 - Long-term 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.

## **2.17 Financial instruments**

Significant financial assets carried on the statement of financial position include cash and cash equivalents, short-term investment, trade accounts receivable, finance lease receivable, amount due from related parties and loan to related parties. Significant financial liabilities carried on the statement of financial position 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 party to derivative financial instruments, which are interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 10.

## **2.18 Dividends**

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

## **2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as chief executive officer that makes strategic decisions.

## **2.20 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

### **(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **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 management estimates.

##### **c) Building and equipment and intangible assets**

Management determines the estimated useful lives and residual values for the Group's building 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.

##### **d) Employee benefits obligations**

The present value of the employee benefits obligations 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 employee benefits obligations.

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 employee benefits obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

**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 Fair value**

### **4.1 Fair value estimation**

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2016.

	Consolidated
--	--------------

	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
<b>Assets</b>			
Short-term investments - trading securities	171,241	-	171,241
Investment property	-	9,102,952	9,102,952
Total assets	171,241	9,102,952	9,274,193

	Separate		
	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
<b>Assets</b>			
Short-term investments - trading securities	171,241	-	171,241
Investment property	-	4,177,371	4,177,371
Total assets	171,241	4,177,371	4,348,612

#### 4.2 Valuation techniques used to derive Level 2 fair values

The fair value of trading securities - units trust that are not traded in an active market are classified as Level 2 fair value.

The Group determined fair value by using Net asset value per share which was quoted by the issuer - Asset Management Company at the last business day of financial position date.

#### 4.3 Fair value measurements using significant unobservable inputs (Level 3)

The Group disclosed the movement of investment property which is reclassified as Level 3 in Note 11. During 2016, the Group engaged external valuer for revaluation due to the maturity of revaluation according to the Group's policy.

There were no other changes in valuation techniques during the year.

#### 4.4 Group's valuation processes

The Group's finance department includes an independent valuer performs the valuations of assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the finance committee. Discussions of valuation processes and results are held between the finance committee and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

The main Level 3 input used by the Group pertains to the discount rate for investment property. It is estimated based on 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 is estimated based on the average yield rate of property fund of public companies that are, in the opinion of the management, in a comparable financial position including the appropriate risk premium and reflects current market assessments of the time value of money and risk adjusted which mainly are at the rates of 12% per annum. The discount rate of finance lease liabilities on land leases is at the rates between 4.15% to 8% per annum. The Group has hired an independent valuer to estimate such information for this valuation.

The sensitivity analysis of the significant assumption for the fair value measurement of investment properties as at 31 December 2016 are as follows:

Impact to fair value of investment property			
Consolidated			
	Change in assumption	Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 432,993	Increase 478,366

Impact to fair value of investment property			
Separate			
	Change in assumption	Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 235,555	Increase 261,676

## 5 Cash and cash equivalents

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Cash	180	171	115	105
Deposits at call with banks	25,018	33,329	9,828	2,334
	25,198	33,500	9,943	2,439

The interest rates of deposits at call with banks are ranging from 0.2% to 0.5% per annum (2015: 0.3% to 0.5% per annum).

6 Short-term investments

As of 31 December 2016 and 31 December 2015, the Company has investments in securities as follows:

	Consolidated and Separate			
	2016		2015	
	Cost Baht'000	Fair Value Baht'000	Cost Baht'000	Fair Value Baht'000
Short-term investments				
Trading securities	170,628	171,241	562,153	568,022

During the year ended 31 December 2016, the movement of investments in securities as follows:

	Consolidated and Separate
	2016 Baht'000
Beginning balance, net	568,022
Additions	674,000
Disposals	(1,072,371)
Revaluation surplus of short-term investment fair value	1,590
Ending balance, net	171,241

7 Trade and other receivables

	Consolidated		Separate	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Trade receivables	84,551	74,776	52,831	40,783
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade receivables, net	84,551	74,776	52,831	40,783
Prepayment	5,008	4,640	2,755	2,932
Deposit receivable	2,381	4,820	2,006	2,400
Property tax receivable	20,758	22,936	12,421	12,931
Dividend receivable	-	-	-	284,997
Other receivables	13,712	118,707	11,477	116,674
	<u>126,410</u>	<u>225,879</u>	<u>81,490</u>	<u>460,717</u>

Outstanding trade accounts receivable can be aged as follows:

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Current	55,101	65,288	28,445	38,024
Overdue 1 to 6 months	10,548	8,651	5,757	2,759
Overdue 7 to 12 months	3,380	812	3,189	-
Overdue over 12 months	15,522	25	15,440	-
	84,551	74,776	52,831	40,783
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	84,551	74,776	52,831	40,783

8 Finance lease receivables

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	54,279	51,583	40,473	38,251
Due within 2 to 5 years	207,306	209,187	148,934	152,744
Due later than 5 years	633,475	687,373	404,125	440,788
	895,060	948,143	593,532	631,783
The present value of minimum lease payments receivable				
Due within 1 year	29,480	26,474	22,613	19,795
Due within 2 to 5 years	116,336	114,892	85,815	86,335
Due later than 5 years	488,844	520,695	316,050	338,224
	605,180	635,587	401,865	424,559
	634,660	662,061	424,478	444,354
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	634,660	662,061	424,478	444,354
The unearned finance income	260,400	286,082	169,054	187,429

The unearned finance income is calculated based on the discount rate between 4.15% to 12% 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; and
- in case of the lessee cancels the lease, the lessor's losses associated with the cancellation are borne by the lessee.

