



**SIAM FUTURE DEVELOPMENT PLC.**

รายงานประจำปี 2560

# **ANNUAL REPORT**

# **2017**

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## Message from the Board of Directors

2017 world economy continued to expand slowly whilst it also confronted with uncertainty from various factors, be it US economic policy, a change in the economic and political policy of the EU member countries, continuous strategic adaptation of Chinese economy as well as a slow economic recovery of the developing countries. Moreover, direction of the US dollar currency and the US's gradually maintaining a rise of its interest rate allowed a steady fund flow back to the stock exchange markets in Asia region, Thailand included.

2017 economic situation in Thailand slowly recovered. The main factor of the recovery of domestic economy was driven mainly from external factors, both from the export and tourism revenues, as well as from an investment in transportation infrastructure of the government and private sector. Domestic consumption continued to slow down due to a shrinkage in farm income as a result of low agricultural product prices and high level of household debt. However, there remained a positive sign for domestic consumption from the government's measure to assist low income citizen through the government's welfare card project, a measure to support low agricultural product price as well as a shopping tax break policy to maintain last year's growth of the domestic purchasing power.

In 2017 the Company had developed an extension of the Marketplace Nanglinchee project by expanding the rental area from 3,000 square meters to 11,000 square meters. The 1<sup>st</sup> phase of 6,500 square meters was opened in November 2017. Currently the 2<sup>nd</sup> phase of 4,500 square meters was under construction and was expected to complete and opened in September 2018.

The Company also planned to develop a new project in form of a lifestyle shopping center on Rajvithi Road, Dusit, with the rental area of 6,500 square meters, comprising a two-storey building with one-storey

underground parking lot, in expectation of future light red line and purple line subways. Additionally, such area was surrounded by various schools, hospitals and corporates such as Suan Sunandha Rajabhat University, Suan Dusit 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 commenced the construction in January 2018 and was expected to complete and opened within December 2018.

Moreover, the Company planned to renovate Marketplace Thonglor 4 shopping center since it had renewed the lease agreement of the existing land plot for another 20 years to expand the rental area from 3,000 square meters to 15,000 square meters whilst the shopping center would be turned into a mixed used project, comprising office and shopping center buildings. Target customers were working age and residents in the surrounding areas. The construction was expected to commence in April 2018 and the project was expected to complete and opened within the 4<sup>th</sup> quarter of 2019.

In addition, the Company had turned certain space of J-Avenue project into a new zone in form of an indoor food hall to provide new experience to the customers. The renovation commenced in January 2018 and was expected to complete within May 2018.

The operating performance of Megabangna project had been continually outstanding. In 2017, the tenant mix was adjusted to better support and fulfil the customers' requirement. A new zone, Mega Food-walk, was opened with the rental area of 11,000 square meters while another 1,200 parking lots were added. Tops Market was an anchor with retail shops of more than 30 shops which were opened in December 2017. From the development plan of land around Mega City project, a long-term plan in form of

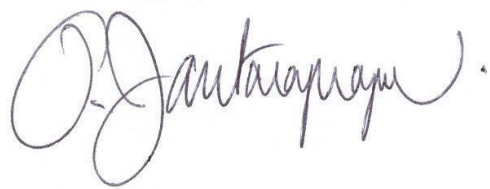
a mixed-used project, in 2018 Megabangna project planned to develop land in the next phase with total area of approximately 18,000 square meters into an outdoor entertainment and international school. The area was delivered to the tenants to commence their construction in August 2017 and was expected to complete and opened in May 2018.

As at 31 December 2017, the Company had 22 projects in total with total rental space of 423,558 square meters. It mainly focused on adjusting the shops as well as developing and improving the existing projects to support the surrounding customers.

However, confronted with economy fluctuation and risk of business operation at present, the Company would put a precaution in considering new projects by focusing

on quality management throughout the organization. This would enable the Company to steadily develop the shopping centers, thereby allowing it to earn sustainable profit and return to the shareholders in a long run. The Board of Directors continued to act professionally and with quality under good corporate governance as well as with ethical and governance transparency in business operation.

The Company's past accomplishment was the result of dedication, commitment and cooperation from all groups of business alliances of the Company in performing their duties. The Board of Directors would like to convey a sincere appreciation to sponsors, 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 2017 there were five meetings 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 2017 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. Kajornkiet Aroompirodkul C.P.A. (Thailand) no. 3445, Mr. Chanchai Chaiprasit C.P.A.(Thailand) no. 3760, , 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 2018. 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, “the Company”, was incorporated on August 29<sup>th</sup>, 1994 by Mr. Pongkit Suttapong and Mr. Nopporn Witoonchart with 10 Million Baht registered capital to run the business in shopping center development and management by focusing on the development and management of open-air shopping center<sup>1</sup>. In 2012, the Company has begun to develop and manage super regional mall <sup>2</sup>, which was Megabangna Shopping Center.

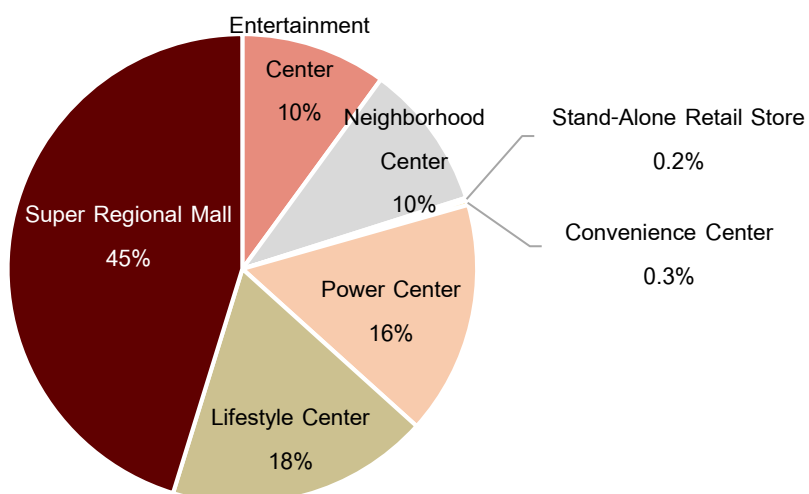
Presently the Company owns altogether 22 operating projects. Currently, the total gross leasable area is 423,558 Sq.m.

	Type of shopping center	Number of shopping centers	Name of Shopping Centers
1	Neighborhood shopping center	7	Bangbon, PrachaUtiti, Sukhapiban 3, Thonglor Soi 4, Nanglinchee, Piyarom Place (Soi Sukhumvit 101/1) and Market Place Nawamin (Sukapiban 1)
2	Convenience shopping center	2	Wanghin and Ladprao Soi 120
3	Stand-alone retail store	2	Bangkae and Mengjai
4	Power Center	3	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center and Ekkamai Power Center
5	Lifestyle Center	6	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin, Pattaya Avenue, The Avenue Ratchayothin, and Nawamin City Avenue
6	Urban Entertainment Center	1	Esplanade Ratchadapisek
7	Super Regional Mall	1	Megabangna
	<b>Total</b>	<b>22</b>	

1 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.

2 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.

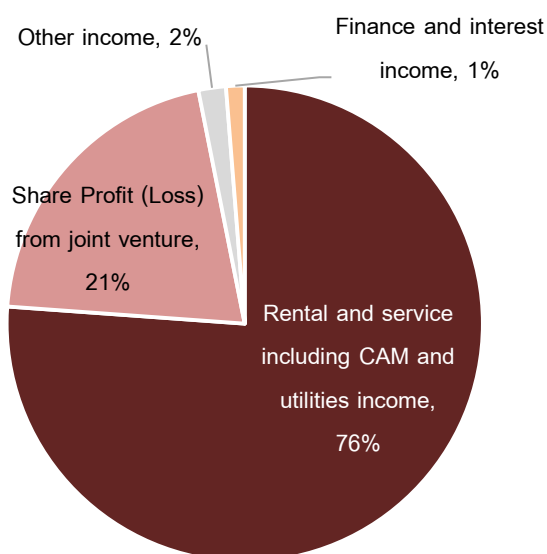
### Y2017 Portfolio by type of shopping center



The Company earns its income from 4 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 telephone and gas bills.
2. Revenue from financials and interest from long term lease tenants
3. Other Income such as revenue from the installation of electricity and water meters
4. Share profit (loss) from joint venture which is Megabangna

### Revenue Contribution as of 31 December 2017





### 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, Rachadapisek 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 the purpose to develop and manage the open-air shopping center
1995 - 2000	★	The Company's first neighborhood center was opened in Bang Bon with JUSCO as the anchor tenant and expanded up to 14 centers including B-Quik stand alone.
2002	★ ★	The Company's status was transformed to a public company and the registered capital increased to THB 150 million with paid-up capital of THB 71 million at par value of 1 Baht per share The Company was listed on the MAI on December 17 <sup>th</sup> , 2002.
2003	★ ★ ★	The 5 <sup>th</sup> and 6 <sup>th</sup> neighborhood centers were opened in Thong Lo and Thungmahamek The registered capital was increased to THB 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 December 12 <sup>th</sup> , 2003 and became effective on January 1 <sup>st</sup> , 2004
2004	★ ★	Acquired the Family Center Chaeng Watthana and Piyarom Park Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, the 1 <sup>st</sup> Power Center, and J Avenue Thonglor 15, the 1 <sup>st</sup> Lifestyle Center were opened.
2005	★	Wanghin Lotus Express was opened. Petchkasem Power Center and Ekkamai Power Center were opened.
2006	★ ★ ★	Raising registered capital to THB 533.95 million by right offering to existing shareholders at the ratio of 5 current shares to 1 newly issued share 2 new Lifestyle Centers, the Avenue Chaeng Watthana and La Villa Phahonyothin, were opened. Esplanade Ratchadapisek, an urban entertainment center, was opened. J Avenue Thong Lo received the award of The Innovative Design and Development of a new project from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006

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.
2008	★	One neighborhood center named Marketplace Nawamin and one lifestyle center named Ratchayothin Avenue were opened.
2009	★ ★	Raising registered capital to THB 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 Megabangna Project, joint venture with IKANO Pte. (IKEA) Nawamin City Avenue Lifestyle Center on Kaset-Nawamin Road was opened.
2010	★	Disposal of leasehold right of Ratchayothin Avenue to Major Cineplex Lifestyle property fund (MJLF) for 30 years.
2011	★ ★	Festival Walk Nawamin Art Village on Kaset-Nawamin Road was opened IKEA Store Bangna, home furniture under brand IKEA, was opened as the first IKEA store in Thailand on November 3 <sup>rd</sup> , 2011.
2012	★	Megabangna, 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	★	Providing the management service 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 project (Mega Rangsit)
2016	★ ★	Started the construction of an additional section at Marketplace Nanglinchee Phase 1 and Megabangna, which is expected to inaugurate in Q4, 2017. Partial tender offer by Major Cineplex Group Plc.
2017	★ ★	Marketplace Nanglinchee Phase 1 was opened on November 1 <sup>st</sup> , 2017 Megabangna's extension (Mega Food-walk) was opened on December 8 <sup>th</sup> , 2017

# Financial Highlights

## Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2017

Unit: Thousand Baht	Year 2017	Year 2016	%Change in Y2017-2016
Total Assets	17,239,650	14,920,324	16%
Total Liabilities	6,095,417	5,288,622	15%
Shareholders' Equity	11,144,233	9,631,702	16%
Paid-up Capital	1,776,608	1,776,608	-
Total Revenue	2,872,343	2,006,258	43%
Net Profit	1,841,096	963,977	91%
Recurring Profit	499,453	424,218	18%
Book Value per Share (Baht) <sup>1</sup>	5.79	4.95	
Dividend per Share (Baht) <sup>2</sup>	0.25	0.20	
Net Profit Margin	64.10%	48.05%	
Return on Equity (ROE) <sup>3</sup>	19.29%	11.40%	
Return on Assets (ROA) <sup>4</sup>	11.45%	6.57%	
Interest Bearing Debt to Equity Ratio	0.20	0.16	
Gross Leasable Area (Sq.m.)	423,558	408,563	4%

### 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 2018 for approval of cash dividend at 0.25 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 2017

In 2017, the Company still focuses on developing and improving the potential of the existing projects which have been operating for more than 10 years. This year, the Company has already renewed land lease agreement on 1 project, namely, Marketplace Sukapiban 3, for another 20 years. Moreover, to react to the recovery of Thai economy and the strengthening of consumer confidence index, the Company has opened 2 new projects: Marketplace Nanglinchee phase 1 and Mega Food-walk, which is the extension phase of Megabangna.

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 88 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 86-87 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 134-135. Detail as follow:

(Thousand Baht)

	2017	2016	Change (%) Increase (decrease)
Revenue			
Rental and service income	1,358,396	1,368,926	(1%)
Finance and interest income	22,539	26,269	(14%)
Other income	33,238	35,714	(7%)
Share profit from joint venture	369,735	281,652	31%
<b>Total revenues</b>	<b>1,783,908</b>	<b>1,712,561</b>	<b>4%</b>
Expenses			
Cost of rental and service	932,348	910,553	2%
Selling and administrative expenses	242,332	238,314	2%
<b>Total expenses</b>	<b>1,174,680</b>	<b>1,148,867</b>	<b>2%</b>
<b>Profit before finance costs</b>	<b>609,228</b>	<b>563,694</b>	<b>8%</b>
Finance costs	(70,576)	(75,243)	(6%)
Income taxes	(21,925)	(45,968)	(52%)
Non-controlling interests	(17,274)	(18,265)	(5%)
<b>Recurring Profit attributable to owners of the parent</b>	<b>499,453</b>	<b>424,218</b>	<b>18%</b>
<b>Profit from fair value adjustment on investment property*</b>			
Siam Future Development	253,208	246,061	3%
Joint venture (Megabangna)	1,088,435	293,698	271%
<b>Net profit</b>	<b>1,841,096</b>	<b>963,977</b>	<b>91%</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 accounts for THB 1,358.40 million, which is approximately close to the previous year's figure.

Share profit from joint venture totals THB 369.74 million, increased by THB 88.08 million or 31.27% year on year due to 4 main reasons:

1. Ability to rise the rental and service income according to the leasing agreement from Megabangna project.  
The switching of tenants within the project (Tenants Mix Strategy) also creates the variety of shops and new experiences for customers. The customers can find completed combination of goods inside the shopping center.
2. The opening of Mega Food-walk, the extension phase of Megabangna in December 2017. Such extension is mainly the food zone, which comprises of the second Tops Market and more than 30 restaurants. This has directly benefit the rental and service income.
3. The rise in revenue sharing from the existing tenants causes the rental and service income to increase accordingly.
4. In 2017, the other income is largely contributed by the compensation from Electricity Generating Authority of Thailand (EGAT) in Q3'2017 due to the expansion of the high voltage signals.

## Costs and Expenses

Cost of rental and service totals THB 932.35 million, increased by THB 21.80 million or 2.39% year on year mainly due to the repair and maintenance expenses from the Company's existing projects.

