



รายงานประจำปี 2561

ANNUAL REPORT 2018

SIAM FUTURE DEVELOPMENT PLC.



Contents

Page

| | |
|---|----|
| Message from the Board of Directors | 1 |
| Audit Committee Report | 3 |
| General Information | 5 |
| Major Accomplishments of the Company | 8 |
| Financial Highlights | 9 |
| Management Discussion and Analysis (MD&A) | 11 |
| Nature of Business | 17 |
| Marketing and Competition | 24 |
| Risk Factors | 29 |
| Organization Chart | 33 |
| Shareholding Structure and Management | 34 |
| Report on Compliance with Principles of Good Corporate Governance | 48 |
| Corporate Social Responsibility | 59 |
| Internal Control and Risk Management | 62 |
| Related Transaction | 64 |
| Report of Independent Auditor and Financial Statements | 66 |

Message from the Board of Directors

2018 global economy confronted with uncertainty from various factors from US-China trade war, FED signal on higher interest rate trend, China economic plan, Brexit current situation and a change in the economic and political policy of the EU member countries. While, there were improvement in 2018 Thailand economic situation from consumption and investment in private sector, tourist sector, progress on public investment in infrastructure as well as stability in political situation.

In 2018 the Company had developed and opened an extension of the Marketplace Nanglinchee project by expanding the rental area from 3,000 square meters to 11,000 square meters. The 1st phase of 6,500 square meters was opened in November 2017 then 2nd phase of 4,500 square meters was opened in December 2018.

The Company also partially renovated J Avenue by adding Indoor Food Hall concept to serve customer experience which opened in July 2018. In addition, Marketplace Sukaphiban 3 was renovated and started operating in January 2019 by expanding building area, building new glass houses in the front, adding more parking space and improving driving circulation in the project to support new orange line subway, planned to operate in Year 2023.

The Company was also under developing a new project in form of a neighborhood 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 was expected to complete and opened in February 2019.

Moreover, the Company planned to renovate Marketplace Thonglor 4 shopping center since it had extended the lease agreement of the existing land plot for another 32 years to expand the rental area from 3,000 square meters to 20,000 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 late of 2019 and the project was expected to complete and opened in year 2021.

The operating performance of Megabangna project had been continually outstanding. With a development plan to turn surrounded land of Megabangna into Megacity, 1st phase development of approximately 18,000 square meters was developed by adding international school during August 2018 including outdoor entertainment concept which had Marvel Experience operated in June 2018 and Movement Playground planned to open in April 2019.

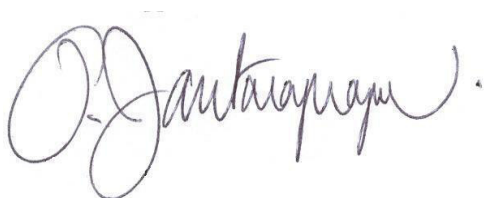
Moreover, there was another under construction project in Megabangna by strengthen Edutainment tenants with additional 8,500 square meters comprising of Harborland as a new mini anchor and 7 more kids' education and activity tenants. This project planned to open starting from March 2019 and will be completed in June 2019.

As at 31 December 2018, the Company had 19 projects in total with total rental space of 426,044 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.

A handwritten signature in dark ink, appearing to read 'Oranop Jantaraprapa', with a stylized flourish at the end.

(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 2018 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 2018 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 2019. 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 29th, 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 center¹. In 2012, the Company has begun to develop and manage super regional mall ², which was Megabangna Shopping Center.

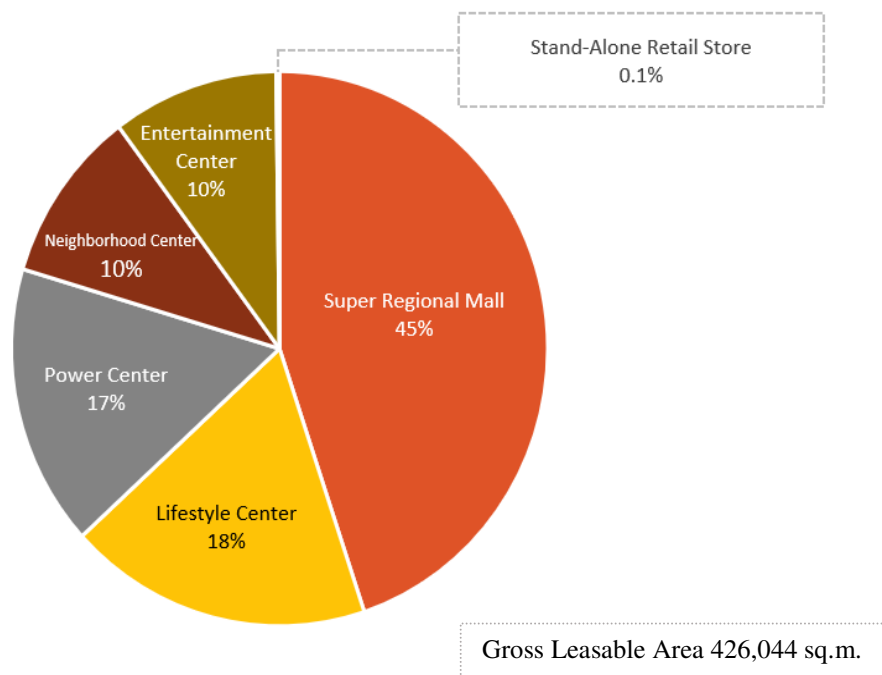
Presently the Company owns altogether 19 operating projects and 1 developing projects. Currently, the total gross leasable area is 426,044 Sq.m.

| | Type of shopping center | Number of shopping centers | Name of Shopping Centers |
|---|----------------------------|----------------------------|--|
| 1 | Neighborhood Center | 6 | Bangbon, PrachaUtit, Sukhapiban 3, Thonglor Soi 4, Marketplace Nanglinchee, Marketplace Nawamin (Sukapiban 1), Market Place Dusit (Developing project) |
| 2 | Stand-alone Retail Store | 2 | Mengjai and Bangkae |
| 3 | Power Center | 3 | Petchkasem Power Center, Ekkamai Power Center and SF Major Cineplex Cha Choeng Sao |
| 4 | Lifestyle Center | 6 | J Avenue Thonglor 15, La Villa Phonyothin, The Avenue Chaeng Watthana, Pattaya Avenue, The Avenue Ratchayothin, and Nawamin City Avenue |
| 5 | Urban Entertainment Center | 1 | Esplanade Ratchadapisek |
| 6 | Super Regional Mall | 1 | Megabangna |
| | Total | 19 | |

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.

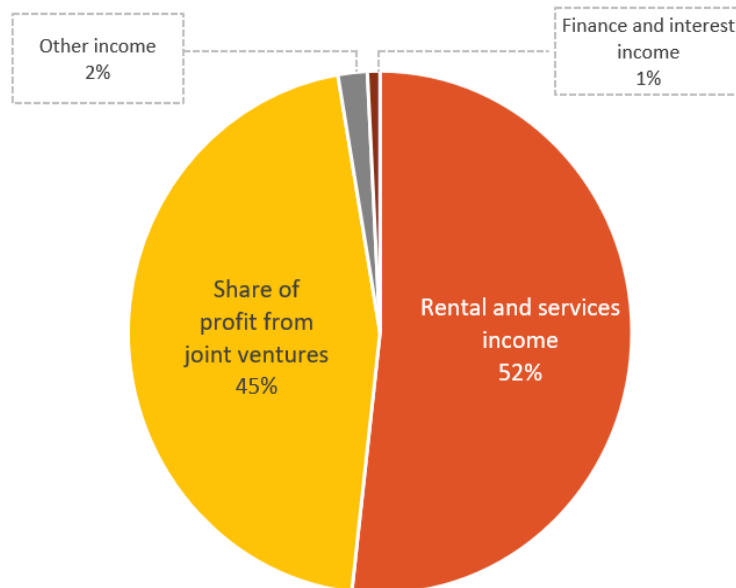
Y2018 Portfolio by type of shopping center



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. Share profit (loss) from joint venture which is Megabangna
3. Other Income such as revenue from the installation of electricity and water meters
4. Revenue from financials and interest from long-term lease tenants

Revenue Contribution for the year ended 31 December 2018



Company Profile

Company Name 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
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,
14th 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
15th 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
11th 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 Bangbon with JUSCO as an 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 th , 2002. |
| 2003 | - The 5th and 6th 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 th , 2003 and became effective on January 1 st , 2004 |
| 2004 | - Acquired the Family Center Chaeng Watthana and Piyarom Park - Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, the 1 st Power Center, and J Avenue Thonglor 15, the 1 st 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 The Avenue Ratchayothin 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 The Avenue Ratchayothin 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 rd , 2011. |
| 2012 | - Megabangna, Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 th , 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 acquired land for developing new project (Mega Rangsit) |
| 2016 | - Started the construction of an additional section at Marketplace Nanglinchee Phase 1 and Megabangna, - Partial tender offer by Major Cineplex Group Plc. |
| 2017 | - Marketplace Nanglinchee Phase 1 was opened in November 2017 - Megabangna's extension (Mega Food-walk) was opened in December 2017 |
| 2018 | - Renovation on J Avenue Thonglor and started operated in July 2018 - Fully operated of Market Place Nanglinchee in December 2018 |

Financial Highlights

Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2018

| Unit: Thousand Baht | Year 2018 | Year 2017 | %Change in Y2018-2017 |
|--|------------|------------|-----------------------|
| Total Assets | 19,375,278 | 17,239,650 | 12% |
| Total Liabilities | 6,782,922 | 6,095,417 | 11% |
| Shareholders' Equity | 12,592,356 | 11,144,233 | 13% |
| Paid-up Capital | 1,776,608 | 1,776,608 | 0% |
| Total Revenue | 2,684,891 | 2,872,343 | (7%) |
| Net Profit | 1,653,713 | 1,841,096 | (10%) |
| Recurring Profit | 482,429 | 499,453 | (3%) |
| Book Value per Share (Baht) ¹ | 6.47 | 5.79 | |
| Dividend per Share (Baht) ² | 0.30 | 0.25 | |
| Net Profit Margin | 61.59% | 64.10% | |
| Return on Equity (ROE) ³ | 15.18% | 19.29% | |
| Return on Assets (ROA) ⁴ | 9.03% | 11.45% | |
| Interest Bearing Debt to Equity Ratio | 0.20 | 0.20 | |
| Gross Leasable Area (Sq.m.) | 426,044 | 423,558 | 1% |