#### 9 Other current assets

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Withholding tax deducted at sources	7,139	5,276	-	5,055
Value-added tax	6,539	690	-	-
	13,678	5,966	-	5,055

#### 10 Investments in subsidiaries and investments in joint ventures

Movements in investments in subsidiaries and investments in joint ventures are as follows:

	Separate	
	2016	2015
	Baht'000	Baht'000
<b>Investments in subsidiaries</b>		
Opening book value	257,925	257,925
Addition (Disposal)	-	-
Closing book value	257,925	257,925

For the years ended 31 December	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Investments in joint ventures</b>				
Opening book value	4,123,934	3,507,719	1,978,581	1,847,300
Acquisitions	-	131,281	-	131,281
Dividends received	(49,980)	(112,700)	-	-
Shares of profit from joint venture	575,349	597,634	-	-
Closing book value	4,649,303	4,123,934	1,978,581	1,978,581

During 2016, shareholders of the joint venture approved a dividends payment at Baht 0.34 per share, (2015: Baht 0.76 per share). The dividends were paid to the Company on 30 March 2016, amounting to Baht 49.98 million (2015: Baht 113 million).

## 10.1 Investments in joint ventures

The details of investments in joint ventures as at 31 December are as follow:

	Nature of relationship	% Ownership interest	
		2016	2015
Joint ventures			
SF Development Company Limited	Shareholder	49	49
North Bangkok Development Company Limited	Shareholder	49	49
West Bangkok Development Company Limited	Shareholder	49	49

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

There are no contingent liabilities relating to the Group's interest in the joint venture.

### Summarised financial information for joint ventures

Set out below are the summarised financial information for SF Development Company Limited which is accounted for using the equity method.

### Summarised statement of financial position

	As at 31 December	
	2016	2015
	Baht'000	Baht'000
Cash and cash equivalents	736,479	299,095
Trade and other receivables	82,349	77,921
Other current assets	80,055	53,337
Prepaid rent	42	42
Investment property	15,244,459	14,630,092
Equipment, net	124,816	115,145
Other assets	4,418	37,699
<b>Total assets</b>	<b>16,272,618</b>	<b>15,213,331</b>
Trade and other payables	118,155	133,895
Other current liabilities	389,836	192,797
Finance lease liabilities on land leases	316,099	314,890
Long term loan from financial institution	4,600,000	4,990,000
Unearned rental	129,817	126,440
Deferred tax liabilities	1,118,334	974,483
Other liabilities	1,029,408	1,042,101
<b>Total liabilities</b>	<b>7,701,649</b>	<b>7,774,606</b>
<b>Net assets</b>	<b>8,570,969</b>	<b>7,438,725</b>

## Summarised statement of comprehensive income

	For the years ended 31 December	
	2016 Baht'000	2015 Baht'000
Rental income	2,050,597	1,529,905
Gain on fair value adjustment on investment property, net	475,328	746,219
Interest income	4,319	4,476
Other income	172,203	538,793
Cost of rental and service	(603,119)	(573,290)
Selling and administrative expenses	(289,512)	(313,090)
Finance cost	(272,300)	(323,465)
<b>Profit or loss from continuing operations</b>	<b>1,537,516</b>	<b>1,609,548</b>
Income tax expenses	(303,272)	(329,770)
<b>Post-tax profit from continuing operations</b>	<b>1,234,244</b>	<b>1,279,778</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>1,234,244</b>	<b>1,279,778</b>
Dividends received from joint ventures	49,980	112,700

The joint venture had entered into interest rate swap contracts to alter the interest rate of long-term loans from financial institutions in Baht currency from floating rate to fixed rate.

The remaining terms of the outstanding interest rate swap contracts at 31 December were:

	2016	2015
	Baht'000	Baht'000
Less than 1 year	-	162,692
Over 3 years	7,082,936	7,655,855
	<b>7,082,936</b>	<b>7,818,547</b>

Interest rate swap contracts are due for exchange of the differences in interest amount every three months.

The information above reflects the entire financial statements of the joint venture adjusted for differences in accounting policies between the group and the joint venture, and not only the group's share of interests.

## Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its investments in joint ventures.