Selling and administrative expenses account for THB 242.33 million, increased by THB 4.02 million or 1.69% year on year, mainly due to the rise of the employee's compensation.

Finance costs account for THB 70.58 million, decreased by THB 4.67 million or 6.20% year on year due to the refinance of the debenture causing the average interest rate to be lower comparing to previous year's average interest rate.

### Gain from Fair Value Adjustment on Investment Property

Profit from fair value adjustment on the Company's investment property accounts for THB 253.21 million, increased by THB 7.15 million due to the reappraisal of these 2 projects: Marketplace Sukapiban 3 and Marketplace Nanglinchee for another 20 years and 30 years, respectively. The profit also comes from the gain in fair valuation of other projects.

Profit from fair value adjustment on Megabangna's investment property accounts for THB 1,088.44 million, increased by THB 794.74 million year on year, because of the opening of Mega Food-walk in Q4'2017 and also the gain on fair valuation of the existing property of Megabangna.

## Total Assets

(Thousand Baht)

Statements of Financial Position	2017	2016
<b><u>Assets</u></b>		
<b><u>Current assets</u></b>		
Cash and cash equivalents	34,857	25,198
Short-term investments	384,129	171,241
Trade and other receivables	146,183	126,410
Finance lease receivables due within one year	25,572	29,480
Amounts due from related parties	10,140	6,475
Short-term loans to related parties	15,900	18,150
Other current assets	21,841	13,678
<b>Total current assets</b>	<b>638,622</b>	<b>390,632</b>
<b><u>Non-current asset</u></b>		
Restricted cash	611	605
Finance lease receivables	530,401	605,180
Investments in joint ventures	6,057,493	4,649,303
Prepaid rent, net	9,821,266	9,102,952
Investments property	901	967
Building and equipment, net	61,205	58,198
Intangible assets, net	34,598	13,848
Deposits for leasehold land	48,127	49,387
Other non-current assets	46,426	49,252
<b>Total non-current assets</b>	<b>16,601,028</b>	<b>14,529,692</b>
<b>Total assets</b>	<b>17,239,650</b>	<b>14,920,324</b>

As of December 31<sup>st</sup>, 2017, the Company's total assets equals to THB 17,239.65 million, increased by THB 2,319.33 million or 15.54% year on year which is elaborated as follows:

- Short-term investment consists of the unit investment in Government bonds in 2017 which accounts for THB 384.13 million, increased by THB 212.89 million year on year. The figure are mainly from cash from operations, dividend income from Megabangna, and the long-term borrowing to finance the future projects.
- Interest from joint venture in 2017 accounts for THB 6,057.49 million, increased by THB 1,408.19 million year on year contributed by the shared profit of Megabangna from the increase in operating profit and fair value adjustment for THB 881.90 million. Dividend income from Megabangna equals to THB 49.98 million and the loss from North Bangkok Development Co., Ltd and West Bangkok Development Co., Ltd. equals to THB 28.51 million.



3. Investment property in 2017 accounts for THB 9,821.27 million, increased by THB 718.31 million due to an increase in land valuation from Marketplace Sukapiban 3's leasing contract renewal for another 20

years (until 2037) as well as the opening of a new project, Marketplace Nanglinchee phase 1 and also the gain on fair valuation of other projects.

## Total Liabilities

(Thousand Baht)

Statements of Financial Position	2017	2016
<b><u>Liabilities</u></b>		
<b><u>Current liabilities</u></b>		
Bank overdrafts and short-term loans from financial institution	629,625	349,583
Trade and other payables	198,205	140,301
Amounts due to related parties	2,512	18,808
Current portion of unearned rental and service income	51,192	39,196
Current portion of long-term borrowings	110,000	699,389
Finance lease liabilities on land leases current portion	94,327	124,330
Corporate income tax payable	4,557	10,469
Other current liabilities	221,907	238,681
<b>Total current liabilities</b>	<b>1,312,325</b>	<b>1,620,757</b>
<b><u>Non-current liabilities</u></b>		
Unearned rental and service income	355,039	358,893
Long-term borrowings	1,481,603	499,406
Deposits received from customers	484,218	488,689
Deferred tax liabilities	1,002,715	957,134
Finance lease liabilities on land leases	1,420,626	1,326,235
Employee benefit obligations	38,891	37,508
<b>Total non-current liabilities</b>	<b>4,783,092</b>	<b>3,667,865</b>
<b>Total liabilities</b>	<b>6,095,417</b>	<b>5,288,622</b>

As of December 31<sup>st</sup>, 2017, the Company's total liabilities equals to THB 6,095.42 million, increased by THB 806.79 million or 15.26% year on year, which is elaborated as follows:

1. Short-term loan from financial institution in 2017 accounts for THB 629.63 million, increased by THB

280.04 million year on year because the Company issued the bills of exchange and promissory notes for the operating purpose.

2. Finance lease liabilities on land leases current portion and finance lease liabilities on land leases in total of THB 1,514.95 million, increased by THB 64.39 million

year on year due to the rental uplift from Marketplace Sukapiban 3.

3. As of December 31<sup>st</sup>, 2017, the Company's interest bearing debts account for THB 2,221.23 million. The Company's debt to equity ratio and net interest bearing debt to equity are equivalent to 0.55 times and 0.20

times, respectively. Nevertheless, the Company is required to maintain debt to equity ratio of no more than 1.5 times according to the debenture covenant.

## Shareholders' Equity

(Thousand Baht)

Statements of Financial Position	2017	2016
<u>Equity</u>		
Authorised share capital	1,776,618	1,776,618
Issued and paid-up share capital	1,776,607	1,776,607
Share premium	634,029	634,029
Retained earnings		
Appropriated – legal reserve	177,667	177,667
Unappropriated	7,701,342	6,213,232
Other components of equity	(446)	(446)
Non-controlling interests	855,034	830,613
<b>Total equity</b>	<b>11,144,233</b>	<b>9,631,702</b>

As of December 31<sup>st</sup>, 2017, the Company's shareholder's equity equals to THB 11,144.23 million, increased by THB 1,512.53 million or 15.70% year on year. The figure is resulted from the group's net profit and shared profit from Megabangna less the dividend payment from the operating results in 2016 of THB 355.32 million. Thus, the return on equity (ROE) equals to 19.29%, increased from 11.40% in 2016.

## Cash Flow and Sources of Fund

### Cash Flow

1. In 2017, cash flow from operating activities accounts for THB 72.24 million, decreased by THB 848.32 million year on year due to the decrease in cash from operations, the increase in short-term investment in which the main contribution is the capital from the bond issuance for the investment purpose in 2018.
2. In 2017, cash flow from investing activities accounts for THB 375.36 million, increased by THB 116.73 million year on year mainly due to the investment in Marketplace Nanglinchee phase 1, the repairment of the existing projects and the land upfront payment for the lease agreement renewal on Marketplace Sukapiban 3. Moreover, the Company has invested in SAP installation.
3. In 2017, cash flow from financing activities accounts for THB 312.78 million, increased by THB 983.01 million year on year, because the Company borrowed long-term debt of THB 350.00 million to refinance the bond of THB 700.00 million and issued 5-year bond of THB 500.00 million. The Company also borrowed long-term loan for the construction of Marketplace Nanglinchee for THB 243.97 million.

Additionally, the Annual General Meeting in 2017 approved the dividend payment from the operating results of 2016 at the ratio of 0.20 Baht per share which accounts for THB 355.32 million in total. The dividend payment in 2017 is higher than the previous year with the ratio of 0.15 Baht per share.

### Sources of Fund

The Company issued the bills of exchange and promissory notes in total of THB 280.04 million for the repayment of the short-term borrowing. The Company issued long-term borrowing for the investment in Marketplace Nanglinchee of THB 243.97 million, issued the bond of THB 500.00 million and borrowed long-term debt of THB 350.00 million to repay the bond. Because of the refinancing of the long-term debenture, the Company has lower average interest rate in comparison to the previous year's average interest rate.

# 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 the registered capital of THB 10 million as the shopping center developer and management service provider.

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

Neighborhood center is an open-air shopping center which has supermarket as an anchor tenant day-to-day product and specially 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 of Shopping Center

In 1995, the Company opened Bangbon project as its first neighborhood shopping center with Jusco Supermarket as the anchor tenant. (Currently, the anchor tenant is Eco Ring which is the second-hand retail shop from Japan. The store was opened in December 2017 and is well-suited with the target market group around that area.)

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

In 1998 the Company opened its fourth neighborhood shopping center on Sukhumvit 71 (Klong Tan) Road with Jusco Supermarket as the anchor tenant. Currently, the land lease agreement was expired and the Company did not renew the contract anymore.

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. Currently, the Company changed its name to Marketplace Nanglinchee. 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 the anchor tenants (currently, Makro Food Service has replaced HomeWork and the Company is in the progress of finding new anchor tenant to replace Index Living Mall), Ekkamai Power Center with Big C Supermarket and Index Living Mall as the anchor tenants.

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

In 2007, the Company launched 2 new shopping centers as follow: 1.) The Pattaya Avenue with Major Cineplex, Major Bowl and Villa Market as anchor tenants and Fitness7 was added as another anchor tenant in 2015. 2.) Kao Yai Market Village with Tesco Lotus as an anchor

tenant. In 2009, the Company disposed Kao Yai Market Village to Tesco Lotus.

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

In 2010, the Company sold 30-year leaseholds rights of 11,109 sq.m. short-term lease of the Ratchayothin Avenue to Major Cineplex Lifestyle Property Fund (MJLF).

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

In 2012, the Company launched one super regional mall. Megabangna, 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. Megabangna is anchored by IKEA, Major Cineplex, BigC, Homepro, and Robinson with gross leasable area of 180,000 sq.m.

In 2013, the Company provided project management service 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 October 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 July 14<sup>th</sup>, 2016. Moreover, the Company has started the construction of the additional section and extended the parking building in front of Megabangna to increase the diversification of shops in the mall areas and add more parking spaces for customer's convenience.

In 2017, the Company renewed the land lease agreement of Marketplace Sukapiban 3 for another 20 years. Moreover, the Marketplace Nanglinchee phase 1

## Funding

Siam Future Development Public Company Limited launched business in 1994 with the registered capital of THB 10 million.

In 1997, the Company increased its registered capital from THB 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 with an increase in registered capital from THB 20 million to 150 million and the total paid-up capital of THB 71 million.

In 2003, the Company increased its registered capital to THB 500 million via additional share allocation totaling 24 million shares to Major Cineplex Group Public Company Limited at a price of 3.99 Baht per share, and 142.50 million 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 December 12<sup>th</sup>, 2003.

In 2005, the Company issued the 5-year Amortizing Debenture in the amount of 1,000,000 units with par of 1,000 Baht each, total value of THB 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

and Mega Food-walk which is the extension phase of Megabangna with 2,700 sq.m. of Tops supermarket and more than 30 restaurants were opened.

In summary, as of 31 December 2017, the Company operates 22 centers, the gross leasable area in the amount of 423,558 sq.m. with 88% occupancy rate. There are 2 projects under construction: Marketplace Nanglinchee phase 2 and Marketplace Dusit with gross leasable area in the number of 11,000 sq.m.

registered capital from THB 424.12 million to THB 533.95 million 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 the paid-up capital of THB 508.94 million from right offering.

In 2007, the Company issued the 3-year Bullet Debenture in the amount of 940,000 units with par of 1,000 Baht each, total value of THB 940 million which was redeemed 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 of 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 THB 1,047.09 million and paid-up capital of THB 1,026.30 million. Moreover, the Company issued 3.5-year debenture of 500,000 units at par value 1,000 Baht each. The total amount of debenture was THB 500 million which was redeemed on 15 March 2013.

In 2010, the Company issued 3-4 year debenture of THB 1,200 million which was redeemed on 2013 for THB 700 million and on 2104 for THB 500 million.

In 2012, the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share operating result in the total of 130 million shares. The

Company had the registered capital of THB 1,169.86 million.

In 2013 the Company issued 3-4 year debenture of THB 1,450 million which was redeemed on 2016 for THB 750 million and on 2017 for THB 700 million, beside the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share for the total amount of 146.16 million shares. The Company had the registered capital of THB 1,316.02 million.

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

In 2015, the Company issued 5-year debenture of THB 500 million which will be redeemed on 2020, besides the Company had a stock dividend to shareholders at the

ratio of 5 existing shares to 1 new share for the total amount of 296.09 million shares. The Company had the registered capital of THB 1,776.62 million.

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 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 capital.

In 2017, the Company issued 5-year debenture of THB 500 million which will be redeemed in November 2022.

## Revenue Structure

In 2015-2017, the rental and service income from anchor tenants and co-tenants of the Company are as follows:

Tenants	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	195.42	26.73%	193.74	25.78%	200.73	26.07%
2. Co-Tenants	535.82	73.27%	557.88	74.22%	569.11	73.93%
<b>Total</b>	<b>731.24</b>	<b>100.00%</b>	<b>751.61</b>	<b>100.00%</b>	<b>769.84</b>	<b>100.00%</b>

## Details of the 22 existing projects

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Marketplace Bangbon	Eco Ring, Exclusive Life Fitness	Neighborhood Center	7,206	72
2	Marketplace PrachaUtiti	Maxvalu Supermarket	Neighborhood Center	6,154	98
3	Marketplace Sukaphiban 3	Tops Market	Neighborhood Center	6,725	81
4	Marketplace Thonglo	Tops Market	Neighborhood Center	3,644	95
5	Marketplace Nanglinchee (phase 1)	Tops Market	Neighborhood Center	6,508	85

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
6	The Avenue Chaeng Watthana	Major Cineplex, Major Bowl, Villa Market, Lemon Farm, Fitness7	Lifestyle Center	21,031	89
7	Piyarom Place	Tops Market	Neighborhood Center	7,588	90
8	Cha Choeng Sao	Major Cineplex	Power Center	8,408	86
9	J Avenue (Thonglo 15)	Villa Market, WE Fitness Society	Lifestyle Center	7,765	92
10	Ladprao 120	Thonglor Pet Hospital	Convenience Center	643	84
11	Wanghin	B-Quik	Convenience Center	535	100
12	Bangkae	Seacon Square	Land Rental	532	100
13	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
14	Petchkasem Power Center	Big C, Major Cineplex, Makro Food Service	Power Center	43,735	77
15	Ekkamai Power Center	Big C, Index Living Mall	Power Center	15,074	100
16	La Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	100
17	Esplanade (Ratchadapisek)	Major Cineplex, Blu-O, Ratchadalai Theatre, We Fitness Society, Tops Market, Art in Paradise	Entertainment Center	43,241	97
18	Pattaya Avenue	Major Cineplex, Major Bowl, Villa Market, Fitness7	Lifestyle Center	24,113	81
19	Market Place Nawamin	Big C Market	Neighborhood Center	4,175	78
20	The Avenue Ratchayothin	Villa Market	Lifestyle Center	3,904	90
21	Nawamin City Avenue*	Villa Market, Bosch	Lifestyle Center	15,566	90
22	Megabangna	IKEA, Major Cineplex, Major Bowl, Sub-Zero Ice Skate, Big C, HomePro, Robinson	Super Regional Mall	191,216	100
	<b>Total</b>			<b>423,558</b>	<b>88</b>