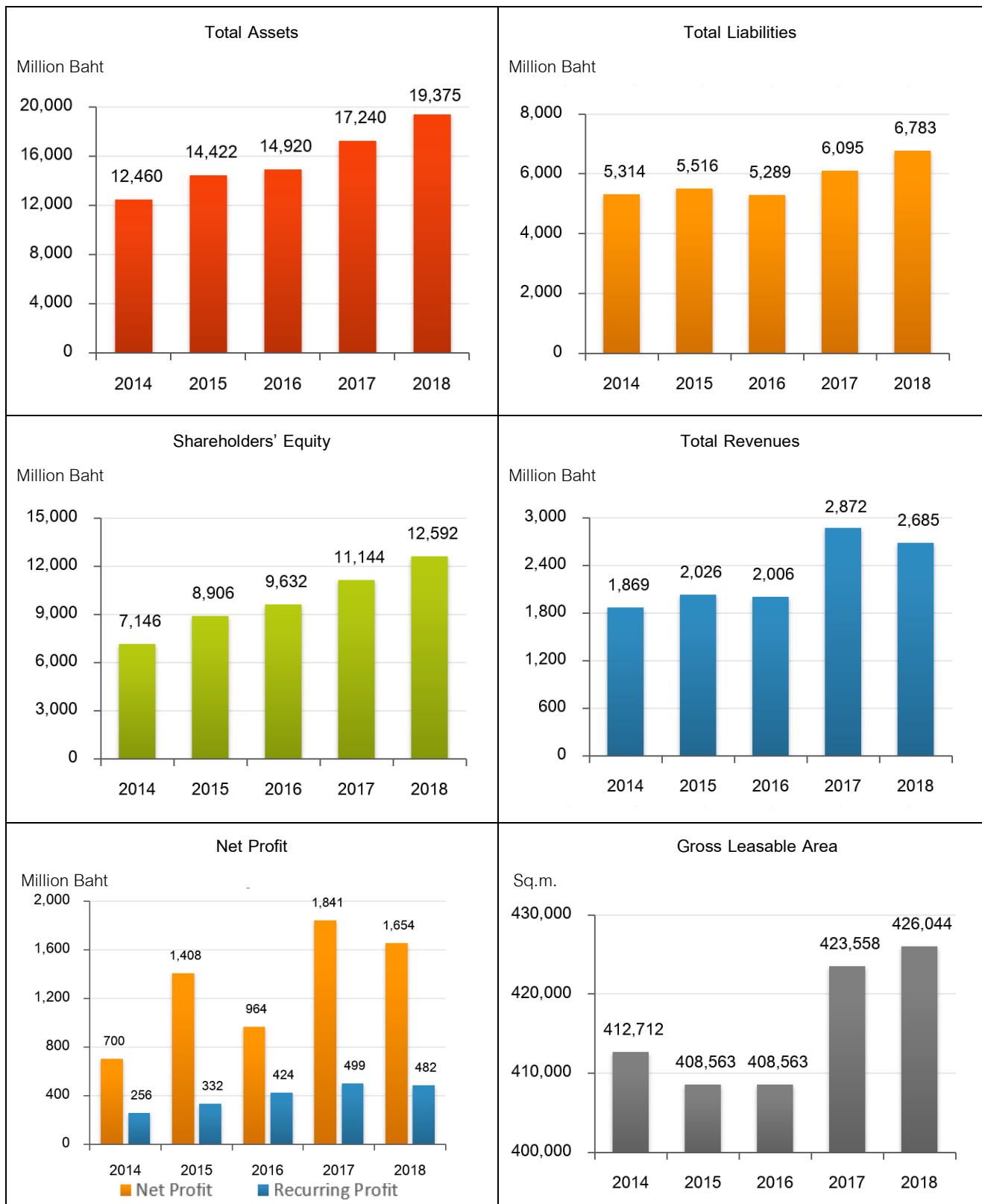
Note

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 2019 for approval at Stock dividend (5 current shares: 1 stock dividend) equal to 0.20 Baht/share and Cash dividend at 0.10 Baht/share. Total Dividend equal to 0.30 Baht/share.

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

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



Management Discussion and Analysis (MD&A)

Overview of the Operating Performance for the Year 2018

In 2018, the Company still focused on developing and improving the potential of the existing projects which had been operating for more than 10 years. This year, the Company has already renewed land lease agreement on 2 projects of La Villa which extended for 15 years and 18 years on 2 land plots and Marketplace Sukapiban 3 which extended for 20 years. The Company also leased land and building for 30 years on the plot next to Marketplace Thonglo Soi 4 due to high potential for business in the future. In addition, the Company has opened the second phase of Marketplace Nanglinchee integrating with phase 1 which already opened in 2017. This project received good feedback from customers.

However, during year 2018, the Company had renovated 2 shopping centers which were J Avenue, by renovating some area to Indoor Food Hall and operated in July 2018, and Marketplace Sukhapiban 3, by expanding leasable area, building new glass houses in the front, adding more parking space and improving efficiency of car's circulation. The renovation of Marketplace Sukhapiban 3 would be operated in January 2019. Thus, the recognition of rental and service income in 2018 of these projects would be decreased compared to prior year.

The company also optimized area in existing projects by allocating common area to event area which could increase variety of shopping experience to projects. This would also help generating more revenue to the company.

Accounting Policy

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 87 for more details).

Summary of the Financial Results

Company operates business of developing and managing shopping centers. Currently, financial statements of the company presented at fair value, while most financial statements users preferred cost method. Therefore, the company had provided cost method of income statement presented in No.33 Segment information of Notes to the Consolidated and Company Financial Statements in page 127-128. Detail as follow:

(Thousand Baht)

| Items | 2018 | 2017 | Change (%) Increase (decrease) |
|--|------------------|------------------|-----------------------------------|
| Revenue | | | |
| Rental and service income | 1,390,586 | 1,358,396 | 2.37% |
| Finance and interest income | 21,512 | 22,539 | (4.56%) |
| Other income | 42,489 | 33,238 | 27.83% |
| Share profit from joint venture | 394,403 | 369,735 | 6.67% |
| Total revenues | 1,848,990 | 1,783,908 | 3.65% |
| Expenses | | | |
| Cost of rental and service | 990,223 | 932,348 | 6.21% |
| Selling and administrative expenses | 256,263 | 242,332 | 5.75% |
| Total expenses | 1,246,486 | 1,174,680 | 6.11% |
| Profit before finance costs | 602,504 | 609,228 | (1.10%) |
| Finance costs | (74,937) | (70,576) | 6.18% |
| Income taxes | (28,638) | (21,925) | 30.62% |
| Non-controlling interests | (16,500) | (17,274) | (4.48%) |
| Recurring Profit attributable to owners of the parent | 482,429 | 499,453 | (3.41%) |
| Profit from fair value adjustment on investment property* | | | |
| Siam Future Development | 343,369 | 253,208 | 35.61% |
| Joint venture (Megabangna) | 827,915 | 1,088,435 | (23.94%) |
| Net profit | 1,653,713 | 1,841,096 | (10.18%) |

* 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 accounted for THB 1,390.59 million, increased by THB 32.19 million or 2.37% due to full-year revenue recognition of Marketplace Nanglinchee (Phase 1) which was operated in November 2017.

Other income for THB 42.49 million, increased by THB 9.25 million due to divestment in Piyarom Place project during the year.

Share profit from joint venture totalling THB 394.40 million, increased by THB 24.67 million or 6.67% year on year due to 4 main reasons:

1. Ability to rise the rental and service income according to their leasing agreement from Megabangna project. The switching of tenants within the project (Tenants Mix Strategy) also created the variety of shops and new experiences for customers.
2. Revenue recognition in 2018 of Mega Foodwalk, the extension phase of Megabangna opened in December 2017, which comprised of the second Tops Market in Megabangna and more than 30 restaurants. This was directly increased the rental and service income.
3. Realization of investment in new U-turn bridge connected to Burapha Withi Expressway as an expense in Q4'2018 in amount of THB 95 million.

Costs and Expenses

Cost of rental and service totalling THB 990.22 million, increased by THB 57.88 million or 6.21% year on year mainly due to operating cost including depreciation expense of Marketplace Nanglinchee as well as repair and maintenance expenses from other projects.

Selling and administrative expenses accounted for THB 256.26 million, increased by THB 13.93 million or 5.75% year on year, mainly due to the rise of the employee's expense.

Finance costs accounted for THB 74.94 million, increased by THB 4.36 million or 6.18% year on year from additional borrowing from financial institution to support construction of Marketplace Nanglinchee and Marketplace Dusit.

Gain from Fair Value Adjustment on Investment Property

Profit from fair value adjustment on the Company's investment property accounted for THB 343.37 million, increased by THB 90.16 million due to project revaluation. Mainly gain from revaluation were from land lease extension for 15 and 18 years (expired in 2037) in La Villa, opening of Marketplace Nanglinchee Phase 2, land revaluation of The Avenue Ratchayothin and fair value adjustment in other projects.

Profit from fair value adjustment on Megabangna's investment property accounted for THB 827.92, decreased by THB 260.52 million year on year, because of the opening of Mega Food-walk in Q4'2017.

Total Assets

(Thousand Baht)

| Statements of Financial Position | 2018 | 2017 |
|---|-------------------|-------------------|
| <u>Assets</u> | | |
| <u>Current assets</u> | | |
| Cash and cash equivalents | 50,981 | 34,857 |
| Short-term investments | 77,551 | 384,129 |
| Trade and other receivables | 122,727 | 146,183 |
| Finance lease receivables due within one year | 21,201 | 25,572 |
| Amounts due from related parties | 22,604 | 10,140 |
| Short-term loans to related parties | 14,500 | 15,900 |
| Other current assets | 36,817 | 21,841 |
| Total current assets | 346,381 | 638,622 |
| <u>Non-current asset</u> | | |
| Restricted cash | 616 | 611 |
| Finance lease receivables | 509,299 | 530,401 |
| Investments in joint ventures | 7,082,831 | 6,057,493 |
| Investments property | 11,250,082 | 9,821,266 |
| Prepaid rent, net | 835 | 901 |
| Building and equipment, net | 61,155 | 61,205 |
| Intangible assets, net | 32,211 | 34,598 |
| Deposits for leasehold land | 48,524 | 48,127 |
| Other non-current assets | 43,344 | 46,426 |
| Total non-current assets | 19,028,897 | 16,601,028 |
| Total assets | 19,375,278 | 17,239,650 |

As of December 31st, 2018, the Company's total assets equals to THB 19,375.28 million, increased by THB 2,135.63 million or 12.39% year on year which is elaborated as follows:

1. Investment in joint venture in 2018 accounts for THB 7,082.83 million, increased by THB 1,025.34 million year on year contributed by the shared profit of Megabangna from the increase in operating profit and fair value adjustment for THB 1,258.45 million. Dividend income from Megabangna equals

to THB 196.98 million and loss from North Bangkok Development Co., Ltd and West Bangkok Development Co., Ltd. equals to THB 36.13 million.

2. Investment property in 2018 accounted for THB 11,250.08 million, increased by THB 1,428.82 million due to an increase in revaluation mainly from land lease extension for 15 and 18 years in La Villa, opening of Marketplace Nanglinchee Phase 2, land revaluation of The Avenue Ratchayothin and fair value adjustment in other projects.