	For the years ended 31 December	
	2016	2015
	Baht'000	Baht'000
<b>Summarised financial information</b>		
Opening net assets 1 January	7,438,725	6,388,947
Profit during the year	1,234,244	1,279,778
Dividend paid	(102,000)	(230,000)
Other comprehensive income	-	-
<b>Closing net assets</b>	<b>8,570,969</b>	<b>7,438,725</b>
Investments in joint ventures (49%)		
<b>Carrying value</b>	<b>4,199,775</b>	<b>3,644,975</b>

#### Individually immaterial joint ventures

In addition to the investment in joint venture disclosed above, the Group also has interests in individually immaterial joint ventures being North Bangkok Development Company Limited and West Bangkok Development Company Limited, that are accounted for using the equity method.

	2016	2015
	Baht'000	Baht'000
Aggregate carrying amount of individually immaterial joint ventures	449,528	478,959
Aggregate amounts of the reporting entity's share of:		
Loss from continuing activities	(29,430)	(29,457)
<b>Total comprehensive income</b>	<b>(29,430)</b>	<b>(29,457)</b>

## 10.2 Principal subsidiaries

The details of investments in subsidiaries as at 31 December are as follow:

	Nature of relationship	% Ownership interest	
		2016	2015
<b>Subsidiaries</b>			
Petchkasem Power Center Company Limited	Shareholder	74	74
Ekkamai Lifestyle Center Company Limited	Shareholder	51	51
Siam Future Property Company Limited	Shareholder	100	100
Ratchayothin Avenue Company Limited	Shareholder	50	50
Ratchayothin Avenue Management Company Limited	Subsidiary of Ratchayothin Avenue Company Limited	50	50
Siam Future Management Company Limited	Shareholder	100	100

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

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

Net profit attributed to the non-controlling interests for the year is Baht 31,536,904 of which Baht 3,344,257 is for those in Ratchayothin Avenue Company Limited and Baht 28,192,647 is for those in other subsidiaries other than Ratchayothin Avenue Company Limited which are not material.

#### Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information of Ratchayothin Avenue Company Limited of which its non-controlling interests are material.

#### Summarised statement of financial position

	Ratchayothin Avenue Company Limited	
	As at 31 December	
	2016 Baht'000	2015 Baht'000
<b>Current</b>		
Assets	41,921	52,795
Liabilities	57,916	65,811
<b>Total current net assets</b>	<b>(15,995)</b>	<b>(13,016)</b>
<b>Non-current</b>		
Assets	1,396,954	1,396,348
Liabilities	384,862	393,923
<b>Total non-current net assets</b>	<b>1,012,092</b>	<b>1,002,425</b>
<b>Net assets</b>	<b>996,097</b>	<b>989,409</b>

#### Summarised statement of comprehensive income

	Ratchayothin Avenue Company Limited	
	For the years ended 31 December	
	2016 Baht'000	2015 Baht'000
Revenue	11,905	820,807
Expenses	(2,724)	(2,902)
Profit before income tax	9,181	817,905
Income tax expense	(2,492)	(163,876)
Post-tax profit from continuing operations	6,689	654,029
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>6,689</b>	<b>654,029</b>
Total comprehensive income allocated to non-controlling interests	3,345	327,015

## Summarised statement of cash flows

	Ratchayothin Avenue Company Limited	
	For the years ended 31 December	
	2016 Baht'000	2015 Baht'000
Cash flow from operating activities		
Cash generated from operations	8,644	5,993
Interest paid	(130)	(1,556)
Income tax paid	(6,182)	(6,984)
Net cash generated from (used in) operating activities	2,332	(2,547)
Net cash generated from investing activities	5,847	6,403
Net cash used in financing activities	(9,000)	-
Net (decrease) increase in cash and cash equivalents	(821)	3,856
Cash and cash equivalents at beginning of year	5,539	1,683
Cash and cash equivalents at end of year	4,718	5,539

The information above is the amount before inter-company eliminations.

## 11 Investment property

For the years ended 31 December	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Investment property at 1 January	8,575,028	7,518,365	3,767,252	3,882,494
Additions during the year	501,279	49,509	396,860	22,426
Transfer from building and equipment	-	220	-	220
Write-off of investment property due				
to contract cancellation	-	(2,084)	-	(2,084)
Gain(loss) from fair value adjustment	26,645	1,009,018	13,259	(135,804)
Investment property at 31 December	9,102,952	8,575,028	4,177,371	3,767,252

	Consolidated	Separate
	Baht'000	Baht'000
Statement of comprehensive income for the year ended 31 December 2016		
Gain from fair value adjustment	26,645	13,259
Finance cost from recording investment property	(86,893)	(53,995)
Loss from adjustment on investment property, net	(60,248)	(40,736)

	Consolidated	Separate
	Baht'000	Baht'000
Statement of comprehensive income for the year ended 31 December 2015		
Gain(loss) from in fair value adjustment	1,009,018	(135,804)
Finance cost from recording investment property	(79,006)	(46,676)
Gain(loss) from adjustment on investment property, net	930,012	(182,480)

Rental income and expenditures presented in the income statement were arisen from the investment property.