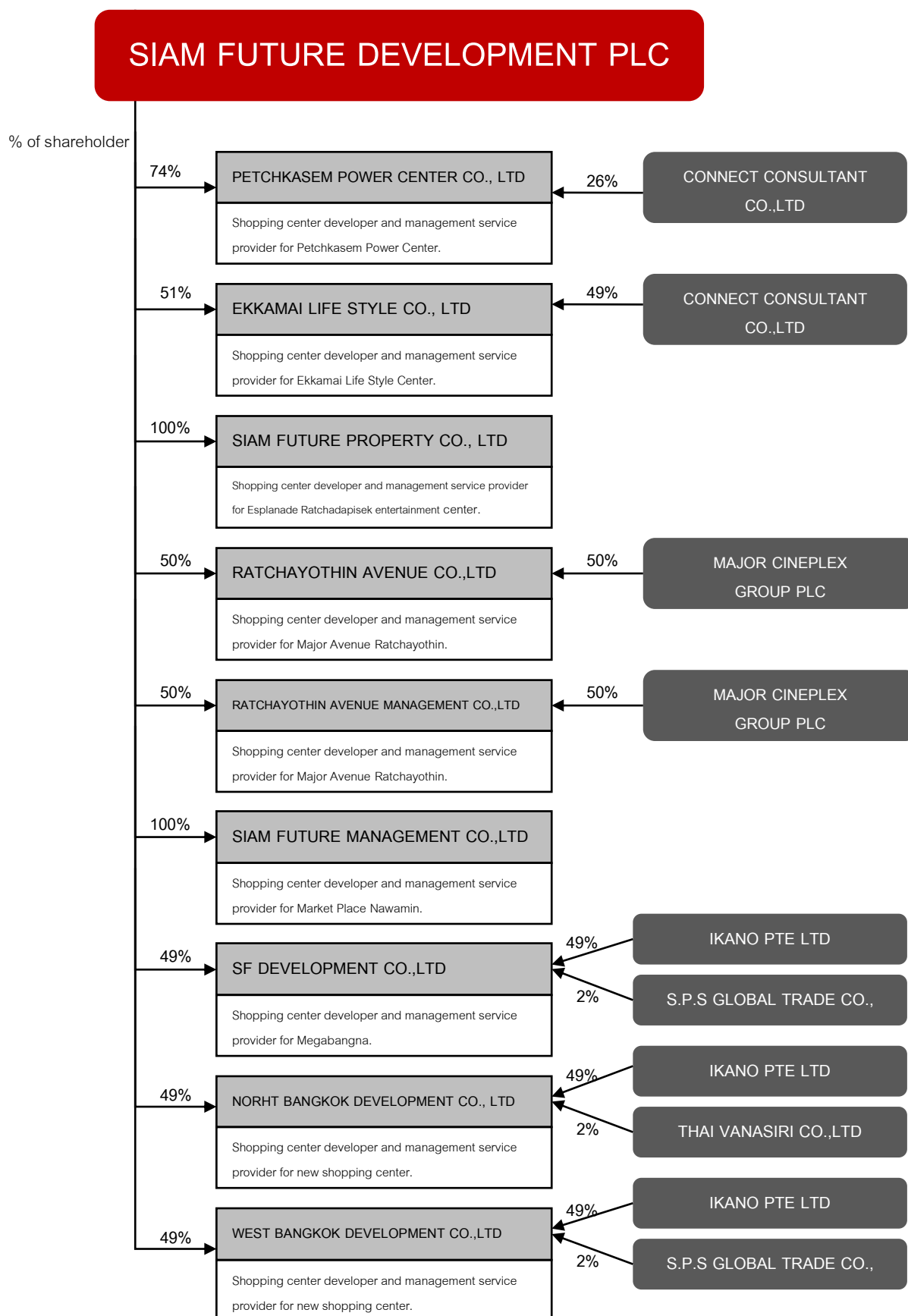
Remarks: As at December 31<sup>st</sup>, 2017.

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

No. 21 For managing purpose, the Company decided to integrate Nawamin City Avenue and Festival Walk to be united.



## Shareholding Structure



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

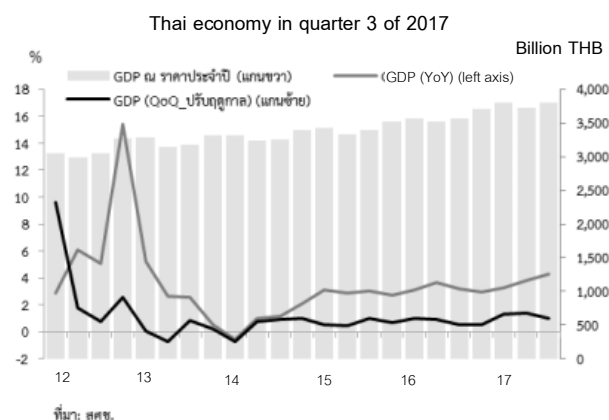
### Domestic Economic Situation in Quarter 3 of 2017

A growth of Thai economy in the 3<sup>rd</sup> quarter of 2017 increased from 3.8% in the 2<sup>nd</sup> quarter to 4.3%, resulting in the growth rate of 3.8% during the first 9 month of 2017. This was attributable mainly to the continual growth of goods and services export, a gradual expansion of the

consumption and investment from private sector as well as steady stimulus from the government. 2017 annual GDP was expected to stand at 3.9%.

The growth of 2018 economy was expected to be at 3.9% similar to that in 2017. Thailand economy would continue to confront with several risks which needed to be closely monitored, e.g. an uncertainty in the US's economic and trade policy and geopolitical risk.

Table illustrating Thailand economic index  
in quarter 3 of 2017



Source: The Bank of Thailand, the Office of the National Economic and Social Development Board (NESDB)

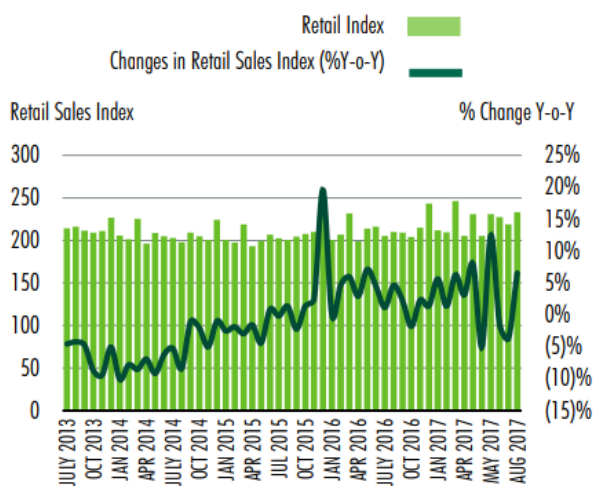
### Retail Business Overview

The growth of retail business during the first 9 month of 2017 stood at 2.8-3.0% which was reflected in the retail sales index in August 2017 which rose by 10.58% yoy. The growth in almost all kinds of goods was clustered only in Bangkok and major cities. Those with high growth continued to be "Supermarket" goods whose target customers were the middle class and above. "Health and Beauty" goods were also expanding, classified into Beauty Store, Drug Store, "Health & Personal Store" goods.

However, "Department Store" goods continued to be affected from shopping atmosphere which was not quite back to normal and the prices which did not accommodate shopping activities of the tourists since an import tax of the

luxury brand remained high compared with that of other countries which had a policy regarding the reduction of luxury brand tax. “Home Improvement” and “Home Appliance and Electronic” goods still did not expand as expected due to stagnancy of the construction and real estate sectors. “Food” (Hypermart, convenience stores) which targeted low to middle income still experienced growth difficulty due to weak purchasing power of the low to middle income customers. Despite a push of governmental expenditure budget towards grass roots level started to become efficient and allowed a rise in the purchasing power, the growth had been quite slow.

Table illustrating Thailand retail sales index in quarter 3 of 2017

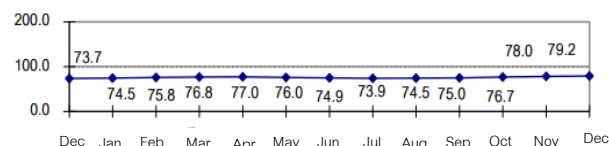


Source: CBRE

In the fourth quarter of 2018, the government measures such as welfare card, “Shop Chuay Chart” project and “Ruamjai Permsuk, Shop Sanook” New Year Sale Event, as well as promotion and marketing activities from the private sector during the end of the year were expected to push the 2017 growth of retail sector to 3.2 – 3.4, as observed from the gradual increase in consumer confidence index during the last six months of 2017.

Source: Thai Retailers Association

Table illustrating consumer confidence index in 2017

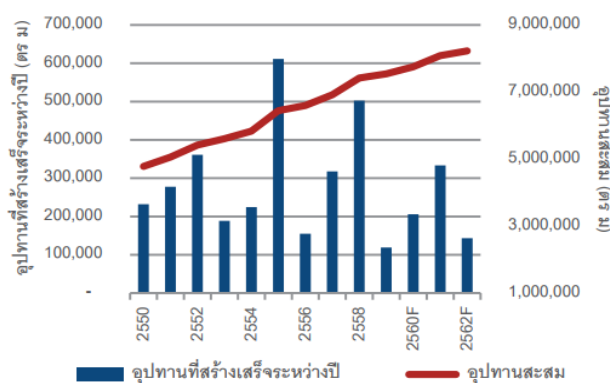


Source: Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce

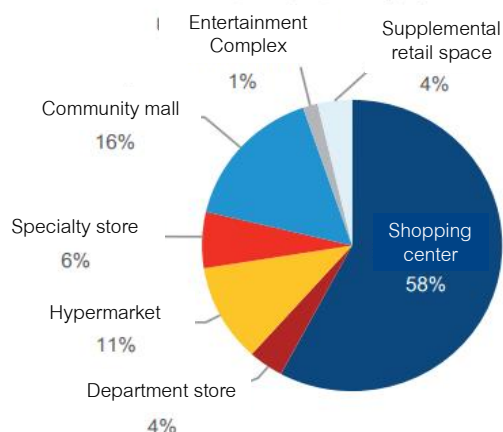
## Supply

In quarter 3 and 4 of 2017, the retail space rose by approximately 205,860 square meters, mostly being shopping center and community mall. As a result, Thailand’s 2017 accumulated supply stood at 7,692,430 square meters. Community malls had the highest growth for retail sector in Bangkok and neighboring areas, with the 2<sup>nd</sup> highest growth in term of the proportion, or 16% in place of hyper market who ranked the 3<sup>rd</sup> with the proportion of 11%. Additionally, an opening of new projects every quarter in the past several years was another factor for the highest growth of community malls in retail sector in Bangkok and neighboring areas.

Table illustrating accumulated supply as at quarter 3 of 2017



**Table illustrating the retail space in Bangkok and neighboring areas categorized by type as at quarter 3 of 2017**

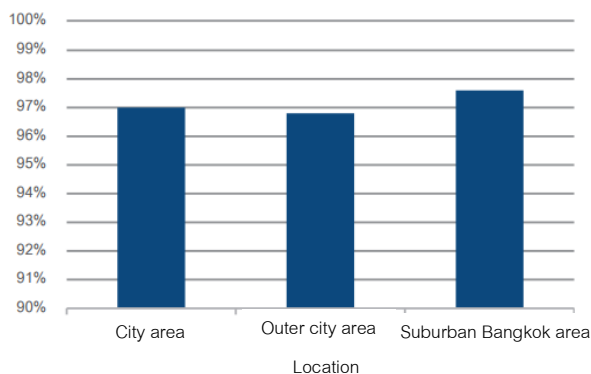


Source: Research Department, Colliers International Thailand Ltd.

## Demand

Although Thai people's purchasing power in 2016 – 2017 continually declined according to the country's economic situation, the retail occupancy rate in all locations in quarter 3 of 2017 was still close to that in the previous quarter which was higher than 96% in all locations. The outer area of Bangkok has the highest occupancy rate as the occupancy rate of a number of hypermarket and shopping centers was quite high although certain community malls were vacant and could not attract well-known shops or brands as tenants of the projects.

**Table illustrating the average occupancy rate of retail space classified by locations as at quarter 3 of 2017**



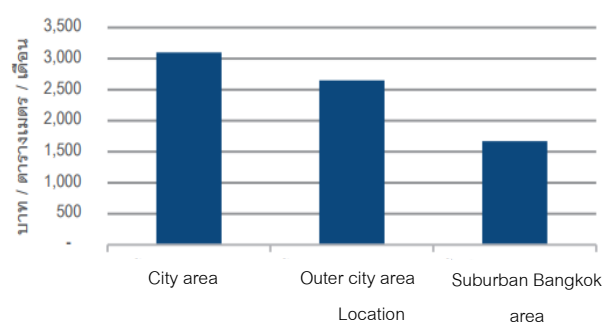
Source: Research Department, Colliers International Thailand Ltd.

## Rental Rate

The average rental rate in all locations within Bangkok and neighboring areas was close to that in the previous quarter. International shops or brands continued to put a focus on their branch expansion as they viewed there was still a room for future expansion in Thailand. Therefore, the rental rate continuously increased. The CBD had the highest rental rate of approximately THB 3,000 per square meter per month, e.g. in certain shopping centers in the CBD or with direct link to the BTS, etc.

In 2018, it was expected the rental rate would not significantly differ from that last year, depending on the economic situation as a whole.

**Table illustrating the average rental rate classified by location as at quarter 3 of 2017**



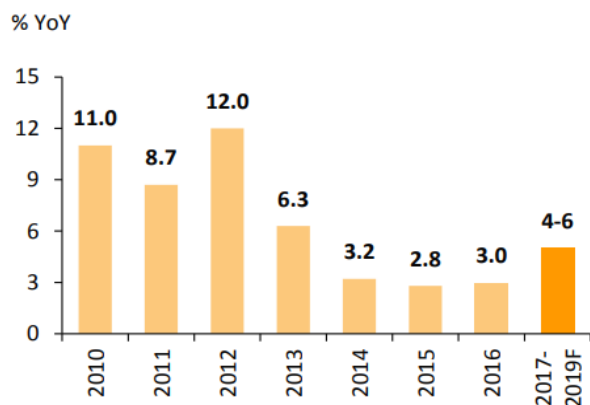
Source: Research Department, Colliers International Thailand Ltd.

## Retail Sector Outlook

Modern retail sector, e.g. hypermarket, supermarket and convenient stores, tended to improve in the next 1 – 3 years (2017 – 2019) according to the recovery of domestic economic situation driven by major factors, i.e. investment, consumption and tourism as well as the expansion of urban area, which would help increase the domestic purchasing power. This thus was a positive signal for the growth of retail sector. The increasing popularity of modern retail shops would support the expansion of the modern retail sector to be higher than that in the past.