Total Liabilities

(Thousand Baht)

| Statements of Financial Position | 2018 | 2017 |
|---|------------------|------------------|
| Liabilities | | |
| <u>Current liabilities</u> | | |
| Bank overdrafts and short-term loans from financial institution | 859,817 | 629,625 |
| Trade and other payables | 320,880 | 198,205 |
| Amounts due to related parties | 2,546 | 2,512 |
| Current portion of unearned rental and service income | 40,714 | 51,192 |
| Current portion of long-term borrowings | 152,000 | 110,000 |
| Finance lease liabilities on land leases current portion | 28,947 | 94,327 |
| Corporate income tax payable | 4,951 | 4,557 |
| Other current liabilities | 241,416 | 221,907 |
| Total current liabilities | 1,651,271 | 1,312,325 |
| <u>Non-current liabilities</u> | | |
| Unearned rental and service income | 359,825 | 355,039 |
| Long-term borrowings | 1,523,842 | 1,481,603 |
| Deposits received from customers | 498,996 | 484,218 |
| Deferred tax liabilities | 1,139,175 | 1,002,715 |
| Finance lease liabilities on land leases | 1,565,868 | 1,420,626 |
| Employee benefit obligations | 43,945 | 38,891 |
| Total non-current liabilities | 5,131,651 | 4,783,092 |
| Total liabilities | 6,782,922 | 6,095,417 |

As of December 31st, 2018, the Company's total liabilities equals to THB 6,782.92 million, increased by THB 687.51 million or 11.28% year on year, which is elaborated as follows:

1. Short-term loan from financial institution in 2018 accounts for THB 859.82 million, increased by THB 230.19 million year on year because the Company issued the bills of exchange and promissory notes for supporting construction in Marketplace Dusit and company's working capital.
2. Finance lease liabilities on land leases current portion and finance lease liabilities on land leases in total of THB 1,594.82 million, increased by THB 79.86 million year on year due to land lease extension of La Villa, Marketplace Sukhapiban 3 and Marketplace Thonglo.
3. As of December 31st, 2018, the Company's interest bearing debts account for THB 2,535.66 million. The Company's debt to equity ratio and net interest bearing debt to equity are equivalent to 0.54 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 | 2018 | 2017 |
|----------------------------------|-------------------|-------------------|
| Equity | | |
| 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 | 8,910,911 | 7,701,342 |
| Other components of equity | (446) | (446) |
| Non-controlling interests | 1,093,588 | 855,034 |
| Total equity | 12,592,356 | 11,144,233 |

As of December 31st, 2018, the Company's shareholder's equity equals to THB 12,592.36 million, increased by THB 1,448.12 million or 12.99% year on year. The figure was resulted from the group's net profit and shared profit from Megabangna less the dividend payment from the operating results in 2017 of THB 444.14 million. Thus, the return on equity (ROE) equals to 15.18%, decreased from 19.29% in 2017.

Cash Flow and Sources of Fund

Cash Flow

1. In 2018, cash flow from operating activities accounts for THB 828.32 million, increased by THB 756.09 million year on year. Aside from profit for the year, during 2018 there was a change in operating assets and liabilities in amount of THB 730.76 million compared to previous year which mainly from disposal of short-term investment to invest in company developing project.
2. the increase in cash from operations, the sale in short-term investment the investment new projects in 2018.

3. In 2018, cash flow from investing activities accounted for THB 676.91 million, increased by THB 301.55 million year on year mainly due to the investment in Marketplace Nanglinchee phase 2 and Marketplace Dusit as well as project renovation in Marketplace Sukhapiban 3.
4. In 2018, cash flow from financing activities accounted for THB 135.29 million, increased by THB 448.07 million year on year due to dividend payment from the operating results of 2017 at the ratio of 0.25 Baht per share or THB 444.14 million in total and long-term borrowing for construction of Marketplace Nanglinchee.

Sources of Fund

The Company issued the bills of exchange and promissory notes in total of THB 230.19 million for the repayment of the short-term borrowing and issued long-term borrowing for the investment in Marketplace Nanglinchee and Market Place Sukaphiban 3 for THB 191.18 million.

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 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 specialty stores for another 15-20 tenants.

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 cinema, cafe, 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.

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 was well-suited with the target market around that area.)

In 1996, the Company opened its second and third neighborhood shopping centers, i.e. PrachaUtiti and Sukhapiban 3 projects. At present, Maxvalu and Tops Market were 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 2 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 renamed 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 1) the Family Center Chaengwattana 2) Ladprao Soi 120 Convenience Center currently land lease agreement was expired 3) Major Cineplex Cha Choeng Sao 4) Lifestyle Center "J Avenue Thonglor15" 5) Piyarom Place Sukhumvit 101/1 which had already expired.

In 2005, the Company opened 3 new shopping centers as follows 1) Wanghin Convenience Center 2) 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) 3) 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 1) the Avenue Chaeng wathana 2) La Villa Phahonyothin 3) 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. 1) Festival Walk Nawamin Art Village, an expansion of Nawamin City Avenue, on Kaset-Nawamin. 2) 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 in 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 1st phase of construction had already commenced on Q3'2016. 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 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 2018, the Company renovated J Avenue Thonglo by upgrading partial area to Indoor Food Hall providing new customers experience. Also in Marketplace Sukapiban 3, the Company expanded building area, added new glass house, added parking space and enhance traffic flow. Construction in Marketplace Nanglinchee completed and fully operated in December 2018. Lastly, Marketplace Dusit was under construction which planned to complete in February 2019.

In summary, as of 31 December 2018, the Company operates 19 centers, the gross leasable area in the amount of 426,044 sq.m. with 92% occupancy rate. There is one project under construction: Marketplace Dusit with gross leasable area in the number of 6,500 sq.m.

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 12th, 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 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 2016-2018, the rental and service income from anchor tenants and co-tenants of the Company are as follows:

| Tenants | 2016 | | 2017 | | 2018 | |
|-------------------|---------------|----------------|---------------|----------------|---------------|----------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| 1. Anchor Tenants | 193.74 | 25.78% | 200.73 | 26.07% | 179.08 | 22.33% |
| 2. Co-Tenants | 557.88 | 74.22% | 569.11 | 73.93% | 623.06 | 77.67% |
| Total | 751.61 | 100.00% | 769.84 | 100.00% | 802.14 | 100.00% |

Details of the 19 existing projects

| | Shopping Center | Anchor Tenant | Type of Shopping Center | Gross Leasable Area (Sq.m.) | Occupancy Rate (%) |
|----|----------------------------|--|--------------------------|-----------------------------|--------------------|
| 1 | Marketplace Bangbon | Eco Ring | Neighborhood Center | 6,980 | 74 |
| 2 | Marketplace PrachaUtiti | MaxValu Supermarket | Neighborhood Center | 6,155 | 93 |
| 3 | Marketplace Sukaphiban 3 | Tops Market | Neighborhood Center | 7,127 | 70 |
| 4 | Marketplace Thonglo | Tops Market | Neighborhood Center | 7,115 | 56 |
| 5 | Marketplace Nanglinchee | Tops Market, HomePro | Neighborhood Center | 11,456 | 86 |
| 6 | The Avenue Chaeng Watthana | Major Cineplex, Major Bowl, Villa Market, Lemon Farm, Fitness7 | Lifestyle Center | 20,313 | 89 |
| 7 | Cha Choeng Sao | Major Cineplex | Power Center | 8,466 | 76 |
| 8 | J Avenue (Thonglo 15) | Villa Market, WE Fitness Society | Lifestyle Center | 8,418 | 91 |
| 9 | Bangkae | Seacon Square | Land Rental | 405 | 100 |
| 10 | Meng Jai* | B-Quik | Stand-Alone Retail Store | 466 | 100 |
| 11 | Petchkasem Power Center | Big C, Major Cineplex, Makro Food Service | Power Center | 46,436 | 77 |
| 12 | Ekkamai Power Center | Big C, Index Living Mall | Power Center | 15,174 | 100 |
| 13 | La Villa (Phahonyothin) | Villa Market | Lifestyle Center | 5,692 | 99 |
| 14 | Esplanade (Ratchadapisek) | Major Cineplex, Blu-O, Ratchadalai Theatre, WE Fitness Society, Tops Market, Art in Paradise | Entertainment Center | 42,733 | 96 |
| 15 | Pattaya Avenue | Major Cineplex, Major Bowl, Villa Market, Fitness7 | Lifestyle Center | 23,786 | 91 |

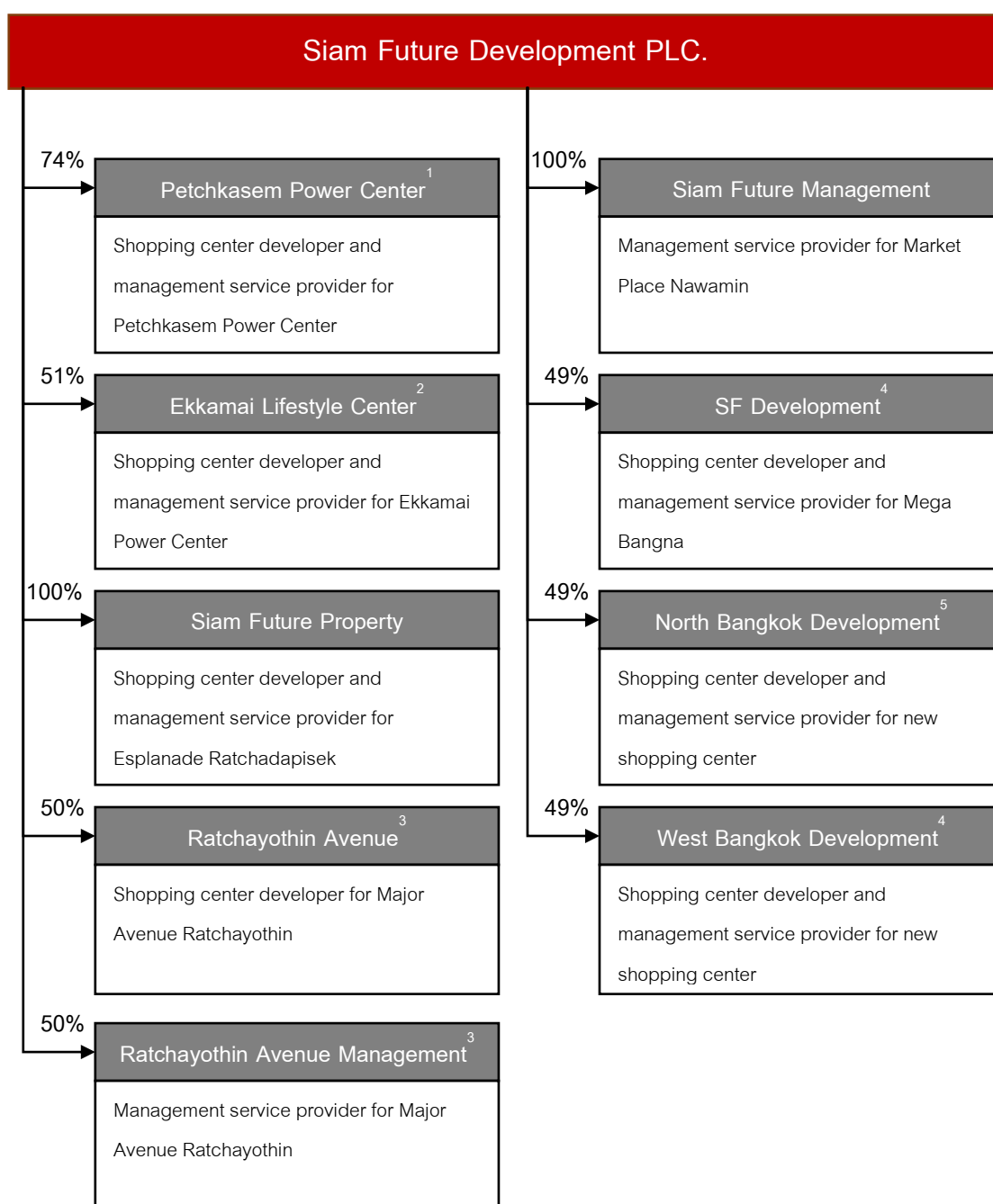
| | Shopping Center | Anchor Tenant | Type of Shopping Center | Gross Leasable Area (Sq.m.) | Occupancy Rate (%) |
|----|-------------------------|--|-------------------------|-----------------------------|--------------------|
| 16 | Market Place Nawamin | Big C Market | Neighborhood Center | 4,331 | 79 |
| 17 | The Avenue Ratchayothin | Villa Market | Lifestyle Center | 3,178 | 88 |
| 18 | Nawamin City Avenue* | Villa Market, Bosch | Lifestyle Center | 16,597 | 90 |
| 19 | Megabangna | IKEA, Major Cineplex, Major Bowl, Sub-Zero Ice Skate, Big C, HomePro, Robinson | Super Regional Mall | 191,216 | 100 |
| | Total | | | 426,044 | 92 |

Remarks: As at December 31st, 2018

No. 10, B-Quik is the only one.