	Consolidated			
	Building and building improvement	Motor vehicles, office equipment, and computer	Construction in progress and project under development	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 1 January 2015</b>				
Cost	11,852	154,462	431	166,745
<u>Less</u> Accumulated depreciation	(3,831)	(112,463)	-	(116,294)
Net book value	8,021	41,999	431	50,451
<b>For the year ended 31 December 2015</b>				
Opening net book value	8,021	41,999	431	50,451
Additions	-	9,988	-	9,988
Write-off/ Disposal	-	(2,151)	(211)	(2,362)
Transfer in (out)	-	-	(220)	(220)
Depreciation charge	(482)	(11,976)	-	(12,458)
Closing net book value	7,539	37,860	-	45,399
<b>At 31 December 2015</b>				
Cost	11,852	160,881	-	172,733
<u>Less</u> Accumulated depreciation	(4,313)	(123,021)	-	(127,334)
Net book value	7,539	37,860	-	45,399
<b>For the year ended 31 December 2016</b>				
Opening net book value	7,539	37,860	-	45,399
Additions	-	27,477	-	27,477
Depreciation charge	(483)	(14,195)	-	(14,678)
Closing net book value	7,056	51,142	-	58,198
<b>At 31 December 2016</b>				
Cost	11,852	188,358	-	200,210
<u>Less</u> Accumulated depreciation	(4,796)	(137,216)	-	(142,012)
Net book value	7,056	51,142	-	58,198

	Separate		
	Motor vehicles, office equipment, and computer	Construction in progress and project under development	Total
	Baht'000	Baht'000	Baht'000
<b>At 1 January 2015</b>			
Cost	108,745	431	109,176
<u>Less</u> Accumulated depreciation	(82,623)	-	(82,623)
Net book value	26,122	431	26,553
<b>For the year ended 31 December 2015</b>			
Opening net book value	26,122	431	26,553
Additions	3,179	-	3,179
Write-off/ Disposal	(2,151)	(211)	(2,362)
Transfer in (out)	-	(220)	(220)
Depreciation charge	(7,226)	-	(7,226)
Closing net book value	19,924	-	19,924
<b>At 31 December 2015</b>			
Cost	108,356	-	108,356
<u>Less</u> Accumulated depreciation	(88,432)	-	(88,432)
Net book value	19,924	-	19,924
<b>For the year ended 31 December 2016</b>			
Opening net book value	19,924	-	19,924
Additions	15,652	-	15,652
Depreciation charge	(7,839)	-	(7,839)
Closing net book value	27,737	-	27,737
<b>At 31 December 2016</b>			
Cost	124,008	-	124,008
<u>Less</u> Accumulated depreciation	(96,271)	-	(96,271)
Net book value	27,737	-	27,737

	Consolidated			Separate
	Goodwill	Computer software licenses	Total	Computer software licenses
	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 1 January 2015</b>				
Cost	5,000	32,784	37,784	32,784
<u>Less</u> Accumulated amortisation	(563)	(17,044)	(17,607)	(17,044)
Net book value	4,437	15,740	20,177	15,740
<b>For the year ended 31 December 2015</b>				
Opening net book value	4,437	15,740	20,177	15,740
Amortisation charge	-	(3,280)	(3,280)	(3,280)
Closing net book value	4,437	12,460	16,897	12,460
<b>At 31 December 2015</b>				
Cost	5,000	32,784	37,784	32,784
<u>Less</u> Accumulated amortisation	(563)	(20,324)	(20,887)	(20,324)
Net book value	4,437	12,460	16,897	12,460
<b>For the year ended 31 December 2016</b>				
Opening net book value	4,437	12,460	16,897	12,460
Additions	-	230	230	230
Amortisation charge	-	(3,280)	(3,280)	(3,280)
Closing net book value	4,437	9,410	13,847	9,410
<b>At 31 December 2016</b>				
Cost	5,000	33,014	38,014	33,014
<u>Less</u> Accumulated amortisation	(563)	(23,604)	(24,167)	(23,604)
Net book value	4,437	9,410	13,847	9,410

14 Short-term borrowings from financial institution

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term borrowings from financial institution	349,583	-	349,583	-

Short-term borrowings are in forms of promissory notes and bills of exchange, bearing interest at the rates ranging from 2.65% to 2.80% per annum and due for repayment in 2017.