Krungsri Research expected that the average growth of modern retail sector would stand at 4 – 6% in the next three years.

Table illustrating the projected growth of retail sector



Source: Thai Retailers Association and a forecast by Krungsri Research

There remained continuous investment in modern retail business. The new investment would increase the rental space in Bangkok by approximately 40,000 sq.m. within 2018. They were ICONSIAM, The Market by Platinum, Gateway Bangsue and IKEA 2<sup>nd</sup> @Central Westgate projects. Additional investment expected to commence the construction in 2018 were such as EmSphere, One Bagkok and Dusit-CPN projects, etc.

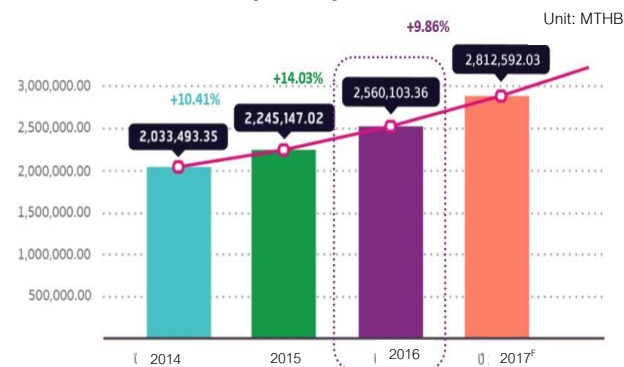
Source: CBRE

#### Direction of Retail Business in Digital Era

The increasing number of internet and smartphone users worldwide allowed a penetration of online shopping into daily life of the new generation and more familiarity to the online purchase. Accordingly, e-Commerce grew rapidly and gained a higher market share.

Electronic Transactions Development Agency expected Thailand's e-Commerce sale in 2017 would stand at THB 2,812,592 million, or the growth of 9.86% p.a. from THB 2,560,103 million in 2016. Classified by type of industry, the industry with the highest e-Commerce value was retail and wholesale business, which stood at THB 713,690 million, or accounting for 31.78% of total e-Commerce value.

Table illustrating value of the e-Commerce in Thailand in 2014 – 2017



Source: Electronic Transactions Development Agency (Public Organization)

Moreover, in the next five years (2017 – 2022), domestic consumers would use less cash and more card and electronic channels in the transactions. As such, shops needed to adjust to facilitate all kinds of payment. Form of financial transactions would change rapidly, which would affect the economy drive for advancement and international standard, the expansion of a use of electronic cards, tax system and electronic transaction document. This would provide more convenience and speed as well as reduced cost of business process of all sectors. Should the process of the transaction be convenient, fast and accessible, it would be beneficial for domestic operators to increase the advancement of e-Commerce business, and for the consumers as the transactions could be done anytime anywhere, and thus providing more convenience and security.

#### New Model of Retail Business – Omni Channel

A combination of the online and offline channels would be a new alternative which would enhance the competitiveness of the operators. The new business model was called O2O or Omni Channel, which would connect the offline shops with online technology. One aspect could utilize the convenience of online shopping and payment as well as immensely collecting the consumer data. Another aspect would utilize the strength of physical shops for the consumers to touch and try as well as providing strolling or meeting space.

# 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.

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### Note

1. Anchor Tenant refers to the tenants that occupy the majority of shopping center's area such as supermarket, cinema, large-size furniture store, etc.
2. Co-Tenants refers to the retail stores or shops within the shopping center such as coffee shop, restaurant, beauty salon, book store, school and clinic, etc.

## Risk of finding tenants

The Company may have risk in finding tenants in some shopping centers such as Bang Bon Project and PrachaUtiti 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 PrachaUtiti 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 2017	Gross Leasable Area (sq.m.)	Percentage (%)
Less than 5 years	30,329	7%
5 - 10 Years	21,590	5%
More than 10 years	176,519	42%
Land Ownership	195,120	46%
<b>Total Leasable Area</b>	<b>423,558</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.



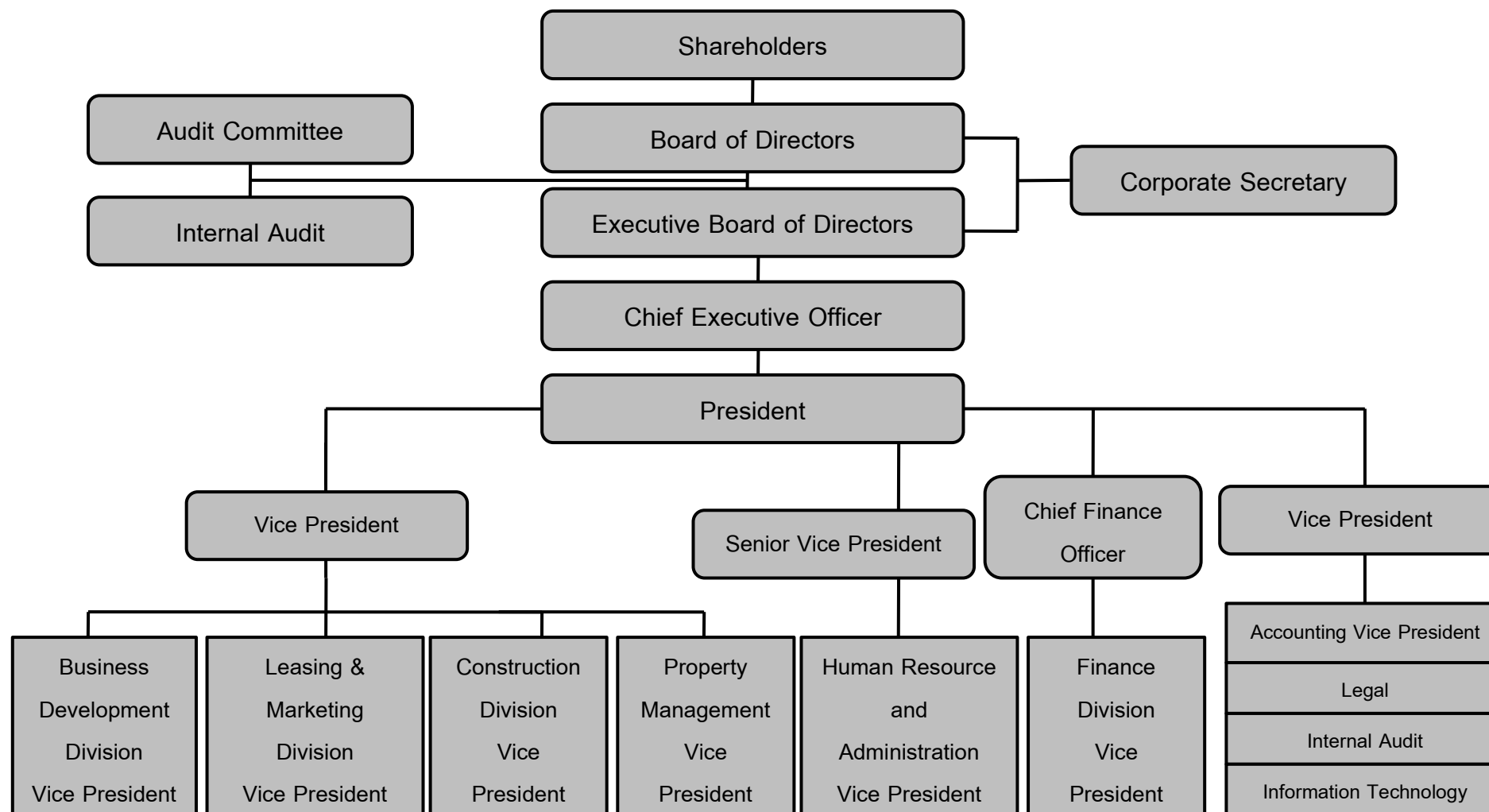
## Risk of the delay from receiving the rent of all projects

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 2017, the Company had Interest Bearing Debt to Equity Ratio equal to 0.20 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 29 December 2017 are as follows:

	Name of Shareholders <sup>1</sup>	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited <sup>2</sup>	461,740,626	25.99
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	41,608,886	2.34
8	Mrs. Gasinee Witoonchart	31,386,000	1.77
9	Ms. Thanjira Pojkasemsin	26,092,352	1.47
10	Mr. Aukim Jantaraprapa	23,080,789	1.30
<b>Total</b>		<b>1,076,363,334</b>	<b>60.59</b>
<b>No. of ordinary shares</b>		<b>1,776,607,541</b>	<b>100.00</b>

### Remark:

1. All of top 10 shareholders mentioned above have no relationship related to the Article no. 258 of SET Act year 1992. However, shareholder no.3 and no.8 are related as aunt and nephew.
2. Major Cineplex Group Plc, the Company's major shareholder, assigned 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 Plc do not have any influence over the Company's strategic or operational management.

## Dividend Policy

The policy of the Company is to pay dividends not less than approximately 40% of its operating net profit from separate financial statement after the deduction of retained loss (if any), under the condition that the dividend payment will not impact the normal operation and with sufficient capital for investment purpose.

For the dividend policy of the subsidiary companies that the Company holds shares more than 50%, it will

depend on the availabilities of the liquidity within the subsidiary companies and the Company. This will allow the Company to pay dividend according to the stated policy. The subsidiary companies are to pay dividends not less than approximately 60% of its operating net profit from separate financial statement after the deduction of retained loss (if any).

In 2017, the resolution from 2017 Annual General Meeting of the Shareholder on March 21<sup>st</sup>, 2017 was to make a dividend payment of 0.20 Baht per share.

## Management Structure

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

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

### **1. Board of Directors**

The Company's Board of Directors consists of 12 directors as at 31 December 2017 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. Sabaithip 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 Directors**

The 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. The 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 Committee

3. Governing of the Executive Committee

The Board of Directors is responsible for supervising the Executive Committee 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 of 5 directors as at 31 December 2017 are as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Chairman of Executive Committee
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 the 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 at 31 December are as follows:

	First Name – Last Name	Position
1.	Mrs. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mrs. Sabaihip Suntaros*	Member of the Audit Committee
3.	Mr. Dej Bulsuk	Member of the Audit Committee

\* Mrs. Sabaihip Suntaros is a member of the Audit Committee who has knowledge and experience in reviewing of the 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 comprises of 5 members as at 31 December 2017 are as follows:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Mr. Nopporn Witoonchart	Acting Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Mr. Kittinanth Sumruatruamphol	Chief Financial Officer
4.	(In the recruiting process)	Vice President
5.	(In the recruiting process)	Vice President

### **Chief Executive Officer**

#### **Authority and Responsibility of the Chief Executive Officer**

(Minutes of the Board of Directors' Meeting 1/2002 as of August 26<sup>th</sup>, 2002)

- To administer the operation of management team to be in line with the policies as authorized by the Board of Directors
- To operate businesses and approve the transactions as assigned by the Board of Directors e.g.
  - Sign on the land lease/sales agreements and rental/service agreements on behalf of the Company
  - Approve the expenses or payments of no more than THB 1,000,000/time
  - Appoint the staff

**Except** the Chief Executive Officer shall not approve any transactions that the Company's regulations, law enforcement, or any regulations from the Securities and Exchange Commission and the Stock Exchange of Thailand require the Chief Executive Officer to obtain the consent from the Board of Directors' meeting or the Shareholders' meeting.

- For any investment and borrowing decisions, the Chief Executive Officer has to propose to be acknowledged and approved by the Board of Directors.
- For the related transactions and the acquisition or disposal of assets of the Company, the Chief Executive Officer will conduct to be aligned with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand

### **President**

#### **Authority and Responsibility of the President**

(Minutes of the Board of Directors' Meeting 1/2002 as of August 26<sup>th</sup>, 2002)

The President has duties and responsibilities to be similar to the Chief Executive Officer's except the amount of expenses or payments to be approved by the President is less than the Chief Executive Officer.

### **Company Secretary**

The Board of Directors of the Company has appointed Mrs. Panravee Pongpan as a company secretary, effective February 14<sup>th</sup>, 2017 whose duties and responsibilities to advice about the legal and accounting related considerations and other regulations require the Board of Directors to acknowledge. Besides, the Company Secretary has to oversight the overall activities of the Board of Directors as well as facilitates the compliance of the resolutions of the Board of Directors.

## Board of Directors' Meeting

In 2015 - 2017, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	2015 (Totally 5 meetings)	2016 (Totally 4 meeting)	2017 (Totally 5 meeting)
Mr. Oranop Jantaraprapa	4	4	4
Mr. Pongkit Suttapong	4	4	5
Mr. Nopporn Witoonchart	4	5	5
Mr. Somnuk Pojkasemsin	4	5	5
Mr. Kittinanth Sumruatruamphol	4	5	5
Mr. Vicha Poolvaraluck	4	4	5
Mr. Verawat Ongvasith	4	4	5
Ms. Thitapat Isarapornpat	4	5	5
Mr. Chai Jroongtanapibarn	4	5	5
Ms. Nantia Montriwat	4	4	4
Mr. Dej Bulsuk	3	4	5
Ms. Sabaithip Suntaros	4	5	5
Ms. Porntipa Rujipairoj*	1	-	-
Mrs. Jitthada Paoin*	1	-	-
Mrs. Panravee Pongpan*	1	-	-

\* The Board of Directors' Meeting has approved a resolution to appoint Ms. Porntipa Rujipairoj, Mrs. Jitthada Paoin and Mrs. Panravee Pongpan as directors since April 22<sup>nd</sup>, 2015 and to resign from director position of company, being effective from Aug 4<sup>th</sup>, 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 2017, the 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 70 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>• 1980 – 1990: Siam Cement Group Vice President of Operation Division, Construction and Supply Machine President, SCT Computer Co., Ltd., Computer President, Pan Supplies Co., Ltd (Siam Cement Group), Construction Material and 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 58 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 of 2005</li> <li>• The Joint State-Private Class #19, National Defense College, (WorPorOr. 2006), year of 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 Plc., 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 Plc., Telecommunication</li> <li>• 1984 – 1986: Marketing Planning Manager, Sabina Fareast Co., Ltd., Lingerie</li> </ul>

### 3. Mr. Nopporn Witoonchart • Age 53 years • Shareholding 6.18%

Position	Director • Chairman of Executive Committee • 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) Class #70 in 2005, Thai Institute of Directors Association (IOD)</li> <li>• Top Executive Program (CMA #8), Capital Market Academy 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> <li>• Top Executive Program in Tourism – (Gortorsor #1), Tourism Authority of Thailand</li> <li>• Business Revolution and Innovation Network (BRAIN #1), The Federation of Thai Industries</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 1994 – Present: Director, Chairman of Executive Committee, 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 60 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 Plc. (IEC), Telecommunication</li> <li>• 1991 – 1995: Vice President of Finance and Administrative Division, International Engineering Plc. (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 55 years • Shareholding 0%**

Position	Director • Executive Director • Chief Financial Officer • Authorized Director
Education	<ul style="list-style-type: none"> <li>• M.B.A. (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 54 years • Shareholding 0%**