No. 18 For managing purpose, the Company decided to integrate Nawamin City Avenue and Festival Walk to be united.

Shareholding Structure



¹ Connect Consultant Co., Ltd. holds 26.0%

² Connect Consultant Co., Ltd. Holds 49.0%

³ Major Cineplex Group PLC. Holds 50.0%

⁴ IKANO PTE LTD holds 49.0% and S.P.S. Global Trade Co., Ltd holds 2%

⁵ IKANO PTE LTD holds 49.0% and Thai Vanasiri Co., Ltd holds 2%

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 2018

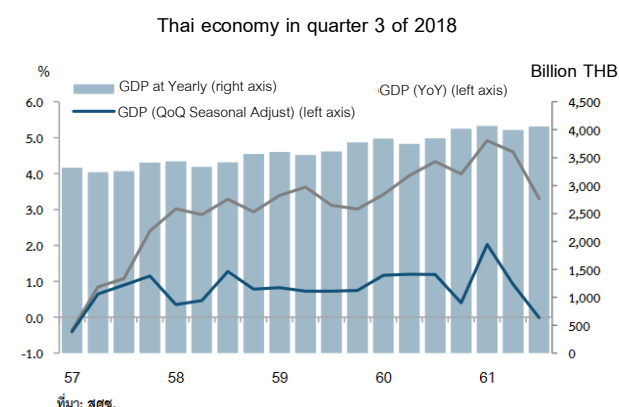
A growth of Thai economy in the 3rd quarter of 2018 decreased from 4.6% in the 2nd quarter to 3.3%, resulting in the growth rate of 4.3% during the first 9 month of 2018. This was attributable mainly to the continual growth of

goods and services export, a slightly declining in overseas demand while domestic demand still continuously increase.

Thai economy 2019 was projected to grow in the range of 3.5% - 4.5%, supported by (1) a favorable growth momentum of private consumption, (2) an improvement of private investment attributed acceleration of public investment and further improvement of private investment, (3) a recovery of tourism sector, (4) a moderate pace of global economic expansion which will continue to support Thai export growth, (5) a clearer direction of global trade, production, and investment. All in all, it was expected that export value will grow by 4.6%, and private consumption and total investment would grow by 4.2% and 5.1% respectively. Headline inflation was forecasted to be in the range of 0.7% - 1.7% and the current account would record a surplus of 5.8% of GDP.

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 2018



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

Retail Business Overview

The Thai Retailers Association informed that overall of retail business in the first half of Y2018 was stable in almost all kinds of goods resulted from consumption in suburban area, which contributed around 70%, was not recovered. Retail business growth in the first half then growth only 3.3% and might remain the same situation until the 3rd quarter of the year.

However, after entering 4th quarter The Thai Retailers Association foresees that retail business will improve from new year and festive seasonal.

In addition, increased in government spending in infrastructure projects will expect to positively effect in public consumption especially in minor area. Moreover, duty free city policy will landmark Thailand as a tourist shopping destination. So The Association foresees retail business will growth at 3.3% - 3.5% with GDP growth at 4.5% in year 2018.

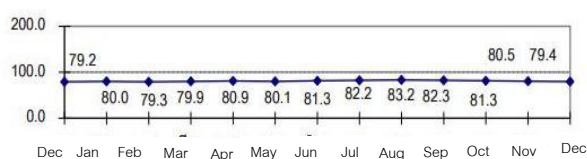
Source: Thai Retailers Association

Table illustrating Thailand retail sales index in quarter 3 of 2018



Source: CBRE

Table illustrating consumer confidence index in 2018



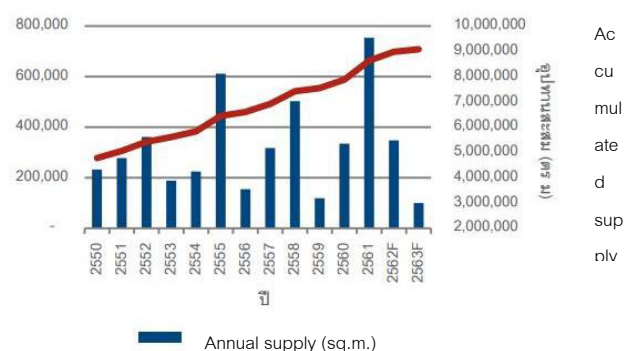
Source: Center for Economic and Business Forecasting,
University of the Thai Chamber of Commerce

Consumer confidence index in December 2018 was continuously declined for the 4th month from 67.5 in previous month to 66.3 in this month. Overall economic confidence index in December 2018 of good, normal and poor was 9.6% 47.1% and 43.3% respectively while in November was 9.9% 47.6% and 42.5% respectively. This index can represent concern in global volatile economic and recovery of domestic economic.

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

Supply

Table illustrating accumulated supply as at quarter 3, 2018



Source: Research Department, Colliers International Thailand Ltd.

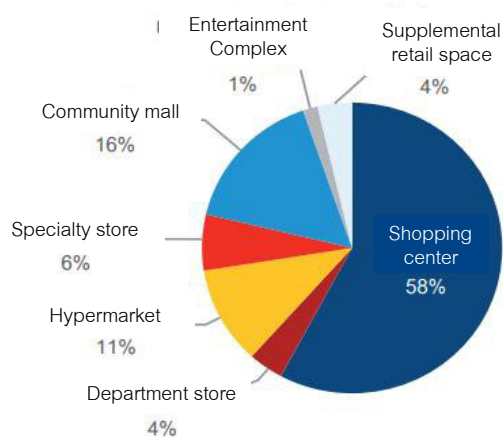
In quarter 3 of 2018, the retail space rose by approximately 15,100 square meters and another 641,203 square meters in quarter 4. As a result, Thailand's 2018 accumulated supply stood at 7,968,326 square meters. Shopping centers had the highest growth for retail sector represented 56% followed by community malls in the proportion of 35% and other retails support area of 9%.

Additional retail space this year were not much effected from higher land price and online shopping. During year 2018 retail space increased mainly from shopping center format following by community mall, which added lower growth compared with previous year. Retailers concerned about continually grow on online shopping and mobile shopping in Thailand that could

affect retail business. Therefore, major retailers developed their own online application or platform.

Source: Research Department, Colliers International Thailand Ltd.

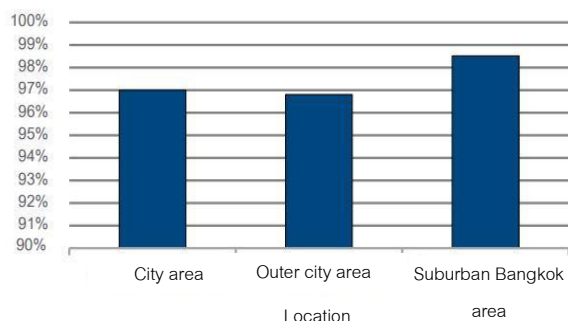
Table illustrating the retail space in Bangkok and neighboring areas categorized by type as at quarter 3 of 2018



Source: Research Department, Colliers International Thailand Ltd.

Demand

Table illustrating the average occupancy rate classified by location as at quarter 3 of 2018



Source: Research Department, Colliers International Thailand Ltd.

Although Thai people's purchasing power in 2017 – 2018 continually declined according to the country's economic situation, the retail occupancy rate in all locations in quarter 3 of 2018 was still close to that in the previous quarter which was higher than 97% in all locations.

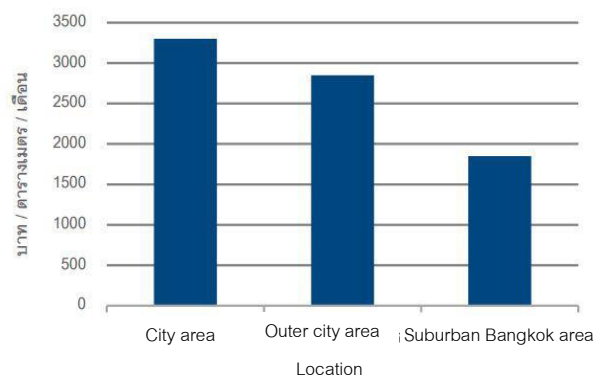
The outer area of Bangkok had the highest occupancy rate as the occupancy rate of a number of hypermarket and shopping centers was quite high although certain community malls were vacant and could

not attract well-known shops or brands as tenants of the projects.

Source: Research Department, Colliers International Thailand Ltd.

Rental Rate

Table illustrating the average rental rate of retail space classified by locations as at quarter 3 of 2018



Source: Research Department, Colliers International Thailand Ltd.

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 in certain shopping centers in the CBD or with direct link to the BTS. While suburban Bangkok area had starting rental rate at THB 500 per square meter per month in community mall format. In 2018, it was expected the rental rate would not significantly differ from that last year, depending on the economic situation as a whole.

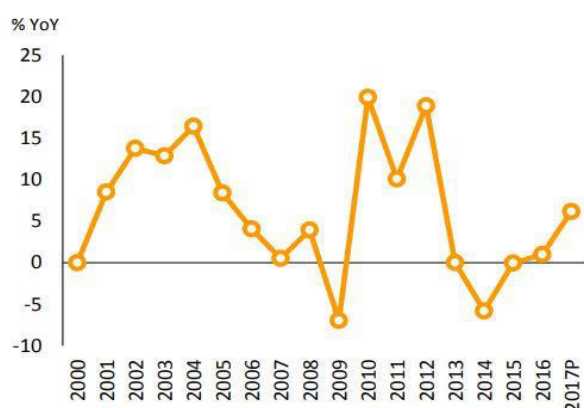
Source: Research Department, Colliers International Thailand Ltd.