15 Trade and other payables

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Trade payables	10,889	8,623	5,533	4,152
Accrued expenses	75,734	80,022	44,143	44,881
Retention payable	10,028	7,925	8,209	6,071
Accrued interest expense	11,434	15,267	11,434	15,267
Others	32,216	37,540	24,002	26,231
	140,301	149,377	93,321	96,602

16 Long-term borrowings

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
<b>Debentures</b>		
Current portion	699,389	749,014
Long-term portion	499,406	1,198,796
<b>Total long-term borrowings</b>	<b>1,198,795</b>	<b>1,947,810</b>

The movements in the long-term borrowings can be analysed as follows:

For the years ended 31 December	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Opening amount	1,947,810	1,447,670
Addition during the year	-	500,000
Debenture issuance cost	-	(1,481)
Redemption	(750,000)	-
Amortisation of debenture issuance cost (Note 24)	985	1,621
Closing amount	1,198,795	1,947,810

As at 31 December 2016, outstanding debentures comprise:

- 700,000 units with face value of Baht 1,000 per unit, unsubordinated and unsecured, totalling Baht 700 million, bearing interest of 4.85% per annum and mature on 19 July 2017.
- 500,000 units with face value of Baht 1,000 per unit, unsubordinated and unsecured, totalling Baht 500 million, bearing interest of 5.00% per annum and mature on 27 January 2020.

The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

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

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Total long-term borrowings:		
- at fixed rates	1,198,795	1,947,810

	Consolidated and Separate	
	2016	2015
	%	%
Weighted average effective interest rates per annum:		
- all long-term borrowings	4.91	4.83

The carrying amounts and fair values of long-term borrowings as at 31 December are as follows:

	Consolidated and Separate			
	Carrying amount		Fair value	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Total long-term borrowings	1,198,795	1,947,810	1,210,308	1,973,415

The fair value of bonds are measured by using discounted cash flow model based on yield curve which quoted by The Thai Bond Market Association and are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings:

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Within 1 year	699,389	749,014
Later than 1 year and not later than 2 years	-	699,673
Later than 2 years and not later than 5 years	499,406	499,123
	1,198,795	1,947,810

17 Other current liabilities

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued property tax	228,969	190,171	128,532	110,316
Others	9,712	8,717	8,458	7,164
	238,681	198,888	136,990	117,480

## 18 Unearned rental and service income

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

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	39,196	92,293	13,491	22,470
Within 2 years and not later than 5 years	100,299	98,213	25,043	29,702
Later than 5 years	258,594	266,607	14,022	27,952
	358,893	364,820	39,065	57,654
	398,089	457,113	52,556	80,124

## 19 Deferred income taxes

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

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance of deferred tax liabilities	(902,493)	(666,047)	(372,038)	(368,084)
Charges to statement of comprehensive income	-	66	-	66
Charges to income statements (Note 25)	(54,641)	(236,512)	(32,410)	(4,020)
Closing balance of deferred tax liabilities	(957,134)	(902,493)	(404,448)	(372,038)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred tax assets	Consolidated			
	Deposit received from customers	Unearned service income	Others	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2015	15,380	22,519	7,150	45,049
Charges to statement of comprehensive income	-	-	66	66
Charges to income statements	1,718	1,450	469	3,637
Closing balance 31 December 2015	17,098	23,969	7,685	48,752
Opening balance 1 January 2016	17,098	23,969	7,685	48,752
Charges to income statements	(1,864)	(8,668)	877	(9,655)
Closing balance 31 December 2016	15,234	15,301	8,562	39,097

Deferred tax liabilities	Consolidated		
	Profit from	Investment	Total
	finance lease	property	
	contracts		
	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2015	209,096	502,000	711,096
Charges to income statements	(20,906)	261,055	240,149
Closing balance 31 December 2015	188,190	763,055	951,245
Opening balance 1 January 2016	188,190	763,055	951,245
Charges to income statements	(19,787)	64,773	44,986
Closing balance 31 December 2016	168,403	827,828	996,231

Deferred tax assets	Separate			
	Deposit	Unearned	Total	
	received	service		
	from	income		
	customers	Others	Baht'000	
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2015	6,207	4,084	7,152	17,443
Charges to statement of comprehensive income	-	-	66	66
Charges to income statements	1,096	(345)	467	1,218
Closing balance 31 December 2015	7,303	3,739	7,685	18,727
Opening balance 1 January 2016	7,303	3,739	7,685	18,727
Charges to statement of comprehensive income	-	-	-	-
Charges to income statements	1,132	(429)	876	1,579
Closing balance 31 December 2016	8,435	3,310	8,561	20,306

Deferred tax liabilities	Separate		
	Profit from	Investment	Total
	finance lease	property	
	contracts		
	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2015	62,809	322,718	385,527
Charges to income statements	(5,853)	11,091	5,238
Closing balance 31 December 2015	56,956	333,809	390,765
Opening balance 1 January 2016	56,956	333,809	390,765
Charges to income statements	(5,001)	38,990	33,989
Closing balance 31 December 2016	51,955	372,799	424,754

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 separate statements of financial position as at 31 December:

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets	39,097	48,752	20,306	18,727
Deferred tax liabilities	(996,231)	(951,245)	(424,754)	(390,765)
Total deferred tax liabilities	(957,134)	(902,493)	(404,448)	(372,038)

## 20 Employee benefit obligations

The employee benefit obligations are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Movements of the employee benefit obligations during the year are as follows:

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Beginning balance	33,126	30,463
Current service cost	3,705	3,989
Interest cost	677	689
Gain from change in demographic assumptions	-	(1,577)
Loss from change in financial assumptions	-	1844
Experience loss	-	64
Losses from benefit payment	-	659
Benefit payment	-	(3,005)
Closing balance	37,508	33,126

The amounts recognised in the income statements are as follows:

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Current service cost	3,705	3,989
Interest cost	677	689
Losses from benefit payment	-	659
Total	4,382	5,337

The principal actuarial assumptions used are as follows:

	Consolidated and Separate	
	2016	2015
Discount rates	2.25%	2.25%
Future salary increase rates	6%	6%
Retirement age	60 years old	60 years old
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2008	100% of Thai Mortality Ordinary Table 2008
Disability rate	5% of Thai Mortality Ordinary Table 2008	5% of Thai Mortality Ordinary Table 2008

Sensitivity analysis for each significant assumption disclosed

	Impact to employee benefit obligations					
	Consolidated and Separate					
	2016	2015	2016	2015	2016	2015
	Change in assumption		Increase in assumption		Decrease in assumption	
			Baht'000		Baht'000	
Discount rate	1%	1%	Decrease1,695	Decrease1,554	Increase1,948	Increase1,780
Future salary						
increase rate	1%	1%	Increase1,968	Increase1,833	Decrease 1,755	Decrease1,642
Turnover rate	1%	1%	Decrease1,810	Decrease1,636	Increase542	Increase478

Maturity profile of defined benefit obligation

	31 December 2016	31 December 2015
	Baht'000	Baht'000
Duration of the defined benefit obligation	5.81 years	5.81 years
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 5 years	14,259	20,958
Benefits expected to be paid		
later than 5 years and not later than 15 years	38,811	37,302
Benefits expected to be paid		
later than 15 years and not later than 25 years	60,159	54,202
Benefits expected to be paid later than 25 years	53,944	61,411

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the employee benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

21 Share capital and share premium

	Ordinary share capital	Share premium	Total
	Baht'000	Baht'000	Baht'000
Issued and paid-up share capital			
At 1 January 2015	1,480,515	634,029	2,114,544
Share dividends (Note 27)	296,093	-	296,093
At 31 December 2015	1,776,608	634,029	2,410,637
Issue of shares	-	-	-
At 31 December 2016	1,776,608	634,029	2,410,637

As at 31 December 2016, total authorised number of the ordinary shares is 1,776,618,036 shares with a par value of Baht 1 per share (2015: 1,776,618,036 shares with a par value of Baht 1 per share). Total issued and paid-up share capital is 1,776,607,541 shares with the paid-up of Baht 1 per share (2015: 1,776,607,541 shares with a paid-up of Baht 1 per share).

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 finance costs and tax:

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation on building and equipment (Note 12)	14,678	12,458	7,839	7,226
Staff costs	117,909	118,241	117,909	118,241

## 24 Finance costs

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Interest expenses				
- Debentures	64,230	92,354	64,230	92,354
- Long-term borrowings from bank	6,531	-	6,531	-
- Bank overdrafts	66	61	66	59
- Bill of exchange	2,421	1,183	2,421	1,183
- Debenture issuance cost (Note 16)	985	1,621	985	1,621
- Loan from related parties	-	-	4,732	5,272
- Others	1,010	1,154	1,010	1,154
Total finance costs	75,243	96,373	79,975	101,643

## 25 Income tax

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

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	56,101	62,607	28,148	22,786
Deferred tax:				
Origination and reversal of temporary Differences	54,641	236,512	32,410	4,020
Total deferred tax (Note 19)	54,641	236,512	32,410	4,020
Total income tax expenses	110,742	299,119	60,558	26,806

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

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,106,256	2,091,915	351,239	531,171
Tax calculated at a tax rate of 20% for the Company and 15% to 20% for subsidiaries	221,220	417,950	70,248	105,817
Tax effect of:				
Income not subject to tax	(115,070)	(119,527)	(10,690)	(79,539)
Expenses not deductible for tax purpose	4,592	696	1,000	528
Tax charge	110,742	299,119	60,558	26,806

## 26 Earnings per share

Basic earnings per share is calculated by dividing the 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.

	Consolidated		Separate	
	2016	2015	2016	2015
Profit attributable to equity holders				
of the parent (Baht'000)	963,977	1,407,831	290,681	504,365
Weighted average number of paid-up				
ordinary shares in issue ('000 shares)	1,776,608	1,776,608	1,776,608	1,776,608
Basic earnings per share (Baht)	0.54	0.79	0.16	0.28

## 27 Dividends

At the Annual General Shareholders Meeting held on 24 March 2016, the shareholders approved cash dividend payment amounting to Baht 0.15 per share in respect of 2015 operating result totalling Baht 266.48 million. The dividends were paid to the shareholders on 25 April 2016.