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> <li>• M.B.A., 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, Executive Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2012–Present: Chairman of Executive Committee, Major Care Foundation</li> <li>• 2008–Present: Director and Vice Chairman of the Board of Directors, M Pictures Entertainment Plc.</li> <li>• 1998 – Present: Director, Chairman of Executive Committee, Major Cineplex Group Plc., Cinema and Bowling</li> </ul>

**7. Mr. Verawat Ongvasith • Age 47 years • Shareholding 0.03%**

Position	Director
Education	<ul style="list-style-type: none"> <li>• M.B.A., 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 Committee, Oak Tree Co.,Ltd., Sofitel So Bangkok Hotel</li> <li>• 2011–Present: Chairman of Executive Committee, Veranda Resort and Spa Co.,Ltd., Hotel</li> <li>• 2011 – Present: Chairman of Executive Committee, Veranda Beach Pattaya Co.,Ltd., Hotel</li> </ul>

**8. Ms.Thitaphat Issarapornpat • Age 49 years • Shareholding 0%**

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> <li>• M.B.A., Chulalongkorn University</li> <li>• Bachelor of Accounting, Ramkamhaeng University</li> <li>• Director Certification Program (DCP 148/2011), Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer</li> <li>• 2013 – Present: Vice President Chief Finance Officer, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2015 – Present: Director, Major Bowl Group Co.,Ltd.</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>• 2012 – Present: Director, K Arena Co., Ltd.</li> <li>• 2012 – Present: Director, M Pictures Entertainment Plc.</li> <li>• 2012 – Present: Director, Thai Ticket Major 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> </ul>

**9. Mrs. Nantiya Montriwat • Age 70 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 Security Guard Co., Ltd.</li> <li>• 2007 – 2015: Director, Muang Thai Real Estate Plc.</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> <li>• 1999 – 2004: Director, Muang Thai Holding Co., Ltd.</li> </ul>

**10. Mrs. Sabaitip Suntaros • Age 70 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 67 years • Shareholding 0.09%**

Position	Member of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> <li>• Bachelor's 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>• 2001 – Present: Member of the Audit Committee and Independent Director, AEON Thana Sinsap (Thailand) Plc.</li> <li>• 2004– Present: Chairman of Executive Committee, CCC Business Development Co., Ltd.</li> <li>• 2004 –Nov 2017: Member of the Audit Committee and Independent Director, The Erawan Group Plc.</li> <li>• 2011–May 2017: Independent Director, Patum Rice Mill and Grannary Plc.</li> <li>• 2011 –2015: Chairman of Nomination and Remuneration Committee, GMM Grammy Plc.</li> <li>• 2002 –2015: Member of the Audit Committee and Independent Director, GMM Grammy Plc.</li> <li>• 2002 – 2013: Member of the Audit Committee and Independent Director, Jay Mart Plc.</li> <li>• 2006 – 2009: Advisor Director, President Bakery Plc.</li> <li>• 2002 – 2009: Member of the Audit Committee and Independent Director, GMM Media Plc.</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 63 years • 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) 29/2003</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD) 24/2005</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, Oishi Plc., Soft Drink and Restaurants</li> <li>• 2014 – Present: Chairman and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel Trading and Services</li> <li>• 2000 – Present: Independent Director and 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 and 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 29 December 2017.

## Management

1. Mr. Nopporn Witoonchart • Age 53 years

Please see the Details in Board of Directors

2. Mr. Somnuk Pojkasemsin • Age 60 years

Please see the Details in Board of Directors.

3. Mr. Kittinanth Sumruatruamphol • Age 55 years

Please see the Details in Board of Directors.



# 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 2017 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 2017 Annual General Meeting of the Shareholders
  2. Attachment 1: Minutes of the 2016 Annual General Meeting of the Shareholders
  3. Attachment 2: 2016 Annual Report
  4. Attachment 3: Details on the provisioning of legal reserve for the 2016 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 2017 and the determination of audit fee
  8. Attachment 7: Details of issuing bonds
  9. Profile of Independent Director for principals
  10. Proxy Form A
  11. Proxy Form B
  12. Proxy Form C
  13. Evidence for proving the rights to attend the shareholders' meeting
  14. Articles of Association regarding the meeting of the shareholders
  15. 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.

## 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 2017 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 30 January 2017 to 10 February 2017. 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 directors and 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)).

#### Whistleblowing and Complaints

- In the case that employees or stakeholders suspect any unlawful activities or those in violation of the law, rules, regulations, or code of business conduct, they can deliver alert or complaints to the Company's Internal Control Unit.

#### Internal Control Unit

Siam Future Development Public Company Limited

6<sup>th</sup> Floor Esplanade Ratchdapisek

99 Ratchadapisek road, Din Deang, Din Deang,

Bangkok 10400

Tel: 02-660-9473

E-mail: rattipoom@siamfuture.com

- The Board of Directors specifies not to disclose any information related to the complaints and whistleblowing issues.
- After receiving the complaints or whistleblowing issues, the Internal Control Unit will collect data and evidence, summarize, and then propose its findings to the Audit Committee. If the finding is perceived to be harmful to the Company, the Audit Committee will propose to the Board of Directors for acknowledgement and further consideration.

#### **Anti-Corruption or Corruption**

- The Company attaches great importance to honesty and adherence to accuracy which is cultivated as one of the vital practices for every employee.
- The Company assigned its employee to attend the training session for Collective Action Coalition against Corruption (CAC) on August 9<sup>th</sup>, 2017.
- In 2017, the Company became a member in Thaipat Institute in order to receive the guideline for anti-corruption handbook.

## **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 2017, 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 2017, 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, two offshore road shows, 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 2017, five 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 2017, remuneration of the Company's Board of Directors and management comprised salary, meeting attendance fee and provident fund which amounted to THB 32.47 million in total, whereby
1. 12 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 21.80 million in total.
  3. Other remuneration, i.e. provident fund, equaled THB 4.67 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, change all light bulbs to LED bulbs to save energy, and invest in solar roof 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 Pattaya Avenue 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.

# Internal Control and Risk Management

## An Opinion of Board of Directors on the Company's Internal Control System

In 2017, the Board of directors, which consists of the independent directors and audit committee, overviewed the sufficiency and suitability of the Company's internal control in accordance with the annual sufficiency audit of internal control from the office of the Securities and Exchange Commission and Stock Exchange. They concluded that the Company has adequate internal control systems including the organization control and environment, risk management, management control, information and communication, and monitoring. Moreover, the internal auditor, Dharmniti Internal Audit Co.,Ltd. has inspected the internal control systems and concluded that the Company has sufficient internal control, thus, they are in agreement with the Board of Directors, in which the details are as follows:

### 1. Organization Control and Environment

The Company has laid the clear operating goal which is reasonable and measureable along with vision, strategy, and budget planning which allow the business operation to comply with it. The authorization is also well set in order for every employee to acknowledge their own authorities, roles, and responsibilities. By doing so, they will be able to work on their best competency and efficiency.

Good governance is an important principle for the corporate sustainability and growth. All employee within the Company has to abide by the policies of good governance. The employment handbook includes the topic of Code of Conducts and Code of Best Practice at workplace. The major content is about to perform the job in best effort, be honest, and fair-minded. The management and employee shall

not use the Company's confidential information to gain the benefits to oneself and they shall not act in any way to cause an impact to the Company's interests. There is a clear disciplinary action if the rules and regulations are violated.

In terms of financial transactions and procurement, the Company has determined the payment approval and procurement methods in writing. The rules, conditions, and authority to approve the payment as well as the methods to create procurement contract are clearly stated in order to prevent any fraud from the transactions.

### 2. Risk Management

The Company has established the standardized and effective risk management process in order to mitigate risks from internal or external factors that could impact the Company's operation. Thus, the Financial Committee was appointed to assist the Board of Directors to overview and manage the risks that might arise from financial and operating transactions. The process of overviewing and evaluating such risks is continuous so that the Company are assured about the risk mitigation and controlling in a manageable level. Moreover, all employee has the responsibilities to manage their own risk within their scope of work and report the Board of Directors accordingly.

### 3. Management Control

To make sure that all the employee are able to work in the right direction consistently, the Company has set goals and year plan clearly along with the authorities and responsibilities of the employee. Moreover, for the transparency and flexibility in the operation, the Company has set the scope of

authority and approval amount for all executives and managing level. There are segregation of duties that could lead to corrupt practices. For the related parties' transactions, such transaction should be treated as a normal practice and the responsible person should determine the appropriate and fair condition in the interests of shareholder and the Company in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests. For other transactions, the type and size will be determined and oversight by the Company secretary and Internal Control Unit to be in accordance with the regulations of the Stock Exchange of Thailand. The reports of the related parties' transactions are to be acknowledged by the Audit Committee according to the related transaction policy. The transactions should be reviewed by the Internal Control Unit and auditor to be assured that the Company has complied with the rules and regulations.

#### 4. Information and Communication

All the decisions should be made based on the accurate, adequate, and up-to-date information. Thus, in order for the Board of Directors to approve any issue, the management and involved person should provide accurate and sufficient information along with the analysis and recommendation. The Board of Directors should receive the meeting invitation and the attached document 7 days prior to the meeting. The management and involved person should participate in the meeting to provide the comments and more details to the Board of Directors. The resolutions of the meeting will be recorded by the

Company secretary. The communication of operating details, job related information, policies, and regulations are well provided to all employees. The storing of audit related document and information are managed to be completed for the transparency and sufficiency of information for the operation.

#### 5. Monitoring

The Company has an organized monitoring process. There are weekly meeting for Project Planning and Management Committee, monthly meeting for Financial Committee and Executive Committee, and quarterly meeting for the Board of Directors to order to consider, analyze, and evaluate the operating result to be in accordance with the target. The problem solving and changing of plan might be executed to be consistent with such circumstance. Moreover, the Internal Control Unit has the responsibilities to overview the alignment of operations to internal control and report to the Audit Committee every quarter. If any fraud is detected, it shall be reported to the Audit Committee immediately.

From the overview of the sufficiency and suitability of the Company's internal control, the Audit Committee concluded that the Company has adequate internal control systems and approved the annual plan, operation monitoring report, operation examining result, and other reports, assigned the management to solve the issues that the internal auditor detected, and provided the advice for in the monitoring and evaluating process, and risk management.



### **An opinion of Audit Committee**

The Audit Committee overviewed the sufficiency and suitability of the Company's internal control in accordance with the annual sufficiency audit of internal control from the office of the Securities and Exchange Commission and Stock Exchange and agreed with the Board of Directors.

### **Head of Internal Control Unit**

Mr. Ratiipoom Sutepakul is the head of the Internal Control Unit with the sufficient experience and knowledge in internal audit.

## Related Transactions

Details of the related transactions that the Company entered to perform the transactions with person/juristic person that may have conflict of interests in the year of 2016 and 2017 as follows.

Person/Juristic Person that might have Conflict of Interests	Relationship	Detail of Transaction	Transaction Value (Thousand Baht)		Justification and Rationale for Related Transactions
			2016	2017	
Major Cineplex Group Public Company Limited ("Major")	Major shareholders	<ul style="list-style-type: none"> <li>SF earns rental and service income as share percentage in which SF or its subsidiaries have made rental and service contracts with Major.</li> </ul>	79,236	75,164	<ul style="list-style-type: none"> <li>The rental and service income was collected based on the normal market rate which is equivalent to the rate that SF received from other tenants.</li> <li>The Audit Committee has considered the information of related transactions of the Company in the year of 2016 and 2017 and deemed that the Company's related transactions in the accounting year ended 31 December 2016 and 2017 were the reasonable transactions according to the general trade condition or according to the appropriate and fair condition in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests.</li> </ul>
		<ul style="list-style-type: none"> <li>Major provides management service for Ratchayothin Avenue in which the expense occurs monthly and the payment amount is stated in the contract.</li> </ul>	6,311	5,403	

### Justification and Rationale for Related Transactions

The rental and service income has been collected based on the normal market rate which is equivalent to the rate that SF received from other tenants. The Audit Committee has considered the information of related

transactions of the Company in the year of 2016 and 2017 and deemed that the Company's related transactions in the accounting year ended 31 December 2016 and 2017 were the reasonable transactions according to the general trade condition or according to the appropriate and fair condition in the same nature as the reasonable man should act with the general contractual party in the same situation with the

trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests.

#### Approval Procedure of Related Transactions

According to the policy of the Company, the processes of performing the related transactions must be executed under the principle considered and approved by the Board of Directors and the meeting should involve the Audit Committee to mutually consider and approve the transaction. The Company shall comply with Securities and Exchange Law and regulation, announcement, order or requirement of the Stock Exchange of Thailand, and also comply with the requirement of disclosure for the connected transaction performing information. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

#### **Policy or Trend of Future Related Transaction Performing**

The Company expects that the policy or trend of future related transaction performing will be similar to the past transactions. The Company has the policy to perform future related transactions to be aligned with the general trade condition and fair price and it should be comparable with the transaction performing between the Company and the general person. The Company determines that the Audit Committee shall consider and comment about the

necessity in participating in performing transaction and price appropriateness of the said transaction before proposing to the Board of Directors and/or the Shareholders' Meeting as the case may be for further consideration and approval. In the event that the Audit Committee is not expert in considering the contingent related transaction, the Company shall assign the independent appraiser, independent specialist or the Company's auditor to comment about performing the said related transaction so that the Audit Committee can use it as decision making support, and to give opinion to the Board of Directors and/or the shareholders as the case may be for approval on the said transaction before entering to perform the transaction. The consideration and approval on the said related transaction performing shall be complied with Securities and Exchange Law, regulation, announcement, order or requirement of the Stock Exchange of Thailand. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

#### Investor Protection Measure

- In the Company's regulation, it has stated clearly that the person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing such related transaction.
- The Company shall disclose related transactions with the rationale for such related transaction to the shareholder in the Annual Report of the Company.

# SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

## CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2017

## 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 2017, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include 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><i>Valuation of investment property</i></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 9,821.26 million, representing 57% of total assets as at 31 December 2017, with a gain from fair value adjustment on investment property of Baht 46.53 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 assess 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, as well as certain assumptions, that were concurred by management.</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 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.