Retail Sector Outlook

During past 2 years (2016-2017) retail sector was slightly improved from increasing demand complying with a growth in retail sector index. Retailers concentrated in marketing campaign as well as shopping center

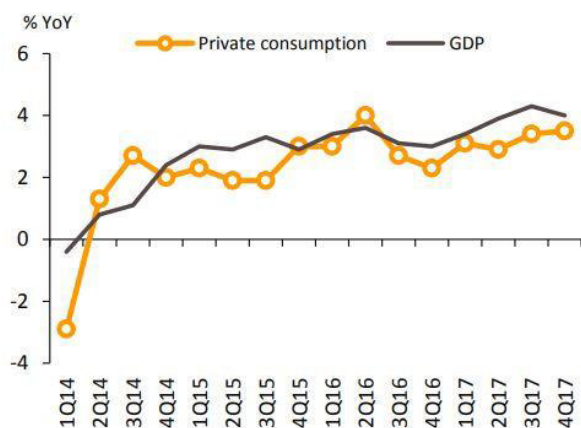
renovation to satisfy more customers especially in CBD which had high purchasing power. Additionally, number of tourists could positively effect retail sector growth. However, economic as a whole was slowly improved, private sector consumption was slowly increased. With a strong competition during the past year, retail developers carefully decided to expand their business.

Table illustrating the projected growth of retail sector



Source: Krungsri Research calculated from Bank of Thailand's data
Note: Retail Sales Index (RSI) : at 2002 price

Table illustrating the projected growth of private consumption



Source: NESDB

Source: Krungsri Research, Krungsri Bank

Community mall format was developed to serve customer need that required more convenient lifestyle nearby residential area or workplace. Bangkok Regulation 2005 and Bangkok City Planning 2013 were not allowed developers to construct large retail area in CBD,

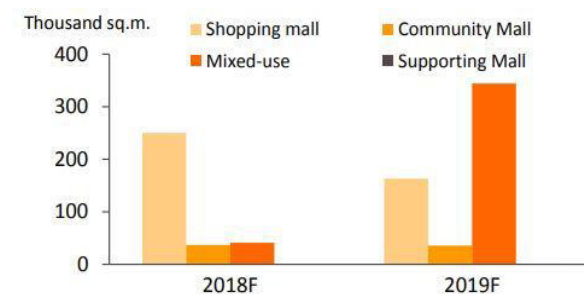
community mall format was complied with the regulation and quickly grew during year 2012-2014 around 18% (Source: Collier International) and investment in community mall was not so high. This led to stronger competition in both community mall itself and community mall – shopping center. Some malls were not success to drive their occupancy rate resulted in their closure.

Retail area in 1-3 years forward looking has a good signal driven by economic recovery from public infrastructure investment and tourist sector growth that could help improving consumers' spending. However, retail competition was still in high level from new project investment which would continually increase retail space.

There will be around 900,000 square meters adding in retail sector especially in Bangkok Metropolitan region during 3 years ahead eg. IKEA at Central Westgate, The Market by Platinum, Gateway Bangsue, Century The Movie Plaza 2, Smile Square, Whizdom 101, etc. Additional supply might higher compare to new supply during 5 years ago. This increase might affect lower occupancy rate a bit but foreseeing higher than 90% occupancy rate in average. Because retailers both from domestic and international still had plan to expand their stores in Bangkok especially in CBD which had high density of population and higher possibility to generate more revenue. With factors of more supply area in retail market and lifestyle change of consumer behavior, retailers had to revamp and renovate their own space to be more modern to drive their rental rate.

Table illustrating new retail supply in Bangkok

Metropolitan Area



Source: CBRE

In the long-term retail competition tended to increase in the format of Mixed-use real estate project development. This format could serve middle class demand that request more complexity lifestyle. At the present there were many mixed-use projects announced in the market. CBRE foresees that large-scale of mixed-use project comprising of office, service apartment, condominium and retail space will start to finish developing from year 2025 with approximately 1,000,000 square meters will be added in the retail sector.

Krungsri Research foresaw that existing retailers and developers in Bangkok Metropolitan Area still had potential growth in the future due to high investment to develop for new comers of this sector. In addition, in very CBD, new area was rare to acquire to develop. Therefore, retailer that already had their property in central area would renovate or redevelop their property to serve consumer need.

Community mall market still had continually growth trend although there was high competition from additional supply area during last 5 years with a low barrier to entry factor because 1) compact retail area required low investment 2) small plot of land can easily acquire. Community mall developers were planned to develop their projects in Metropolitan or suburb area owing to lower land price compared to Bangkok area. Retail supply from community mall sharply increased since year 2012 while consumer spending slowly recovered. This was affected to occupancy rate in some location and led to declining of community mall in year 2016. In the future supply from community mall might not strongly grow like the past but there was an opportunity to gradually grow relying on national economic recovery especially in the capital.

Source: Krungsri Research, Krungsri Bank

Direction of Retail Business in Digital Era

Electronic Transactions Development Agency (ETDA) research since year 2014 showed that e-

Commerce continually grew around 8% - 10% per year. During the past 10 years showed number of internet users increased from 9.3 million to 45 million users in year 2008. The increased users driven from change in consumer behavior, improving and lower price of smartphone positively effected e-Commerce market in Thailand. Buyers, sellers and new platform from both domestic and overseas were entering Thailand's e-Commerce sector.

Picture presented e-Commerce value in Thailand Year 2017-2018



Source: Electronic Transactions Development Agency (Public Organization)

B2C (Business to Consumer) in Thailand grew at the 1st rank of ASEAN. Comparing during year 2016 to 2017, value increased around THB 160 billion. This was from confidentiality in information technology, convenient in e-Payment and speedy logistic service that continually drove online shopping demand. Moreover, good marketing campaign, reliable of online sellers helped growing this business as well. Categories of edible products and health and beauty were growing in e-Commerce with some influence of Youtuber review.

Picture illustrating B2C e-Commerce Top 5 in ASEAN



Source: Electronic Transactions Development Agency (Public Organization)

Online marketing in year 2017 was at 69.92% mainly from Facebook in the format of Boost Post or Boost Ads which can directly present to customer target. At present Big Data was applied to analyze e-Commerce consumer behavior to provide new product in the market or develop marketing plan or analyze surrounding factor to strategize product launch plan.

Picture illustrating Ranking of Online Channel



Source: Electronic Transactions Development Agency (Public Organization)

In addition, artificial intelligence would drive the world into 5G era which innovated new technology to enhance quality of life e.g. drone logistics and security, VDO streaming, 360 Livestream or virtual society.

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.

All this innovation could drive Thai's e-Commerce in the future. Online statistic in Thailand showed that there were 45 million internet users (2017), 124.8 million mobile subscribers (2018), 52 million Facebook accounts (2018) and e-Commerce value could reach THB 3.2 million million (2018) especially during marketing campaign e.g. 11.11, 12.12, Black Friday. Some sellers generated THB 1.44 billion sales with more than 1.7 million units sold in 3-day selling period mainly in kids consumer products, electronic, smartphones, cosmetics and skincare products.

e-Marketplace was the first rank of e-Commerce followed by Social Commerce platform that reduce barrier between buyers and sellers that provide more shopping option for buyers.

Last but not least, Logistics service was developed to serve customers need by adding precise tracking system to ensure online shoppers. Logistics providers themselves had strong competition from new players which could meet customers satisfaction by adding more coverage area around country.

Source: Electronic Transactions Development Agency (Public Organization)

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 areas¹ 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.

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.

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 PrachaUtiti Project where the Company has 30-year contracts with landlords but has only 20-year contracts with tenants, respectively. Therefore, in the 20th year, the Company has to find other anchors to rent the spaces for another 10 years. 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. At present, PrachaUtiti project, Jusco Supermarket (Now renamed to MaxValu), an existing anchor tenant, had already extended the lease agreement for another 10 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 3rd floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1st and 2nd floors but prefer quiet atmosphere on the 3rd floor and lower rental fee when compare to the 1st and 2nd floors such as language schools, tutorial schools, and taekwondo 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 2018 | Gross Leasable Area (sq.m.) | Percentage (%) |
|--|-----------------------------|----------------|
| Less than 5 years | 20,718 | 5% |
| 5 - 10 Years | 30,485 | 7% |
| More than 10 years | 180,447 | 42% |
| Land Ownership | 194,394 | 46% |
| Total Leasable Area | 426,044 | 100% |

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.

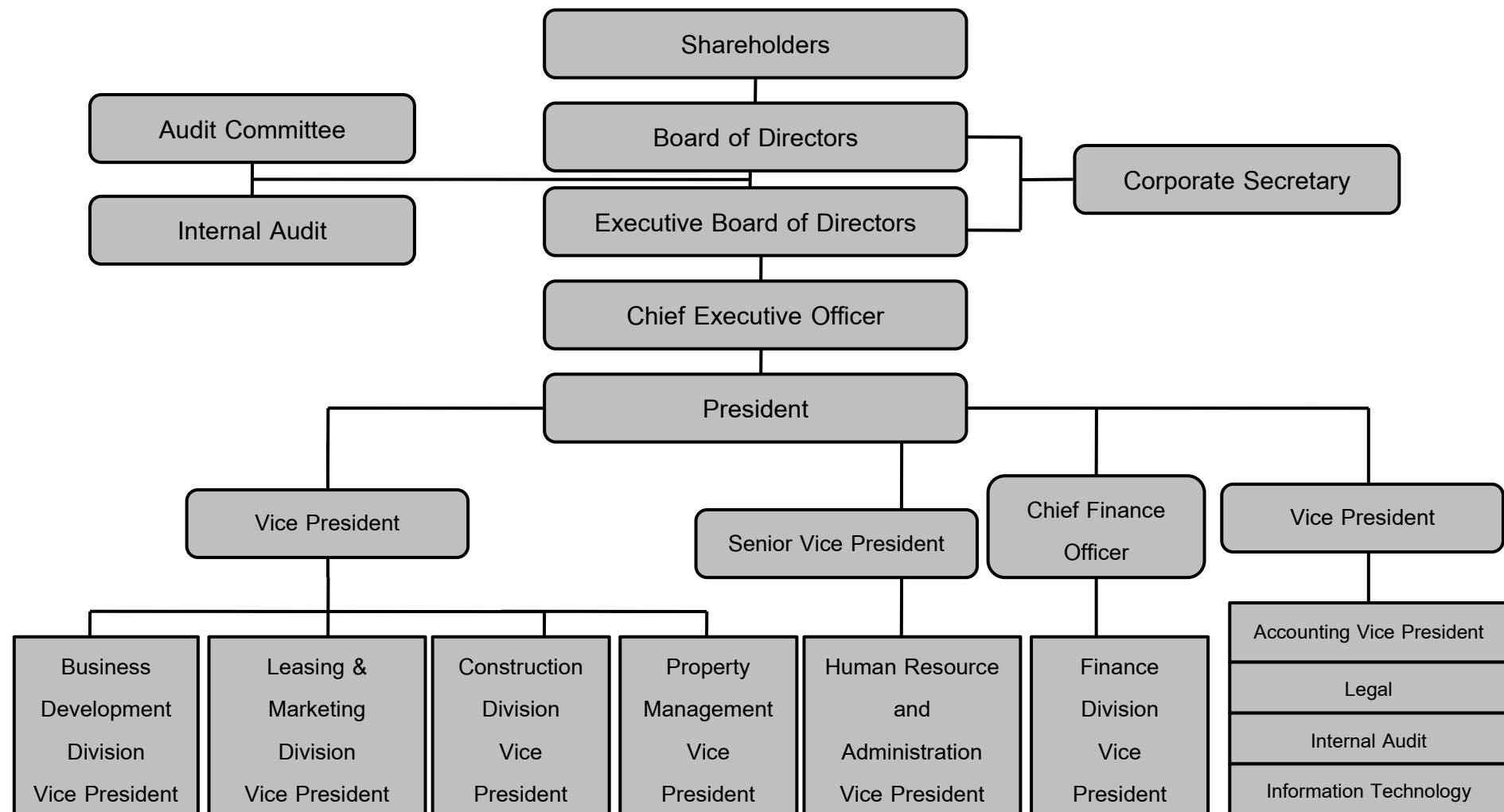
Risk of the delay from receiving the rent of all projects