At the Annual General Shareholders Meeting held on 22 April 2015, the shareholders approved a stock dividend to shareholders at the ratio of 5 existing shares to 1 new share and cash dividend payment amounting to Baht 0.022223 per share in respect of 2014 operating result totalling 296,092,511 shares and Baht 32.91 million, respectively. The dividends were paid to the shareholders on 18 May 2015.

Reconciliation of profit before income tax to cash flows from operating activities:

	Notes	Consolidated		Separate	
		2016	2015	2016	2015
		Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax		1,106,256	2,091,915	351,239	531,171
Adjustments for:					
Depreciation and amortisation	12, 13	17,958	15,738	11,119	10,506
Loss from sale of equipment		-	(188)	-	(188)
Amortisation of prepaid rent		66	66	-	-
Loss on write-off of project under Development	12	-	211	-	211
Interest income		(26,269)	(27,198)	(30,172)	(28,293)
Interest expense	24	75,243	96,373	79,975	101,643
Dividend income		-	-	(53,448)	(397,697)
Amortisation of debenture issuance costs	16	985	1,621	985	1,621
Realised unearned rental and service income		(34,744)	(41,709)	(16,512)	(20,850)
Employee benefit obligations	20	4,382	5,337	4,382	5,337
Loss from adjustment on investment property, net	11	60,248	(930,012)	40,736	182,480
Share of profit from joint venture	10	(575,350)	(597,634)	-	-
Unrealised gain from revaluation of short-term investments	6	(1,590)	(6,851)	(1,590)	(6,851)
Write-off of withholding tax		183	2,431	74	1,432
Changes in operating assets and liabilities:					
- short-term investment		398,370	(323,876)	398,370	(323,876)
- trade and other receivables		99,305	(100,450)	105,853	(91,913)
- finance lease receivable		51,546	49,722	38,251	37,254
- amounts due from related parties		(5,136)	127,370	(118,441)	4,033
- other current assets		(6,750)	1,107	(900)	900
- deposits for leasehold land		37,528	(34,829)	37,528	(34,829)
- other non-current assets		3,259	7,097	3,458	6,438
- trade and other payables		(701)	4,898	5,681	1,935
- amounts due to related parties		1,571	897	(51)	4,536
- other current liabilities		39,794	35,666	19,510	18,744
- unearned rental and service income		(24,281)	15,360	(11,056)	9,597
- deposit received from customers		(5,265)	21,530	3,194	13,450
- finance lease liabilities on land leases		(157,404)	(145,217)	(108,518)	(105,630)
- employee benefit obligations	20	-	(3,005)	-	(3,005)
Cash flows from operations		1,059,204	266,370	759,667	(81,844)

## 29 Financial risk management

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 3 - 6 months rental and service fee from customers.
- To terminate rental contracts for tenants whose rental and service fees are overdue.

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that rental and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

### 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) Interest rate risk

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The borrowings and debentures interest rates of the Group are mainly fixed.

### d) 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 16.

## 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.

Siam Future Development Public Company Limited is an associate of Major Cineplex Group Public Company Limited which owns 24.89% of the Company's share (31 December 2015: 23.86%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

The following transactions were carried out with related parties:

a) Revenues and expense

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Rental and service income</b>				
Subsidiaries	-	-	960	960
Group Major Cineplex Group				
Public Company Limited	79,236	88,478	30,008	32,902
Related parties	30,042	30,346	21,859	22,094
	<u>109,278</u>	<u>118,824</u>	<u>52,827</u>	<u>55,956</u>

<b>Management fee income</b>				
Subsidiaries	-	-	54,874	54,403
Joint ventures	5,400	9,226	5,400	9,226
	<u>5,400</u>	<u>9,226</u>	<u>60,274</u>	<u>63,629</u>

<b>Interest income</b>				
Subsidiaries	-	-	11,622	9,183
Major Cineplex Group				
Public Company Limited	570	723	-	-
	<u>570</u>	<u>723</u>	<u>11,622</u>	<u>9,183</u>

<b>Dividend income</b>				
Subsidiaries	-	-	3,468	284,997
Joint ventures	-	-	49,980	112,700
	<u>-</u>	<u>-</u>	<u>53,448</u>	<u>397,697</u>

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Cost of rental and service</b>				
Subsidiaries	-	-	2,612	2,627
<b>Administrative expense</b>				
Major Cineplex Group				
Public Company Limited	6,311	10,279	5,954	9,939
<b>Interest expense</b>				
Subsidiaries	-	-	4,732	5,272

Rental and service incomes were carried out 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 specified on the agreements.

Interest income is charged at the rates between 2.72% to 5.00% per annum (2015: 2.72% to 5.00% per annum).

Interest expense is charged at the rates between 1.26% to 2.72% per annum (2015: 1.66% to 3.10% per annum).