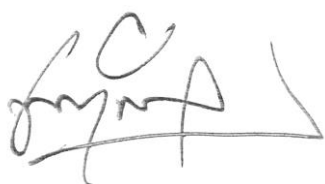
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely 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 2018

## Statements of Financial Position

As at 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	34,857,193	25,197,937	18,124,672	9,942,570
Short-term investments	4, 6	384,129,319	171,241,172	384,129,319	171,241,172
Trade and other receivables	7	146,183,228	126,410,442	98,426,064	81,489,688
Finance lease receivables due within one year	8	25,571,306	29,480,285	18,357,671	22,613,377
Amounts due from related parties	30 c)	10,139,815	6,474,479	678,399,958	548,294,620
Short-term loans to related parties	30 d)	15,900,000	18,150,000	39,500,000	206,000,000
Other current assets	9	21,840,529	13,677,540	8,793,649	-
<b>Total current assets</b>		<b>638,621,390</b>	<b>390,631,855</b>	<b>1,245,731,333</b>	<b>1,039,581,427</b>
<b>Non-current assets</b>					
Restricted cash		610,464	605,072	-	-
Finance lease receivables	8	530,400,469	605,179,842	336,248,598	401,865,193
Investments in subsidiaries	10	-	-	257,925,000	257,925,000
Investments in joint ventures	10	6,057,493,258	4,649,303,072	1,978,580,800	1,978,580,800
Prepaid rent, net		901,096	967,361	-	-
Investment property	4, 11	9,821,266,215	9,102,951,920	4,835,359,938	4,177,370,793
Building and equipment, net	12	61,205,339	58,198,419	29,717,020	27,736,753
Intangible assets, net	13	34,598,273	13,847,464	29,860,883	9,409,964
Deposits for leasehold land		48,127,207	49,387,093	48,127,207	49,387,093
Other non-current assets		46,425,872	49,252,389	40,727,583	42,630,352
<b>Total non-current assets</b>		<b>16,601,028,193</b>	<b>14,529,692,632</b>	<b>7,556,547,029</b>	<b>6,944,905,948</b>
<b>Total assets</b>		<b>17,239,649,583</b>	<b>14,920,324,487</b>	<b>8,802,278,362</b>	<b>7,984,487,375</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 (Cont'd)**

As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings					
from financial institutions	14	629,625,149	349,583,366	629,625,149	349,583,366
Trade and other payables	15	198,205,596	140,300,745	144,521,572	93,320,943
Amounts due to related parties	30 e)	2,512,233	18,808,089	14,265,559	13,998,770
Short-term borrowings from subsidiaries	30 f)	-	-	324,100,000	272,650,000
Current portion of unearned rental and service income	18	51,191,616	39,196,001	19,624,990	13,491,011
Current portion of long-term borrowings	16	110,000,000	699,388,708	110,000,000	699,388,708
Finance lease liabilities on land leases - current portion		94,326,713	124,330,241	89,200,531	101,259,936
Corporate income tax payable		4,557,249	10,468,806	-	2,024,904
Other current liabilities	17	221,906,796	238,681,472	143,705,475	136,989,587
<b>Total current liabilities</b>		<b>1,312,325,352</b>	<b>1,620,757,428</b>	<b>1,475,043,276</b>	<b>1,682,707,225</b>
<b>Non-current liabilities</b>					
Unearned rental and service income	18	355,038,697	358,893,145	54,024,477	39,064,972
Long-term borrowings	16	1,481,602,628	499,406,215	1,481,602,628	499,406,215
Deposits received from customers		484,217,520	488,688,642	291,509,193	290,578,039
Deferred tax liabilities	19	1,002,715,505	957,134,261	431,169,857	404,448,481
Finance lease liabilities on land leases		1,420,625,665	1,326,234,577	919,107,778	838,815,173
Employee benefit obligations	20	38,891,397	37,507,859	38,891,397	37,507,859
<b>Total non-current liabilities</b>		<b>4,783,091,412</b>	<b>3,667,864,699</b>	<b>3,216,305,330</b>	<b>2,109,820,739</b>
<b>Total liabilities</b>		<b>6,095,416,764</b>	<b>5,288,622,127</b>	<b>4,691,348,606</b>	<b>3,792,527,964</b>

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

## Statements of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
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
Retained earnings					
Appropriated – legal reserve	22	177,666,690	177,666,690	177,666,690	177,666,690
Unappropriated		7,701,341,726	6,213,232,302	1,523,072,916	1,604,102,571
Other components of equity		(445,902)	(445,902)	(445,902)	(445,902)
Equity attributable to owners of the parent		10,289,198,566	8,801,089,142	4,110,929,756	4,191,959,411
Non-controlling interests		855,034,253	830,613,218	-	-
Total equity		11,144,232,819	9,631,702,360	4,110,929,756	4,191,959,411
Total liabilities and equity		17,239,649,583	14,920,324,487	8,802,278,362	7,984,487,375

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 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Revenues					
Rental and services income		1,358,395,864	1,368,926,147	759,860,638	777,040,137
Finance and interest income		22,538,830	26,268,732	22,046,845	30,171,621
Dividends income	30 a)	-	-	54,162,000	53,448,000
Other income		33,238,286	35,713,762	139,563,407	126,609,675
Share of profit from joint ventures	10	1,458,170,185	575,349,506	-	-
Total revenues		2,872,343,165	2,006,258,147	975,632,890	987,269,433
Expenses					
Cost of rental and services		547,128,543	529,221,556	309,552,371	304,422,360
Loss from adjustment					
on investment property, net	11	54,865,005	60,247,841	55,493,051	40,736,007
Selling expenses		29,377,006	32,918,395	25,667,627	26,993,127
Administrative expenses		198,233,191	182,999,355	178,154,196	164,531,331
Directors and management's					
remuneration	30 h)	14,712,906	19,372,087	14,712,906	19,372,087
Total expenses		844,316,651	824,759,234	583,580,151	556,054,912
Profit before finance costs					
and income tax		2,028,026,514	1,181,498,913	392,052,739	431,214,521
Finance costs	24	(70,575,524)	(75,242,935)	(75,176,852)	(79,975,177)
Profit before income tax					
		1,957,450,990	1,106,255,978	316,875,887	351,239,344
Income tax	25	(87,915,693)	(110,742,356)	(44,918,704)	(60,558,433)
Profit for the year		1,869,535,297	995,513,622	271,957,183	290,680,911
Profit attributable to:					
Owners of the parent		1,841,096,262	963,976,718	271,957,183	290,680,911
Non-controlling interests	10.2	28,439,035	31,536,904	-	-
		1,869,535,297	995,513,622	271,957,183	290,680,911
Earnings per share	26				
Basic earnings per share		1.04	0.54	0.15	0.16

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 Comprehensive Income

For the year ended 31 December 2017

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Profit for the year		1,869,535,297	995,513,622	271,957,183	290,680,911
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined employee benefit plans	20	2,910,388	-	2,910,388	-
Income tax relating to actuarial gains		(582,078)	-	(582,078)	-
<b>Other comprehensive income for the year, net of tax</b>		<b>2,328,310</b>	<b>-</b>	<b>2,328,310</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,871,863,607</b>	<b>995,513,622</b>	<b>274,285,493</b>	<b>290,680,911</b>
Total comprehensive income attributable to:					
Owners of the parent		1,843,424,572	963,976,718	274,285,493	290,680,911
Non-controlling interests		28,439,035	31,536,904	-	-
		<b>1,871,863,607</b>	<b>995,513,622</b>	<b>274,285,493</b>	<b>290,680,911</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 Changes in Equity**

For the year ended 31 December 2017

Consolidated financial statements								
	Notes	Attributable to owners of the parent						Total equity Baht
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Other components of equity	Non- controlling interests	
		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)
Total comprehensive income 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 2017		1,776,607,541	634,028,511	177,666,690	6,213,232,302	(445,902)	830,613,218	9,631,702,360
Dividends	27	-	-	-	(355,315,148)	-	-	(355,315,148)
Dividend paid from a subsidiary to non-controlling interests		-	-	-	-	-	(4,018,000)	(4,018,000)
Total comprehensive income for the year		-	-	-	1,843,424,572	-	28,439,035	1,871,863,607
Closing balance 31 December 2017		1,776,607,541	634,028,511	177,666,690	7,701,341,726	(445,902)	855,034,253	11,144,232,819

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 2017

	Notes	Separate financial statements					Total equity Baht
		Issued and paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Other components of equity 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)
Total comprehensive income 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 2017		1,776,607,541	634,028,511	177,666,690	1,604,102,571	(445,902)	4,191,959,411
Dividends	27	-	-	-	(355,315,148)	-	(355,315,148)
Total comprehensive income for the year		-	-	-	274,285,493	-	274,285,493
Closing balance 31 December 2017		1,776,607,541	634,028,511	177,666,690	1,523,072,916	(445,902)	4,110,929,756

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 2017

	Notes	Consolidated		Separate	
		Financial statements		Financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Cash generated from (used in) operations	28	201,520,380	1,059,203,694	(99,659,793)	759,667,354
Interest paid		(72,707,213)	(79,075,260)	(76,268,234)	(86,662,397)
Income tax paid		(56,574,877)	(65,452,989)	(25,753,445)	(26,123,201)
Income tax received		-	5,880,355	-	5,880,355
<b>Net cash generated from (used in) operating activities</b>		<b>72,238,290</b>	<b>920,555,800</b>	<b>(201,681,472)</b>	<b>652,762,111</b>
<b>Cash flows from investing activities</b>					
Purchases of intangible assets		(20,852,185)	(1,668,787)	(20,521,685)	(1,668,787)
Purchases of building, equipment and investment property		(409,131,049)	(312,872,552)	(360,201,206)	(186,015,026)
Short-term loans made to subsidiaries and related parties	30 d)	-	-	(1,100,000)	(294,500,000)
Repayments received from short-term loans to subsidiaries and related parties	30 d)	2,250,000	4,850,000	167,600,000	167,555,728
Proceeds from disposal of equipment		1,448,785	-	1,448,785	-
Dividends received	10	49,980,000	49,980,000	54,162,000	338,445,192
Interest received		945,152	1,085,200	227,417	173,878
<b>Net cash (used in) generated from investing activities</b>		<b>(375,359,297)</b>	<b>(258,626,139)</b>	<b>(158,384,689)</b>	<b>23,990,985</b>
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from financial institutions		1,750,041,783	499,583,366	1,750,041,783	499,583,366
Proceeds from issuance of debentures	16	498,103,200	-	498,103,200	-
Proceeds from long-term borrowings	16	593,968,428	-	593,968,428	-
Proceeds from borrowings from subsidiary	30 f)	-	-	84,300,000	154,700,000
Repayments to short-term loans from financial institutions		(1,470,000,000)	(150,000,000)	(1,470,000,000)	(150,000,000)
Redemption of debentures	16	(700,000,000)	(750,000,000)	(700,000,000)	(750,000,000)
Repayments to short-term loans from subsidiary and related parties	30 f)	-	-	(32,850,000)	(157,050,000)
Dividends paid to shareholders	27	(355,315,148)	(266,482,716)	(355,315,148)	(266,482,716)
Dividends paid to non-controlling interests		(4,018,000)	(3,332,000)	-	-
<b>Net cash generated (used in) from financing activities</b>		<b>312,780,263</b>	<b>(670,231,350)</b>	<b>368,248,263</b>	<b>(669,249,350)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>9,659,256</b>	<b>(8,301,689)</b>	<b>8,182,102</b>	<b>7,503,746</b>
Cash and cash equivalents at beginning of the year		25,197,937	33,499,626	9,942,570	2,438,824
<b>Cash and cash equivalents at end of the year</b>		<b>34,857,193</b>	<b>25,197,937</b>	<b>18,124,672</b>	<b>9,942,570</b>

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

## Statements of Cash Flows (Cont'd)

For the year ended 31 December 2017

Supplementary information for cash flows:

## Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of purchases of building, equipment and investment property	1,221,757	15,652,249	1,156,380	8,379,114
Accounts payable arisen as a result of purchases of intangible assets	4,494,000	260,000	4,494,000	260,000
Investment property increases due to reversal of finance lease contracts	51,612,980	1,195,276	49,848,924	-
Increase in finance lease liabilities on land leases	255,338,333	231,526,287	255,338,333	231,526,287

Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2017

**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 2018.

**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 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets

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 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. 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. This standard has no impact to the Group.

TAS 28 (revised 2016), the significant change is 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 perform a consolidation at the level of the investment entity associate or joint venture. This standard has no impact to the Group.

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. This standard has no impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

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 Accounting policies (Cont'd)

#### 2.5 Short-term investment

Short-term investment is investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and short-term is defined as a year. The short-term investment is presented at a fair value in the 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
Motor vehicles	5 years
Office equipment	5 years
Computer and computer equipment	3 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 Accounting policies (Cont'd)

### 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 Accounting policies (Cont'd)

### 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 Accounting policies (Cont'd)

### 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.

3.1 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 retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

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 of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other 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 2017.

	Consolidated financial statements		
	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
<b>Assets</b>			
Short-term investments - trading securities	384,129	-	384,129
Investment property	-	9,821,266	9,821,266
	Separate financial statements		
	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
<b>Assets</b>			
Short-term investments - trading securities	384,129	-	384,129
Investment property	-	4,835,360	4,835,360

### 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 2017, the Group engaged external valuer for revaluation due to the maturity of revaluation according to the Group's policy.

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

### 4 Fair value (Cont'd)

#### 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 funds listed in the Stock Exchange of Thailand 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 engaged an independent valuer to estimate such information and assess the valuation of investment property.

The sensitivity analysis of the significant assumption for the fair value measurement of investment property as at 31 December 2017 are as follows:

	Impact to fair value of investment property		
	Consolidated financial statements		
	Change in assumption	Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 501,677	Increase 540,423

	Impact to fair value of investment property		
	Separate financial statements		
	Change in assumption	Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 304,216	Increase 340,504

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cash on hand	156	180	92	115
Deposits at call with banks	34,701	25,018	18,033	9,828
	<u>34,857</u>	<u>25,198</u>	<u>18,125</u>	<u>9,943</u>

The interest rates of deposits at call with banks are ranging from 0.20% to 0.63% per annum (2016: 0.20% to 0.50% per annum).