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 2018, 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 28 December 2018 are as follows:

| | Name of Shareholders ¹ | Number of Shares | Percentage |
|------------------------|--|------------------|------------|
| 1 | Major Cineplex Group Public Company Limited ² | 466,330,226 | 26.25 |
| 2 | Lucky Securities, Inc ³ | 143,661,366 | 8.09 |
| 3 | Mr. Nopporn Witoonchart | 109,857,561 | 6.18 |
| 4 | Mr. Pongkit Suttapong | 102,345,154 | 5.76 |
| 5 | Mr. Suttikul Jiratiwat | 78,190,600 | 4.40 |
| 6 | Morgan Stanley & Co. International Plc ³ | 59,000,000 | 3.32 |
| 7 | Ms. Artitaya Jantaraprapa | 41,308,886 | 2.33 |
| 8 | The Hongkong and Shanghai Banking Corporation Limited ³ | 36,900,000 | 2.08 |
| 9 | Mrs. Gasinee Witoonchart | 31,386,000 | 1.77 |
| 10 | Ms. Thanjira Pojkasemsin | 26,092,352 | 1.47 |
| Total | | 1,095,072,145 | 61.64 |
| No. of ordinary shares | | 1,776,607,541 | 100.00 |

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.9 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, The Hongkong and Shanghai Banking Corporation Limited 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 2018, the resolution from 2018 Annual General Meeting of the Shareholder on March 21st, 2018 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 2018 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. Vorawit Chailimpamontri | 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 2018 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 which more than THB 1,000,000/time
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 2018 are as follows:

| | First Name – Last Name | Position |
|----|-----------------------------|---------------------------------|
| 1. | Mrs. Nantiya Montriwat | Chairman of the Audit Committee |
| 2. | Mrs. Sabaithip Suntaros* | Member of the Audit Committee |
| 3. | Mr. Vorawit Chailimpamontri | Member of the Audit Committee |

* Mrs. Sabaithip 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 2018 are as follows:

| | First Name – Last Name | Position |
|----|--------------------------------|--------------------------------|
| 1. | Mr. Nopporn Witoonchart | Acting Chief Executive Officer |
| 2. | Mr. Somnuk Pojkasemsin | President |
| 3. | Mr. Kittinanth Sumruatruamphol | Chief Financial Officer |
| 4. | (In the recruiting process) | Executive Vice President |
| 5. | (In the recruiting process) | Executive 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 26th, 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 26th, 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 Mr.Rattipoom Sutapakul as a company secretary, effective February 13th, 2019 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 2016 - 2018, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

| Board of Directors | Position | 2016 (4 meeting) | 2017 (5 meeting) | 2018 (6 meeting) |
|--|---|---------------------|---------------------|---------------------|
| Mr. Oranop Jantaraprapa | Chairman | 4 | 4 | 6 |
| Mr. Pongkit Suttapong | Vice chairman | 4 | 5 | 6 |
| Mr. Nopporn Witoonchart | Director | 5 | 5 | 6 |
| Mr. Somnuk Pojkasemsin | Director | 5 | 5 | 6 |
| Mr. Kittinanth Sumruatruamphol | Director | 5 | 5 | 6 |
| Mr. Vicha Poolvaraluck | Director | 4 | 5 | 6 |
| Mr. Verawat Ongvasith | Director | 4 | 5 | 6 |
| Ms. Thitapat Isarapornpat | Director | 5 | 5 | 6 |
| Mr. Chai Jroongtanapibarn | Independent Director | 5 | 5 | 6 |
| Ms. Nantia Montriwat | Chairman of Audit Committee and Independent Director | 4 | 4 | 6 |
| Mr. Dej Bulsuk ¹ | Member of Audit Committee and Independent Director | 4 | 5 | 1 |
| Ms. Sabaithip Suntaros | Member of Audit Committee and Independent Director | 5 | 5 | 6 |
| Mr. Vorawit Chailimpamontri ² | Member of Audit Committee and Independent Director | - | - | 4 |

1 Mr. Dej Bulsuk has passed away on February 23rd, 2018. As a result, he vacated the positions as independent director and audit committee member

2 Mr. Vorawit Chailimpamontri was appointed as a director on March 22nd, 2018

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 2018, the audit fee out of the Company has been paid for audit firm that the auditor work for amounted to THB 855,000.

Non-Audit Fee

-None-

BOARD OF DIRECTORS

1. Mr.Oranop Jantaraprapa • Age 71 years • Shareholding 0.17%

| | |
|------------|--|
| Position | Chairman • Authorized Director |
| Education | <ul style="list-style-type: none"> • M.B.A., East Texas State University, U.S.A. • B.A. (Accounting), Chulalongkorn University • The Role of Chairman Certification (RCM) in 2004, Thai Institute of Directors Association (IOD) |
| Experience | <ul style="list-style-type: none"> • 2002 – Present: Chairman, Siam Future Development Plc., Shopping Center Developer • 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 |

2. Mr. Pongkit Suttapong • Age 59 years • Shareholding 5.76%

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

3. Mr. Nopporn Witoonchart • Age 54 years • Shareholding 6.18%

| | |
|------------|--|
| Position | Director • Chairman of Executive Committee • Acting Chief Executive Officer • Authorized Director |
| Education | <ul style="list-style-type: none"> • B.E. (Computer Engineering), King Mongkut's Institute of Technology • Director Certification Program (DCP) Class #70 in 2005, Thai Institute of Directors Association (IOD) • Top Executive Program (CMA #8), Capital Market Academy 2009 • Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010 • Top Executive Program in Urban Green Development (Mahanakorn #1), Urban Green Development Institute Bangkok 2011 • Diploma, National Defence College, The Joint State – Private Sector Course Class 55, National Defence College of Thailand • Top Executive Program in Industry and Investment Business Development, Institute of Business and Development (IBID1) • Top Executive Program in Energy Literacy for the world – Class #6, Thailand Energy Academy 2015 • Top Executive Program in Advance Insurance Leadership – Class #6, Thailand Energy Academy 2016 • Top Executive Program in Tourism – (Gortorsor #1), Tourism Authority of Thailand • Business Revolution and Innovation Network (BRAIN #1), The Federation of Thai Industries |
| Experience | <ul style="list-style-type: none"> • 1994 – Present: Director, Chairman of Executive Committee, Siam Future Development Plc., Shopping Center Developer • 1994 – Present: Managing Director, Siang Somboon Co., Ltd., Real Estate • 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate • 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer |

4. Mr. Somnuk Pojkasemsin • Age 61 years • Shareholding 0.20%

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

5. Mr. Kittinanth Sumruatruamphol • Age 56 years • Shareholding 0%

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

6. Mr. Vicha Poolvaraluck • Age 55 years • Shareholding 0%

| | |
|------------|--|
| Position | Director • Executive Director |
| Education | <ul style="list-style-type: none"> • M.B.A., United States International University of San Diego, USA. • B.A. (Accounting), Chulalongkorn University |
| Experience | <ul style="list-style-type: none"> • 2003–Present: Director, Executive Director, Siam Future Development Plc., Shopping Center Developer • 2012–Present: Chairman of Executive Committee, Major Care Foundation • 2008–Present: Director and Vice Chairman of the Board of Directors, M Pictures Entertainment Plc. • 1998 – Present: Director, Chairman of Executive Committee, Major Cineplex Group Plc., Cinema and Bowling |

7. Mr. Verawat Ongvasith • Age 48 years • Shareholding 0.03%

| | |
|------------|--|
| Position | Director |
| Education | <ul style="list-style-type: none"> • M.B.A., Boston University, USA. • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD) |
| Experience | <ul style="list-style-type: none"> • 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer • 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling • 2011 – Present: Chairman of Executive Committee, Oak Tree Co.,Ltd., Sofitel So Bangkok Hotel • 2011 – Present: Executive Director, Chief Executive Officer, Veranda Resort Public Co.,Ltd., Hotel • 2011 – Present: Chairman of Executive Committee, Veranda Beach Pattaya Co.,Ltd., Hotel |

8. Ms.Thitaphat Issarapornpat • Age 50 years • Shareholding 0%

| | |
|------------|---|
| Position | Director • Executive Director |
| Education | <ul style="list-style-type: none"> • M.B.A., Chulalongkorn University • Bachelor of Accounting, Ramkamhaeng University • Director Certification Program (DCP 148/2011), Thai Institute of Directors Association (IOD) |
| Experience | <ul style="list-style-type: none"> • 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer • 2013 – Present: Chief Finance Officer and Company Secretary, Major Cineplex Group Plc., Cinema and Bowling • 2018 – Present: Director, Mtel (Thailand) Co.,Ltd. • 2016 – Present: Director, CJ Major Entertainment Co., Ltd. • 2013 – Present: Director, Major Kantana Broadcasting Co., Ltd. • 2012 – Present: Director, M Pictures Entertainment Plc. • 2011 – Present: Director, Thaiticket Major Co., Ltd. • 2011 – Present: Director, EGV Entertainment Plc. |

9. Mrs. Nantiya Montriwat • Age 71 years • Shareholding 0.03%

| | |
|------------|--|
| Position | Chairman of the Audit Committee and Independent Director |
| Education | <ul style="list-style-type: none"> • M.A. (Actuarial Science), University of Manitoba, Canada • B.A. (Statistics), Chulalongkorn University • Director Certification Program (DCP) in 2000, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD) |
| Experience | <ul style="list-style-type: none"> • 2003 – Present: Chairman of the Audit Committee and Independent Director, Siam Future Development Plc, Shopping Center Developer • 2008 – Present: Director, Thai Samut Asset Co., Ltd. • 2007 – Present: Chairman, Muang Thai Management Security GuardCo., Ltd. • 2007 – 2015: Director, Muang Thai Real Estate Pcl. • 2004 – 2008: Advisor to the President, Muang Thai Life Assurance Co., Ltd. • 2000 – 2003: Senior Executive Vice President, Muang Thai Life Assurance Co., Ltd. • 1999 – 2008: Director, Muang Thai Insurance Co., Ltd. • 1999 – 2004: Director, Muang Thai Holding Co., Ltd. |

10. Mrs. Sabaithip Suntaros • Age 72 years • Shareholding 0.07%

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

11. Mr. Chai Jroongtanapibarn • Age 64 years • Shareholding 0%

| | |
|------------|--|
| Position | Independent Director |
| Education | <ul style="list-style-type: none"> • M.S. (Accounting), Thammasat University • B.A. (Accounting), Chulalongkorn University • Director Certification Program (DCP) in 2003, Thai Institute of Directors Association (IOD) 29/2003 • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD) 24/2005 |
| Experience | <ul style="list-style-type: none"> • 2003 – Present: Independent Director, Siam Future Development Plc., Shopping Center Developer • 2018 – Present: Chairman and Independent Director, Veranda Resort Plc, Hotel • 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc, Cinema and Bowling • 2007 – Present: Independent Director, Audit Committee and Risk Management Director, Siam Food Plc., Exporting of Canned Fruits • 2006 – Present: Independent Director, Audit Committee and Chairman of Risk Management Director, Oishi Plc., Soft Drink and Restaurants • 2014 – Present: Chairman and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel Trading and Services • 2000 – Present: Independent Director and Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit • 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading and Manufacturing |