**b) Trade and other receivables**

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	-	284,997
Group Major Cineplex Group				
Public Company Limited	33	221	-	-
Related parties	8	-	8	-
	41	221	8	284,997

At the Board of Director Meeting held on 1 December 2015, the Board of Director approved an interim dividend to shareholders at 14.23 Baht per share results totalling Baht 285 million. The dividend will be paid to the shareholders on 15 March 2016.

**c) Amounts due from related parties**

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	541,995	429,854
Joint venture	6,300	-	6,300	-
Major Cineplex Group				
Public Company Limited	174	1,339	-	-
	6,474	1,339	548,295	429,854

d) Short-term loans to related parties

Movement of short-term loans to subsidiaries during the years are as follows:

	Separate	
	2016	2015
	Baht'000	Baht'000
Beginning balance	79,056	248,645
Loans made during the year	294,500	22,600
Loans repayments during the year	(167,556)	(192,189)
Ending balance	206,000	79,056

Short-term loans to subsidiaries are repayable upon demand, bearing interest at the rates of 5.00% per annum (2015: 5.00% per annum).

Movement of short-term loan to a related company during the years are as follows:

	Consolidated	
	2016	2015
	Baht'000	Baht'000
Beginning balance	23,000	25,000
Loan made during the year	-	-
Loans repayments during the year	(4,850)	(2,000)
Ending balance	18,150	23,000

Short-term loans to Major Cineplex Group Public Company Limited are repayable upon demand, bearing interest at the rate of 2.72% per annum. (2015: 2.72% per annum).

e) Amounts due to related parties

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	8,895	9,138
Major Cineplex Group Public Company Limited	18,808	30,972	5,104	9,104
	18,808	30,972	13,999	18,242

f) Short-term loans from a subsidiary

	Separate	
	2016	2015
	Baht'000	Baht'000
Subsidiary	272,650	275,000

Movement of short-term loans from a subsidiary during the years are as follows:

	Separate	
	2016	2015
	Baht'000	Baht'000
Beginning balance	275,000	172,200
Loan received during the year	154,700	110,800
Loan repaid during the year	(157,050)	(8,000)
Ending balance	272,650	275,000

Short-term loans from subsidiaries represented unsecured loans, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rate of 1.26% to 2.72% per annum. (2015: 1.66% to 3.10% per annum).

g) Unearned rental and service income

As at 31 December of 2016, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 87 million (2015: Baht 94 million).

h) Directors and management remuneration

Directors and management remuneration comprises of the total salaries and other benefits, including directors' fee paid to directors which included as an expense in the income statements as follows:

	Consolidated and Separate	
	2016	2015
	Baht'000	Baht'000
Short-term benefits	17,594	19,458
Post-employment benefits	1,778	2,250
	19,372	21,708

**Bank guarantees**

As at 31 December 2016, the Group has outstanding letters of guarantee amounting to Baht 52 million (2015: Baht 51 million) issued by the Group's bankers in respect of normal business operations.

**Contingent liabilities- capital expenditure**

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Less than 1 year	12,479	3,257	11,379	1,607
Over than 1 year but not later than 5 years	2,451	2,222	2,451	1,122
	14,930	5,479	13,830	2,729

**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. Currently, the business is only operated in Thailand. The internal reporting provided to the chief operating decision-maker presents investment property using cost method.

Profit and loss of cost method for the years 2016 and 2015 are as follows:

	Consolidated	
	2016	2015
	Baht'000	Baht'000
<b>Revenues</b>		
Rental and service income	1,368,926	1,365,553
Finance and interest income	26,269	27,198
Other income	35,714	35,909
Share of profit from joint venture	281,652	200,867
<b>Total revenues</b>	<b>1,712,561</b>	<b>1,629,527</b>
<b>Expenses</b>		
Cost of rental and service	910,553	909,006
Selling and administrative expenses	238,314	233,302
<b>Total expenses</b>	<b>1,148,867</b>	<b>1,142,308</b>
<b>Profit before finance costs</b>	<b>563,694</b>	<b>487,219</b>
Finance costs	(75,243)	(96,373)
<b>Profit before income taxes</b>	<b>488,451</b>	<b>390,846</b>
Income taxes	(45,968)	(38,065)
<b>Profit for the year</b>	<b>442,483</b>	<b>352,781</b>
<b>Profit attributable to</b>		
Owners of the parent	424,218	331,574
Non-controlling interests	18,265	21,207
	<b>442,483</b>	<b>352,781</b>
Adjustments regarding investment property, net	553,031	1,440,015
<b>Profit for the year after adjustments regarding investment property</b>	<b>995,514</b>	<b>1,792,796</b>

Fair value of investment property increases mainly due to the revaluation for 2 projects being project Nanglinchee and project Thonglor 4 because of extension of the land lease period for additional of 30 and 20 years respectively.

### 33 Post statement of financial position event

At the Board of Directors meeting No.1/2017 held on 14 February 2017, the board approved cash dividend payment amounting to Baht 0.20 per share in respect of 2016 operating results totaling Baht 355 million. The dividends will be payable to the shareholders in April 2017.



***Life is a journey***

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