## 6 Short-term investments

As of 31 December 2017 and 31 December 2016, the Company has investments in securities as follows:

	Consolidated and Separate financial statements			
	2017		2016	
	Cost Baht'000	Fair Value Baht'000	Cost Baht'000	Fair Value Baht'000
Short-term investments				
Trading securities - equity	383,612	384,129	170,628	171,241

During the year ended 31 December 2017, the movements of investments in securities are as follows:

Consolidated and Separate financial statements
2017

	Baht'000
Beginning balance, net	171,241
Additions	951,500
Disposals	(739,626)
Revaluation surplus of short-term investment fair value	1,014
Ending balance, net	384,129

## 7 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables	111,062	84,551	76,445	52,831
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade receivables, net	111,062	84,551	76,445	52,831
Prepayment	6,260	5,008	4,797	2,755
Deposit receivable	-	2,381	-	2,006
Property tax receivable	23,585	20,758	12,544	12,421
Other receivables	5,276	13,712	4,640	11,477
	146,183	126,410	98,426	81,490

Outstanding trade accounts receivable can be aged as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Current	64,062	55,101	35,625	28,445
Overdue 1 to 6 months	32,016	10,548	26,317	5,757
Overdue 7 to 12 months	14,556	3,380	14,503	3,189
Overdue over 12 months	428	15,522	-	15,440
	111,062	84,551	76,445	52,831
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	111,062	84,551	76,445	52,831

## 8 Finance lease receivables

	Consolidated financial statements	Separate financial statements
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	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	46,143	54,279	32,041	40,473
Due within 2 to 5 years	168,780	207,306	108,308	148,934
Due later than 5 years	561,861	633,475	351,112	404,125
	<u>776,784</u>	<u>895,060</u>	<u>491,461</u>	<u>593,532</u>
The present value of minimum lease payments receivable				
Due within 1 year	25,571	29,480	18,358	22,613
Due within 2 to 5 years	91,216	116,336	58,227	85,815
Due later than 5 years	439,184	488,844	278,022	316,050
	<u>530,400</u>	<u>605,180</u>	<u>336,249</u>	<u>401,865</u>
	555,971	634,660	354,607	424,478
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>555,971</u>	<u>634,660</u>	<u>354,607</u>	<u>424,478</u>
The unearned finance income	<u>220,813</u>	<u>260,400</u>	<u>136,854</u>	<u>169,054</u>

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 financial statements	Separate financial statements
SIAM FUTURE DEVELOPMENT PLC.	99	ANNUAL REPORT 2017

	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Withholding tax deducted at sources	14,853	7,139	4,949	-
Value-added tax	6,988	6,539	3,845	-
	21,841	13,678	8,794	-

## 10 Investments in subsidiaries and investments in joint ventures

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

	Separate financial statements	
	2017	2016
	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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Investments in joint ventures</b>				
Opening book value	4,649,303	4,123,934	1,978,581	1,978,581
Dividends received	(49,980)	(49,980)	-	-
Shares of profit from joint ventures	1,458,170	575,349	-	-
Closing book value	6,057,493	4,649,303	1,978,581	1,978,581

During 2017, shareholders of the joint venture approved a dividends payment at Baht 0.34 per share, (2016: Baht 0.34 per share). The dividends were paid to the Company on 31 March 2017, amounting to Baht 49.98 million (2016: Baht 49.98 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	
		2017	2016
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 is no contingent liability relating to the Group's interest in the joint venture.

#### Summarised financial information for joint ventures

##### Investment during 2017

On May 26, 2017, SF Development Company Limited invested in Megabanga Avenue Company Limited totalling Baht 136 million, which included land and cash and cash equivalents amounting to Baht 78 million and Baht 58 million, respectively. The investment represented 50% of the issued shares. Investment in Megabangna Avenue Company Limited is accounted for as investment in subsidiary because SF Development Company Limited has control over the financial and operating policy decisions.

## 10 Investments in subsidiaries and investments in joint ventures (Cont'd)

### 10.1 Investments in joint ventures (Cont'd)

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

**Summarised consolidated statement of financial position**

	As at 31 December	
	2017	2016
	Baht'000	Baht'000
Cash and cash equivalents	540,118	736,479
Trade and other receivables	111,799	82,349
Other current assets	88,770	80,055
Prepaid rent	42	42
Investment property	18,815,976	15,244,459
Equipments, net	291,406	124,816
Intangible assets, net	4,502	-
Other assets	6,709	4,418
<b>Total assets</b>	<b>19,859,322</b>	<b>16,272,618</b>
Trade and other payables	324,933	118,155
Other current liabilities	321,669	389,836
Finance lease liabilities on land leases	317,286	316,099
Long-term loans from financial institutions	4,270,000	4,600,000
Unearned rental	113,889	129,817
Deferred tax liabilities	1,670,365	1,118,334
Employee benefit obligations	12,300	-
Other liabilities	1,189,872	1,029,408
<b>Total liabilities</b>	<b>8,220,314</b>	<b>7,701,649</b>
<b>Net assets</b>	<b>11,639,008</b>	<b>8,570,969</b>

**Summarised consolidated statement of comprehensive income**

For the years ended  
31 December



	2017	2016
	Baht'000	Baht'000
Rental income	2,182,374	2,050,597
Gain on fair value adjustment on investment property, net	2,494,540	475,328
Interest income	6,046	4,319
Other income	237,689	172,203
Cost of rental and service	(540,338)	(603,119)
Selling and administrative expenses	(335,270)	(289,512)
Finance cost	(253,340)	(272,300)
<b>Profit before income tax</b>	<b>3,791,701</b>	<b>1,537,516</b>
Income tax	(757,662)	(303,272)
<b>Net profit</b>	<b>3,034,039</b>	<b>1,234,244</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>3,034,039</b>	<b>1,234,244</b>
Dividends received from joint ventures	49,980	49,980

## 10 Investments in subsidiaries and investments in joint ventures (Cont'd)

### 10.1 Investments in joint ventures (Cont'd)

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:

	2017	2016
	Baht'000	Baht'000
Less than 1 year	6,451,256	-
Over 3 years	750,000	7,082,936
	<b>7,201,256</b>	<b>7,082,936</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 investment in joint venture.

	For the years ended 31 December	
	2017 Baht'000	2016 Baht'000
Summarised financial information		
Opening net assets 1 January	8,570,969	7,438,725
Profit during the year	3,034,039	1,234,244
Non-controlling interests	136,000	-
Dividend paid	(102,000)	(102,000)
Closing net assets	11,639,008	8,570,969
<u>Less</u> Non-controlling interests	(136,000)	-
Closing net assets after deducting non-controlling interest	11,503,008	8,570,969
Investments in joint ventures (49%)		
Carrying value	5,636,474	4,199,775

#### 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 equity method.

	2017 Baht'000	2016 Baht'000
Aggregate carrying amount of individually immaterial joint ventures	421,019	449,528
Aggregate amounts of the reporting entity's share of:		
Loss from continuing activities	(28,509)	(29,430)
Total comprehensive income	(28,509)	(29,430)

## 10 Investments in subsidiaries and investments in joint ventures (Cont'd)

### 10.2 Principal subsidiaries

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

	Nature of relationship	% Ownership interest	
		2017	2016
Subsidiaries			
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.

#### Summarised financial information on subsidiary 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	
	2017 Baht'000	2016 Baht'000
<b>Current</b>		
Assets	37,390	41,921
Liabilities	54,497	57,916
<b>Total current net assets</b>	<b>(17,107)</b>	<b>(15,995)</b>
<b>Non-current</b>		
Assets	1,396,356	1,396,954
Liabilities	376,115	384,862
<b>Total non-current net assets</b>	<b>1,020,241</b>	<b>1,012,092</b>
<b>Net assets</b>	<b>1,003,134</b>	<b>996,097</b>

## 10.2 Principal subsidiaries (Cont'd)

## Summarised statement of comprehensive income: Ratchayothin Avenue Company Limited

	For the years ended 31 December	
	2017	2016
	Baht'000	Baht'000
Revenue	11,939	11,905
Expenses	(2,322)	(2,724)
Profit before income tax	9,617	9,181
Income tax	(2,580)	(2,492)
Net profit	7,037	6,689
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>7,037</b>	<b>6,689</b>
Total comprehensive income allocated to non-controlling interests	3,518	3,345

## Summarised statement of cash flows: Ratchayothin Avenue Company Limited

	For the years ended 31 December	
	2017	2016
	Baht'000	Baht'000
<b>Cash flow from operating activities</b>		
Cash generated from operations	3,513	8,644
Interest paid	(1,023)	(130)
Income tax paid	(6,305)	(6,182)
Net cash (used in) generated from operating activities	(3,815)	2,332
Net cash generated from investing activities	5,475	5,847
Net cash used in financing activities	(2,000)	(9,000)
<b>Net decrease in cash and cash equivalents</b>	<b>(340)</b>	<b>(821)</b>
Cash and cash equivalents at beginning of the year	4,718	5,539
<b>Cash and cash equivalents at end of the year</b>	<b>4,378</b>	<b>4,718</b>

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

## 11 Investment property

	Consolidated financial statements		Separate financial statements	
For the years ended 31 December	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Investment property at 1 January	9,102,952	8,575,028	4,177,371	3,767,252
Additions during the year	671,783	501,279	643,804	396,860
Gain from fair value adjustment	46,531	26,645	14,185	13,259
Investment property at 31 December	9,821,266	9,102,952	4,835,360	4,177,371

	Consolidated financial statements		Separate financial statements	
For the years ended 31 December	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Statements of income for the year ended</b>				
Gain from fair value adjustment	46,531	26,645	14,185	13,259
Finance cost from recording investment property	(101,396)	(86,893)	(69,678)	(53,995)
Loss from adjustment on investment property, net	(54,865)	(60,248)	(55,493)	(40,736)

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

Consolidated financial statements			
	Building and building improvement Baht'000	Motor vehicles, office equipment, computer and computer equipment Baht'000	Total Baht'000
<b>At 1 January 2016</b>			
Cost	11,852	160,881	172,733
<u>Less</u> Accumulated depreciation	(4,313)	(123,021)	(127,334)
Net book amount	7,539	37,860	45,399
<b>For the year ended 31 December 2016</b>			
Opening net book amount	7,539	37,860	45,399
Additions	-	27,477	27,477
Depreciation amount	(483)	(14,195)	(14,678)
Closing net book amount	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 amount	7,056	51,142	58,198
<b>For the year ended 31 December 2017</b>			
Opening net book amount	7,056	51,142	58,198
Additions	13	24,413	24,426
Disposals, net	-	(1,260)	(1,260)
Depreciation charge	(483)	(19,676)	(20,159)
Closing net book amount	6,586	54,619	61,205
<b>At 31 December 2017</b>			
Cost	11,865	206,596	218,461
<u>Less</u> Accumulated depreciation	(5,279)	(151,977)	(157,256)
Net book amount	6,586	54,619	61,205

	Separate financial statements
	Motor vehicles, office equipment, computer and computer equipment Baht'000
<b>At 1 January 2016</b>	
Cost	108,356
<u>Less</u> Accumulated depreciation	(88,432)
Net book amount	19,924
<b>For the year ended 31 December 2016</b>	
Opening net book amount	19,924
Additions	15,652
Depreciation charge	(7,839)
Closing net book amount	27,737
<b>At 31 December 2016</b>	
Cost	124,008
<u>Less</u> Accumulated depreciation	(96,271)
Net book amount	27,737
<b>For the year ended 31 December 2017</b>	
Opening net book amount	27,737
Additions	14,361
Disposals, net	(1,260)
Depreciation charge	(11,121)
Closing net book amount	29,717
<b>At 31 December 2017</b>	
Cost	132,194
<u>Less</u> Accumulated depreciation	(102,477)
Net book amount	29,717

	Consolidated financial statements			Separate financial statements
	Goodwill Baht'000	Computer software licenses Baht'000	Total Baht'000	Computer software licenses Baht'000
<b>At 1 January 2016</b>				
Cost	5,000	32,784	37,784	32,784
<u>Less</u> Accumulated amortisation	(563)	(20,324)	(20,887)	(20,324)
Net book amount	4,437	12,460	16,897	12,460
<b>For the year ended 31 December 2016</b>				
Opening net book amount	4,437	12,460	16,897	12,460
Additions	-	230	230	230
Amortisation charge	-	(3,280)	(3,280)	(3,280)
Closing net book amount	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 amount	4,437	9,410	13,847	9,410
<b>For the year ended 31 December 2017</b>				
Opening net book amount	4,437	9,410	13,847	9,410
Additions	-	25,086	25,086	24,756
Amortisation charge	-	(4,335)	(4,335)	(4,305)
Closing net book amount	4,437	30,161	34,598	29,861
<b>At 31 December 2017</b>				
Cost	5,000	58,100	63,100	57,770
<u>Less</u> Accumulated amortisation	(563)	(27,939)	(28,502)	(27,909)
Net book amount	4,437	30,161	34,598	29,861



14 Short-term borrowings from financial institutions

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term borrowings from financial institutions	629,625	349,583	629,625	349,583

Short-term borrowings are in forms of promissory notes and bills of exchange denominated in Thai Baht, bearing interest at MOR - 4.07% and fixed rates ranging from 2.55% to 2.65% per annum and due for repayment in 2018.

15 Trade and other payables

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Trade payables	14,250	10,889	10,935	5,533
Accrued expenses	128,517	75,734	89,407	44,143
Retention payable	20,220	10,028	18,342	8,209
Accrued interest expense	9,303	11,434	9,303	11,434
Others	25,916	32,216	16,535	24,002
	198,206	140,301	144,522	93,321

	Consolidated and Separate financial statements	
	2017	2016
	Baht'000	Baht'000
Current portion of long-term borrowings		
Debentures	-	699,389
Loan from banks	110,000	-
Total current borrowings	110,000	699,389
Non-current portion of long-term borrowings		
Debentures	997,635	499,406
Loan from banks	483,968	-
Total non-current borrowings	1,481,603	499,406
Total borrowings	1,591,603	1,198,795

Maturity of long-term borrowings:

	Consolidated and Separate financial statements	
	2017	2016
	Baht'000	Baht'000
Within 1 year	110,000	699,389
Later than 1 year and not later than 2 years	124,000	-
Later than 2 years and not later than 5 years	1,357,603	499,406
	1,591,603	1,198,795

The movements in the debentures can be analysed as follows:

	Consolidated and Separate financial statements	
	2017	2016
	Baht'000	Baht'000
At 1 January	1,198,795	1,947,810
Addition during the year	500,000	-
Debenture issuance cost	(1,896)	-
Redemption	(700,000)	(750,000)
Amortisation of debenture issuance cost (Note 24)	736	985
At 31 December	997,635	1,198,795

As at 31 December 2017, outstanding debentures comprise:

- 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.
- 500,000 units with face value of Baht 1,000 per unit, unsubordinated and unsecured, totalling Baht 500 million, bearing interest of 4.10% per annum and mature on 15 November 2022.

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

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

	Consolidated and Separate financial statements	
	2017	2016
	Baht'000	Baht'000
At 1 January	-	-
Addition during the year	593,968	-
At 31 December	593,968	-

Long-term borrowings carries interest rate ranging from MLR - 3.00% to MLR - 2.38% per annum, and BIBOR (3M) + 2.20% per annum.

Interests on long-term borrowings are fixed with the weighted average effective rate of 4.07% per annum (2016: 4.91% per annum).

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

	Consolidated and Separate financial statements			
	Carrying amount		Fair value	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Total long-term borrowings	1,591,603	1,198,795	1,513,809	1,210,308

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.