12. Mr. Woravit Chailimpamontri • Age 50 years • Shareholding 0%

| | |
|------------|---|
| Position | Member of the Audit Committee and Independent Director |
| Education | <ul style="list-style-type: none"> • M.B.A. in International Business, Schiller International University, London, England • B.A. (Marketing), Bangkok University • Director Certification Program (DCP) Class#100/2008 and Advanced Audit Committee Program (AACP) Class#28/2018, Thai Institute of Directors Association (IOD) • Top Executive Program (CMA#8), Capital Market Academy 2009 • Top Executive Program in Commerce and Trade (TEPCoT#3), Commerce Academy 2010 • Top Executive Program in Politics and Governance in Democratic Systems (Class#14), King Prajadhipok's Institute 2011 • Certificate of Housing Finance Program at the Wharton School, University of Pennsylvania 2012 • The Programme for Senior Executives on Justice Administration (Class#16), National Justice Academy, Office of Judiciary 2013 • Top Executive Program in Energy Literacy for a Sustainable Future (Class#4), Thailand Energy Academy (TEA) in 2014 • Top Executive Program in Metropolitan Management and Development (Mahanakorn Class#4), Institute of Metropolitan Development, Navamindradhiraj University in 2015 • Public Order Management Program (Class#3), Police Education Bureau 2016 • Thailand Insurance Leadership Program (Class#6) Office of Insurance Commission (OIC) 2017 |
| Experience | <ul style="list-style-type: none"> • Mar 2018 – Present: Member of the Audit Committee and Independent Director, Siam Future Development Plc. • Apr 2018 – Present: Director and Independent Director, 2S Metal PLC. • 2017 – Present: Director and Chairman of the Audit Committee and Independent Director, National Power Supply Plc. • 2017 – Present: Director and Executive Director, International Research Corporation Plc. • 2015 – Present: Director, Thailand-Cambodia Friendship Association |

Remark:

- No relationship among each director.

Management

1. Mr. Nopporn Witoonchart • Age 54 years

Please see the Details in Board of Directors

2. Mr. Somnuk Pojkasemsin • Age 61 years

Please see the Details in Board of Directors.

3. Mr. Kittinanth Sumruatruamphol • Age 56 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 2018 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 2018 Annual General Meeting of the Shareholders
 2. Attachment 1: Minutes of the 2017 Annual General Meeting of the Shareholders
 3. Attachment 2: 2017 Annual Report
 4. Attachment 3: Details on the provisioning of legal reserve for the 2017 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 2018 and the determination of audit fee
 8. Profile of Independent Director for principals
 9. Proxy Form A
 10. Proxy Form B
 11. Proxy Form C
 12. Evidence for proving the rights to attend the shareholders' meeting
 13. Articles of Association regarding the meeting of the shareholders
 14. Map for the meeting venue
- The delivery of document to the shareholders was in compliance with the regulations of the Stock Exchange of Thailand. The Company's information was also disclosed through the SET Portal

- To facilitate those shareholders who could not attend the meeting in person, the Company provided an opportunity to give a proxy to an independent director or other persons to attend the meeting on their behalf using the proxy form delivered together with the meeting invitation letter. The Company had attached the document or evidence required to be provided prior to the meeting as well as profile of the independent director assigned as proxy by the Company. The shareholders could download the proxy form, both in Thai and English versions, through the Company's website.

Process on the Date of Shareholders' Meeting

1. Facilitation for the shareholders to use their rights

- On the date of shareholders' meeting, the Company facilitated the shareholders and their proxies in the registration for meeting attendance by using barcode system in the registration and vote counting. The barcode specified the registration number of each shareholder. Such system helped speed up the registration process. Ballots were also distributed to those shareholders who attended the meeting in person prior to the meeting. Additionally, the Company arranged the document checkpoint for proxy and prepared duty stamp to be attached with the proxy form. Staff had been arranged to facilitate the registration. The registration was also open at least two hours prior to the meeting.
- On the meeting date, prior to the meeting time, the master of ceremonies would explain details of the meeting rules, voting process and vote counting method as provided in the meeting invitation letter to the shareholders again which could be summarized as follows:
 - (1) The number of votes of each shareholder equaled the number of shares held by such shareholder. One share equaled one vote.

- (2) Ballot with more than one mark, ballot with conflicting votes, ballot with deleting mark without endorsement, or ballot with marks more than entitled votes would be considered voided ballot. The shareholders who would like to change their votes would cross out the existing mark and affix their signatures. Votes which differ from the aforementioned would be considered invalid.
 - (3) In case of foreign shareholders who appointed custodians to be share depository and custodians, their votes would be separated whether in approval, disapproval or abstention on each agenda item, with the number of votes separated equivalent to the number of shares they held.
 - (4) To ensure efficiency and promptness of each agenda, in casting the vote on the agenda under consideration, the Company would ask if there were any shareholders or proxies who disapproved or abstained from voting. Any agenda without shareholders who disapproved or abstained from voting would be considered unanimously approved by the meeting. Should there be any shareholders who disapproved or abstained from voting, the Company would collect only disapproving or abstaining ballots, and deducted the number of disapproving and abstaining votes from the total number of votes. The remaining votes would be considered as votes of approval. Shareholders who had voted to approve each agenda item would be asked to keep their ballots and return them to the Company's staff after the meeting had been adjourned to be used as evidence of the meeting.
- The Company allowed the shareholders to join the meeting after the Chairman opened the meeting. These shareholders were entitled to vote on the

agenda under consideration which had not been voted. They would be counted as meeting quorum from the attended agenda and afterwards. Therefore, the number of votes in each agenda might not be equal.

2. Opportunity for the shareholders to provide opinion

- Prior to the voting, the Company provided the shareholders an equal opportunity to provide opinions, suggestion or raise questions on the matters related to the agenda so that the shareholders could receive sufficient information and details of each agenda. The shareholders were requested to avoid repeated questions or opinions to provide the opportunity for other shareholders to use their rights and to ensure the meeting was held within appropriate period.
- Should the shareholders have questions not related to the agenda under consideration, they were open to raise questions or provide suggestions in other agenda at the end of the meeting so that the meeting could be continually conducted according to the order of the agenda.

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

- The Company disclosed the meeting resolutions through the SET Portal of the Stock Exchange of Thailand so that public could be informed of the voting results of each agenda.
- The Company thoroughly recorded the minutes of the shareholders' meeting which comprised important information, i.e. names of the directors who attended the meeting, voting results of each agenda, questions and answers, suggestions and opinions of the shareholders presented in the meeting, and submitted the minutes of the annual general meeting of the shareholders to the Stock Exchange of Thailand and the Ministry of Commerce within the period required by law within 14 days from the meeting date.

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). For the 2018 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 4 December 2017 to 2 February 2018. 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).

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
6th 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 9th, 2017.
- In 2017, the Company became a member in Thai Pat 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 2018, 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 2018, 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 Opportunity Day 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 2018, six 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 2018, remuneration of the Company's Board of Directors and management comprised salary, meeting attendance fee and provident fund which amounted to THB 33.96 million in total, whereby

1. 12 members of the Board of Directors received meeting attendance fee of THB 5.95 million in total.
2. 5 members of Executive Committee and management received remuneration of THB 23.08 million in total.
3. Other remuneration, i.e. provident fund, equaled THB 4.93 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, Marketplace Bangbon and 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.

In 2018, the Company donated food from McDonalds to House of Lorenzo Orphanage in Chonburi, to children in Baan Khaoyai School in Nakhon Sawan and to children in Udom Thammaros Kindergarten in Chonburi.

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 2017 and 2018 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 |
|--|--------------------|---|-----------------------------------|--------|---|
| | | | 2017 | 2018 | |
| Major Cineplex Group Public Company Limited ("Major") | Major shareholders | <ul style="list-style-type: none"> SF earns rental and service income as share percentage in which SF or its subsidiaries have made rental and service contracts with Major. | 42,791 | 43,196 | <ul style="list-style-type: none"> 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. The Audit Committee has considered the information of related transactions of the Company 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 and without benefit transfer between the Company and the person or juristic person that may have conflict of interests. |
| | | <ul style="list-style-type: none"> Major provides management service for Ratchayothin Avenue in which the expense occurs monthly and the payment amount is stated in the contract. | 5,403 | 12,213 | |

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 2017 and 2018 and deemed that the Company's related transactions in

the accounting year ended 31 December 2017 and 2018 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 2018

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 2018, 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 2018;
- 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 two key audit matters: Valuation of investment property and Additional investment properties. These matters were 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 these matters.

| 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 the investment property at 20 locations is Baht 11,250.08 million, representing 58% of the total assets in the consolidated financial statement as at 31 December 2018. A gain from fair value adjustment to investment property of Baht 380.07 million was recognised in the consolidated statement of income.</p> <p>I focused on the valuation of investment property because of the complexity of the valuation model using income approach, which inherently requires judgements by management. Management engages an independent external valuer to assess the fair value of the investment property every three years.</p> <p>In determining the 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 are agreed with management.</p> <p>Key assumptions in the model included current market rental rates, availability and occupancy of retail space and revenue growth, based on available market data, and a discount rate based on the dividends 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"> - Evaluate the independent external valuer's competence, capabilities, independency and objectivity. - Assess the methodologies used and the appropriateness of the key assumptions based on my knowledge of the industry and the available evidences. This includes assessing the market rent for property in a comparable location and condition, and assessing the discount rate by comparing it with the industry average. - Check, on a sample basis, the accuracy and relevance of the input data used by comparing it with the current rental contract. <p>I found that the key assumptions were supported by the available evidences and the valuation was within an acceptable range of reasonable estimates.</p> |

| Key audit matter | How my audit addressed the key audit matter |
|--|---|
| <p><i>Additional investment property</i></p> <p>Refer to note 11 to the financial statements on investment property.</p> <p>During the year, the Group acquired additional investment property at 5 locations totalling Baht 1,179.75 million, representing 10% of the fair value of the investment property in the consolidated financial statements as at 31 December 2018.</p> <p>I focused on the additions because the amount of acquisitions or constructions of new shopping malls was significant. In addition, the capitalisation of certain types of expenses, such as borrowing costs, consulting fees and other expenses, involved management judgement. Reliance on judgement might lead to a risk of the amount of investment property reported being inaccurate and might affect the operating results of the Group.</p> | <p>My procedures in relation to the additional investment property included:</p> <ul style="list-style-type: none"> - obtain minutes of the board of directors' meetings and review minutes related to the approval of additional investment property. - examine the supporting documents related to additions and the payment transactions for the additions. - obtain and gain understanding of terms and conditions of loan agreements financing for the additions to consider that capitalisation of borrowing costs are appropriate, including examine the calculation of borrowing costs capitalised as assets. - examine consulting fees and other expenses included as costs of investment property and consider the appropriateness of the accounting treatments. <p>I found that the additions of investment property including the capitalisation of borrowing costs, consulting fees and other expenses were appropriate.</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