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued property tax	215,348	228,969	138,325	128,532
Others	6,559	9,712	5,380	8,458
	<u>221,907</u>	<u>238,681</u>	<u>143,705</u>	<u>136,990</u>

18 Unearned rental and service income

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	51,191	39,196	19,625	13,491
Within 2 years and not later than 5 years	100,508	100,299	27,820	25,043
Later than 5 years	254,531	258,594	26,204	14,022
	<u>355,039</u>	<u>358,893</u>	<u>54,024</u>	<u>39,065</u>
	<u>406,230</u>	<u>398,089</u>	<u>73,649</u>	<u>52,556</u>

19 Deferred income taxes

The movements of the deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	(957,134)	(902,493)	(404,448)	(372,038)
Charges to statements of comprehensive income	(582)	-	(582)	-
Charges to income statements (Note 25)	(45,000)	(54,641)	(26,140)	(32,410)
At 31 December	<u>(1,002,716)</u>	<u>(957,134)</u>	<u>(431,170)</u>	<u>(404,448)</u>

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 financial statements			
	Deposit			
	received	Unearned		
	from	service		
	customers	income	Others	Total
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2016	17,098	23,969	7,685	48,752
Charges to income statements	(1,864)	(8,668)	877	(9,655)
At 31 December 2016	15,234	15,301	8,562	39,097
At 1 January 2017	15,234	15,301	8,562	39,097
Charges to statements of comprehensive income	-	-	(582)	(582)
Charges income statements	1,284	(1,234)	858	908
At 31 December 2017	16,518	14,067	8,838	39,423

#### 19 Deferred income taxes (Cont'd)

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

Deferred tax liabilities	Consolidated financial statements		
	Profit from		
	finance lease	Investment	
	contracts	property	Total
	Baht'000	Baht'000	Baht'000
At 1 January 2016	188,190	763,055	951,245
Charges to income statements	(19,787)	64,773	44,986
At 31 December 2016	168,403	827,828	996,231
At 1 January 2017	168,403	827,828	996,231
Charges to income statements	(20,084)	65,992	45,908
At 31 December 2017	148,319	893,820	1,042,139

Deferred tax assets	Separate financial statements			
	Deposit	Unearned		
	received	from service		
	from	income	Others	Total
	customers			
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2016	7,303	3,739	7,685	18,727
Charges to income statements	1,132	(430)	877	1,579
At 31 December 2016	8,435	3,309	8,562	20,306
At 1 January 2017	8,435	3,309	8,526	20,306
Charges to statements of comprehensive income	-	-	(582)	(582)
Charges to income statements	803	(458)	858	1,203
At 31 December 2017	9,238	2,851	8,838	20,927

Deferred tax liabilities	Separate financial statements		
	Profit from		
	finance lease	Investment	
	contracts	property	Total
	Baht'000	Baht'000	Baht'000
At 1 January 2016	56,956	333,809	390,765
Charges to income statements	(5,001)	38,990	33,989
At 31 December 2016	51,955	372,799	424,754
At 1 January 2017	51,955	372,799	424,754
Charges to income statements	(11,224)	38,567	27,343
At 31 December 2017	40,731	411,366	452,097

## 19 Deferred income taxes (Cont'd)

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

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets	39,423	39,097	20,927	20,306
Deferred tax liabilities	(1,042,139)	(996,231)	(452,097)	(424,754)
Total deferred tax liabilities	(1,002,716)	(957,134)	(431,170)	(404,448)

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.

	Consolidated and Separate	
	financial statements	
	2017	2016
	Baht'000	Baht'000
Statement of financial position		
Retirement benefit obligations	38,891	37,508
Statement of comprehensive income		
Expenses included in operating profit	5,175	4,382
Remeasurements gains recognised in other comprehensive income	(2,910)	-

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Separate	
	financial statements	
	2017	2016
	Baht'000	Baht'000
At 1 January	37,508	33,126
Current service cost	3,691	3,705
Interest cost	602	677
Losses from benefit payment	882	-
	42,683	37,508
Remeasurements:		
Loss from change in demographic assumptions	778	-
Loss from change in financial assumptions	560	-
Experience gains	(4,248)	-
	(2,910)	-
Payment from plans:		
Benefit payment	(882)	-
At 31 December	38,891	37,508

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2017	2016
Discount rates	2.04%	2.25%
Salary growth rate	6%	6%
Retirement age	60 years old	60 years old
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2008
Disability rate	5% of Thai Mortality Ordinary Table 2017	5% of Thai Mortality Ordinary Table 2008

Sensitivity analysis for each significant used is as follows:

	Impact to employee benefit obligations					
	Change in assumption		Consolidated and Separate financial statements			
			Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease 2,004	Decrease 1,695	Increase 2,288	Increase 1,948
Salary growth rate	1%	1%	Increase 2,219	Increase 1,968	Decrease 1,987	Decrease 1,755
Turnover rate	1%	1%	Decrease 2,129	Decrease 1,810	Increase 586	Increase 542

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 has been applied as when calculating the retirement benefits 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.



Expected maturity analysis of undiscounted defined benefit obligation

	31 December 2017 Baht'000	31 December 2016 Baht'000
Duration of the defined benefit obligation	7.28 years	5.81 years
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 5 years	29,017	14,259
Benefits expected to be paid later than 5 years and not later than 15 years	40,685	38,811
Benefits expected to be paid later than 15 years and not later than 25 years	77,303	60,159
Benefits expected to be paid later than 25 years	67,960	53,944

21 Share capital and share premium

	Ordinary share capital Baht'000	Share premium Baht'000	Total Baht'000
Issued and paid-up share capital			
At 1 January 2016	1,776,608	634,029	2,410,637
Issue of shares	-	-	-
At 31 December 2016	1,776,608	634,029	2,410,637
Issue of shares	-	-	-
At 31 December 2017	1,776,608	634,029	2,410,637

As at 31 December 2017, total authorised number of the ordinary shares is 1,776,618,036 shares with a par value of Baht 1 per share (2016: 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 (2016: 1,776,607,541 shares with a paid-up of Baht 1 per share).

## 22 Legal reserve

The Public Companies Act B.E. 2535, section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any) until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 23 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Depreciation on building and equipment (Note 12)	20,159	14,678	11,121	7,839
Staff costs	131,614	117,909	131,614	117,909

## 24 Finance costs

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Interest expenses				
- Debentures	46,093	64,230	46,093	64,230
- Long-term borrowings from bank	14,680	6,531	14,680	6,531
- Bank overdrafts	5	66	5	66
- Bill of exchange	8,203	2,421	8,203	2,421
- Debenture issuance cost (Note 16)	736	985	736	985
- Loan from related parties	-	-	4,601	4,732
- Others	859	1,010	859	1,010
Total finance costs	70,576	75,243	75,177	79,975

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	42,916	56,101	18,779	28,148
Deferred tax:				
Origination and reversal of temporary differences (Note 19)	45,000	54,641	26,140	32,410
Total income tax expenses	87,916	110,742	44,919	60,558

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,957,451	1,106,256	316,876	351,239
Tax calculated at a tax rate of 20% for the Company and 15% to 20% for subsidiaries	391,141	221,220	63,375	70,248
Tax effect of:				
Income not subject to tax	(290,978)	(115,070)	(10,832)	(10,690)
Expenses not deductible for tax purpose	1,504	2,760	972	1,581
Double deductions expenses	(1,531)	(876)	(772)	(581)
Utilisation of previously unrecognised tax losses	(3,136)	-	-	-
Others	(9,084)	2,708	(7,824)	-
Tax charge	87,916	110,742	44,919	60,558

## 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit attributable to equity holders of the parent (Baht'000)	1,841,096	963,977	271,957	290,681
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)	1.04	0.54	0.15	0.16

## 27 Dividends

### 2017

At the Annual General Shareholders Meeting held on 21 March 2017, the shareholders approved cash dividend payment amounting to Baht 0.20 per share in respect of 2016 operating results totalling Baht 355.32 million. The dividends were paid to the shareholders on 18 April 2017.

### 2016

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 results totalling Baht 266.48 million. The dividends were paid to the shareholders on 25 April 2016.

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

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Profit before income tax		1,957,451	1,106,256	316,876	351,239
Adjustments for:					
Depreciation and amortisation	12, 13	24,494	17,958	15,426	11,119
Loss from sale of equipment		(189)	-	(189)	-
Amortisation of prepaid rent		66	66	-	-
Interest income		(22,539)	(26,269)	(22,047)	(30,172)
Interest expense	24	70,576	75,243	75,177	79,975
Dividend income		-	-	(54,162)	(53,448)
Amortisation of debenture issuance costs	16	736	985	736	985
Realised unearned rental and service income		(30,186)	(34,745)	(12,490)	(16,512)
Employee benefit obligations	20	5,175	4,382	5,175	4,382
Loss from adjustment on investment property, net	11	54,865	60,248	55,493	40,736
Share of profit from joint venture	10	(1,458,170)	(575,349)	-	-
Unrealised gain from revaluation of short-term investments	6	(1,014)	(1,590)	(1,014)	(1,590)
Write-off of withholding tax		113	183	-	74
Changes in operating assets and liabilities:					
- short-term investment		(211,874)	398,370	(211,874)	398,370
- trade and other receivables		(19,807)	99,305	(9,773)	105,853
- finance lease receivables		48,698	51,546	34,679	38,251
- amounts due from related parties		(3,665)	(5,136)	(130,105)	(118,441)
- other current assets		(529)	(6,750)	(3,844)	(900)
- deposits for leasehold land		1,260	37,528	1,260	37,528
- other non-current assets		2,827	3,259	1,903	3,458
- trade and other payables		61,690	(701)	51,379	5,681
- amounts due to related parties		(2,310)	1,571	4,168	(51)
- other current liabilities		(16,775)	39,794	6,716	19,510
- unearned rental and service income		38,327	(24,281)	33,584	(11,056)
- deposit received from customers		(4,471)	(5,265)	931	3,194
- finance lease liabilities on land leases		(292,347)	(157,404)	(256,783)	(108,518)
- employee benefit obligations	20	(882)	-	(882)	-
Cash generated from (used in) operations		201,520	1,059,204	(99,660)	759,667

## 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 25.99% of the Company's share (31 December 2016: 24.89%). 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Rental and service income</b>				
Subsidiaries	-	-	960	960
Group Major Cineplex Group				
Public Company Limited	75,164	79,236	28,219	30,008
Related parties	29,279	30,042	22,097	21,859
	<u>104,443</u>	<u>109,278</u>	<u>51,276</u>	<u>52,827</u>
<b>Management fee income</b>				
Subsidiaries	-	-	53,842	54,874
Joint ventures	5,400	5,400	5,400	5,400
	<u>5,400</u>	<u>5,400</u>	<u>59,242</u>	<u>60,274</u>
<b>Interest income</b>				
Subsidiaries	-	-	7,164	11,622
Major Cineplex Group				
Public Company Limited	473	570	-	-
	<u>473</u>	<u>570</u>	<u>7,164</u>	<u>11,622</u>
<b>Dividend income</b>				
Subsidiaries	-	-	4,182	3,468
Joint ventures	-	-	49,980	49,980
	<u>-</u>	<u>-</u>	<u>54,162</u>	<u>53,448</u>
<b>Cost of rental and service</b>				
Subsidiaries	-	-	2,565	2,612
<b>Administrative expense</b>				
Major Cineplex Group				
Public Company Limited	5,403	6,311	5,027	5,954
<b>Interest expense</b>				
Subsidiaries	-	-	4,601	4,732

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 5.00 % per annum (2016: 2.72% to 5.00% per annum).

Interest expense is charged at the rates between 1.21% to 2.72% per annum (2016: 1.26% to 2.72% per annum).

The following transactions were carried out with related parties: (Cont'd)

b) Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Group Major Cineplex Group				
Public Company Limited	2,135	33	1,882	-
Related parties	-	8	-	8
	<u>2,135</u>	<u>41</u>	<u>1,882</u>	<u>8</u>

c) Amounts due from related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	668,400	541,995
Joint venture	10,000	6,300	10,000	6,300
Major Cineplex Group				
Public Company Limited	140	174	-	-
	<u>10,140</u>	<u>6,474</u>	<u>678,400</u>	<u>548,295</u>

d) Short-term loans to related parties

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning balance	18,150	23,000	206,000	79,056
Additions	-	-	1,100	294,500
Repayments received	(2,250)	(4,850)	(167,600)	(167,556)
Ending balance	<u>15,900</u>	<u>18,150</u>	<u>39,500</u>	<u>206,000</u>

Short-term loans to subsidiaries are repayable upon demand, bearing interest at the rates of 5.00% per annum (2016: 5.00% per annum).

Short-term loans to Major Cineplex Group Public Company Limited are repayable upon demand, bearing interest at the rate of 2.72% per annum (2016: 2.72% per annum).



e) Amounts due to related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	12,501	8,895
Major Cineplex Group Public Company Limited	2,512	18,808	1,765	5,104
	2,512	18,808	14,266	13,999

30 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

f) Short-term loans from a subsidiary

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

	Separate financial statements	
	2017	2016
	Baht'000	Baht'000
Beginning balance	272,650	275,000
Additions	84,300	154,700
Repayments	(32,850)	(157,050)
Ending balance	324,100	272,650

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 1.21% to 2.72% per annum. (2016: 1.26% to 2.72% per annum).

g) **Unearned rental and service income**

As at 31 December of 2017, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 82 million (2016: Baht 87 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 financial statements	
	2017 Baht'000	2016 Baht'000
Short-term benefits	13,560	17,594
Post-employment benefits	1,153	1,778
	<u>14,713</u>	<u>19,372</u>

31 **Commitments and contingencies**

**Bank guarantees**

As at 31 December 2017, the Group has outstanding letters of guarantee amounting to Baht 55 million (2016: Baht 52 million) issued by banks 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 financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Less than 1 year	12,624	12,479	10,726	11,379
Over than 1 year but not later than 5 years	20,853	2,451	17,058	2,451
	<u>33,477</u>	<u>14,930</u>	<u>27,784</u>	<u>13,830</u>

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 based on cost method of investment property for the year ended 2017 and 2016 are as follows:

	Consolidated financial statements	
	2017	2016
	Baht'000	Baht'000
<b>Revenues</b>		
Rental and service income	1,358,396	1,368,926
Finance and interest income	22,539	26,269
Other income	33,238	35,714
Share of profit from joint venture	369,735	281,652
Total revenues	1,783,908	1,712,561
<b>Expenses</b>		
Cost of rental and service	932,348	910,553
Selling and administrative expenses	242,332	238,314
Total expenses	1,174,680	1,148,867
<b>Profit before finance costs</b>	609,228	563,694
Finance costs	(70,576)	(75,243)
<b>Profit before income taxes</b>	538,652	488,451
Income taxes	(21,925)	(45,968)
<b>Profit for the year</b>	516,727	442,483
<b>Profit before adjustments regarding investment property-net attributable to:</b>		
Owners of the parent	499,453	424,218
Non-controlling interests	17,274	18,265
	516,727	442,483
Adjustments regarding investment property, net	1,352,808	553,031
<b>Profit for the year after adjustments regarding investment property</b>	1,869,535	995,514
<b>Profit before adjustments regarding investment property-net attributable to:</b>		
Owners of the parent	1,841,096	963,977
Non-controlling interests	28,439	31,537
	1,869,535	995,514

Adjustments regarding investment property mainly are the fair value adjustment, depreciation of the property and deferred income taxes.

Fair value of investment property increases during the year mainly due to the revaluation for 2 projects being project Nanglinchee and project Sukhapiban 3 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.1/2018 held on 14 February 2018, the board approved cash dividend payment amounting to Baht 0.25 per share in respect of 2017 operating results totalling Baht 444 million. The dividends will be payable to the shareholders in April 2018.



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