12 February 2019

Siam Future Development Public Company Limited

Statements of Financial Position

As at 31 December 2018

| | Notes | Consolidated | | Separate | |
|-------------------------------------|-------|-----------------------|-----------------------|----------------------|----------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 50,981,417 | 34,857,193 | 26,765,088 | 18,124,672 |
| Short-term investments | 4, 6 | 77,550,644 | 384,129,319 | 77,550,644 | 384,129,319 |
| Trade and other receivables | 7 | 122,726,934 | 146,183,228 | 75,837,014 | 98,426,064 |
| Finance lease receivables due | | | | | |
| within one year | 8 | 21,201,375 | 25,571,306 | 13,299,179 | 18,357,671 |
| Amounts due from related parties | 31 c) | 22,604,438 | 10,139,815 | 771,940,834 | 678,399,958 |
| Short-term loans to related parties | 31 d) | 14,500,000 | 15,900,000 | 7,500,000 | 39,500,000 |
| Other current assets | 9 | 36,816,309 | 21,840,529 | 25,900,263 | 8,793,649 |
| Total current assets | | 346,381,117 | 638,621,390 | 998,793,022 | 1,245,731,333 |
| Non-current assets | | | | | |
| Restricted cash | | 615,903 | 610,464 | - | - |
| Finance lease receivables | 8 | 509,299,113 | 530,400,469 | 322,521,071 | 336,248,598 |
| Investments in subsidiaries | 10 | - | - | 257,925,000 | 257,925,000 |
| Investments in joint ventures | 10 | 7,082,831,552 | 6,057,493,258 | 1,978,580,800 | 1,978,580,800 |
| Prepaid rent, net | | 834,752 | 901,096 | - | - |
| Investment property | 4, 11 | 11,250,081,788 | 9,821,266,215 | 5,523,392,174 | 4,835,359,938 |
| Building and equipment, net | 12 | 61,154,550 | 61,205,339 | 32,580,363 | 29,717,020 |
| Intangible assets, net | 13 | 32,210,972 | 34,598,273 | 27,498,495 | 29,860,883 |
| Deposits for leasehold land | | 48,523,721 | 48,127,207 | 48,523,721 | 48,127,207 |
| Other non-current assets | | 43,344,520 | 46,425,872 | 38,105,482 | 40,727,583 |
| Total non-current assets | | 19,028,896,871 | 16,601,028,193 | 8,229,127,106 | 7,556,547,029 |
| Total assets | | 19,375,277,988 | 17,239,649,583 | 9,227,920,128 | 8,802,278,362 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)

As at 31 December 2018

| | Notes | Consolidated | | Separate | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Short-term borrowings | | | | | |
| from financial institutions | 14 | 859,817,291 | 629,625,149 | 859,817,291 | 629,625,149 |
| Trade and other payables | 15 | 320,880,069 | 198,205,596 | 269,130,170 | 144,521,572 |
| Amounts due to related parties | 31 e) | 2,545,722 | 2,512,233 | 18,654,467 | 14,265,559 |
| Short-term borrowings from subsidiaries | 31 f) | - | - | 426,800,000 | 324,100,000 |
| Current portion of unearned rental and service income | 19 | 40,714,193 | 51,191,616 | 13,458,032 | 19,624,990 |
| Current portion of long-term borrowings | 16 | 152,000,000 | 110,000,000 | 152,000,000 | 110,000,000 |
| Liabilities on land leases - current portion | 18 | 28,947,437 | 94,326,713 | 31,332,356 | 89,200,531 |
| Corporate income tax payable | | 4,950,825 | 4,557,249 | - | - |
| Other current liabilities | 17 | 241,415,474 | 221,906,796 | 155,853,120 | 143,705,475 |
| Total current liabilities | | 1,651,271,011 | 1,312,325,352 | 1,927,045,436 | 1,475,043,276 |
| Non-current liabilities | | | | | |
| Unearned rental and service income | 19 | 359,824,907 | 355,038,697 | 77,624,641 | 54,024,477 |
| Long-term borrowings | 16 | 1,523,842,377 | 1,481,602,628 | 1,523,842,377 | 1,481,602,628 |
| Deposits received from customers | | 498,996,260 | 484,217,520 | 299,455,000 | 291,509,193 |
| Deferred tax liabilities | 20 | 1,139,174,935 | 1,002,715,505 | 405,857,801 | 431,169,857 |
| Liabilities on land leases | 18 | 1,565,867,176 | 1,420,625,665 | 1,068,835,972 | 919,107,778 |
| Employee benefit obligations | 21 | 43,945,195 | 38,891,397 | 43,945,195 | 38,891,397 |
| Total non-current liabilities | | 5,131,650,850 | 4,783,091,412 | 3,419,560,986 | 3,216,305,330 |
| Total liabilities | | 6,782,921,861 | 6,095,416,764 | 5,346,606,422 | 4,691,348,606 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)

As at 31 December 2018

| | Notes | Consolidated | | Separate | |
|----------------------------------|-------|----------------------|----------------|----------------------|---------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity (Cont'd) | | | | | |
| Equity | | | | | |
| Share capital | 22 | | | | |
| Authorized share capital | | 1,776,618,036 | 1,776,618,036 | 1,776,618,036 | 1,776,618,036 |
| Issued and paid-up share capital | | 1,776,607,541 | 1,776,607,541 | 1,776,607,541 | 1,776,607,541 |
| Share premium | | 634,028,511 | 634,028,511 | 634,028,511 | 634,028,511 |
| Retained earnings | | | | | |
| Appropriated - legal reserve | 23 | 177,666,690 | 177,666,690 | 177,666,690 | 177,666,690 |
| Unappropriated | | 8,910,911,222 | 7,701,341,726 | 1,293,456,866 | 1,523,072,916 |
| Other components of equity | | (445,902) | (445,902) | (445,902) | (445,902) |
| Equity attributable to owners of | | | | | |
| the parent | | 11,498,768,062 | 10,289,198,566 | 3,881,313,706 | 4,110,929,756 |
| Non-controlling interests | | 1,093,588,065 | 855,034,253 | - | - |
| Total equity | | 12,592,356,127 | 11,144,232,819 | 3,881,313,706 | 4,110,929,756 |
| Total liabilities and equity | | 19,375,277,988 | 17,239,649,583 | 9,227,920,128 | 8,802,278,362 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Income

For the year ended 31 December 2018

| | Notes | Consolidated | | Separate | |
|-------------------------------------|-------|----------------------|---------------|----------------------|--------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Revenues | | | | | |
| Rental and services income | | 1,390,586,513 | 1,358,395,864 | 766,053,794 | 759,860,638 |
| Finance and interest income | | 21,511,543 | 22,538,830 | 15,159,051 | 22,046,845 |
| Dividends income | 31 a) | - | - | 285,060,000 | 54,162,000 |
| Other income | | 50,475,106 | 33,238,286 | 175,074,800 | 139,563,407 |
| Share of profit from joint ventures | 10 | 1,222,318,295 | 1,458,170,185 | - | - |
| Total revenues | | 2,684,891,457 | 2,872,343,165 | 1,241,347,645 | 975,632,890 |
| Expenses | | | | | |
| Cost of rental and services | | 567,373,324 | 547,128,543 | 329,715,817 | 309,552,371 |
| (Gain) loss from adjustments | | | | | |
| on investment property, net | 11 | (281,829,792) | 54,865,005 | 399,680,733 | 55,493,051 |
| Selling expenses | | 48,820,953 | 29,377,006 | 44,172,483 | 25,667,627 |
| Administrative expenses | | 191,193,520 | 198,233,191 | 172,668,032 | 178,154,196 |
| Directors and management's | | | | | |
| Remuneration | 31 h) | 16,247,234 | 14,712,906 | 16,247,234 | 14,712,906 |
| Total expenses | | 541,805,239 | 844,316,651 | 962,484,299 | 583,580,151 |
| Profit before finance costs | | | | | |
| and income tax | | 2,143,086,218 | 2,028,026,514 | 278,863,346 | 392,052,739 |
| Finance costs | 25 | (74,937,238) | (70,575,524) | (80,314,511) | (75,176,852) |
| Profit before income tax | | 2,068,148,980 | 1,957,450,990 | 198,548,835 | 316,875,887 |
| Income tax | 26 | (171,961,812) | (87,915,693) | 15,978,975 | (44,918,704) |
| Profit for the year | | 1,896,187,168 | 1,869,535,297 | 214,527,810 | 271,957,183 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 1,653,713,356 | 1,841,096,262 | 214,527,810 | 271,957,183 |
| Non-controlling interests | | 242,473,812 | 28,439,035 | - | - |
| | | 1,896,187,168 | 1,869,535,297 | 214,527,810 | 271,957,183 |
| Earnings per share | 27 | | | | |
| Basic earnings per share | | 0.93 | 1.04 | 0.12 | 0.15 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2018

| | Note | Consolidated | | Separate | |
|---|------|----------------------|---------------|----------------------|-------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Profit for the year | | 1,896,187,168 | 1,869,535,297 | 214,527,810 | 271,957,183 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Actuarial gains on defined employee benefit plans | 21 | - | 2,910,388 | - | 2,910,388 |
| Income tax relating to actuarial gains | | - | (582,078) | - | (582,078) |
| Other comprehensive income for the year, net of tax | | - | 2,328,310 | - | 2,328,310 |
| Total comprehensive income for the year | | 1,896,187,168 | 1,871,863,607 | 214,527,810 | 274,285,493 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 1,653,713,356 | 1,843,424,572 | 214,527,810 | 274,285,493 |
| Non-controlling interests | | 242,473,812 | 28,439,035 | - | - |
| | | 1,896,187,168 | 1,871,863,607 | 214,527,810 | 274,285,493 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2018

| Consolidated financial statements | | | | | | | | |
|--|-------|--|--------------------------|--------------------------|--|--|--|----------------------|
| Attributable to owners of the parent | | | | | | | | |
| | Notes | Issued and paid-up share capital Baht | Share premium Baht | Legal reserve Baht | Unappropriated retained earnings Baht | Other components of equity Baht | Non- controlling interests Baht | Total equity Baht |
| 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 | 28 | - | - | - | (355,315,148) | - | - | (355,315,148) |
| Dividends 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 |
| Opening balance 1 January 2018 | | 1,776,607,541 | 634,028,511 | 177,666,690 | 7,701,341,726 | (445,902) | 855,034,253 | 11,144,232,819 |
| Dividends | 28 | - | - | - | (444,143,860) | - | - | (444,143,860) |
| Dividend paid from a subsidiary to non-controlling interests | | - | - | - | - | - | (3,920,000) | (3,920,000) |
| Total comprehensive income for the year | | - | - | - | 1,653,713,356 | - | 242,473,812 | 1,896,187,168 |
| Closing balance 31 December 2018 | | 1,776,607,541 | 634,028,511 | 177,666,690 | 8,910,911,222 | (445,902) | 1,093,588,065 | 12,592,356,127 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2018

| | 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 2017 | | 1,776,607,541 | 634,028,511 | 177,666,690 | 1,604,102,571 | (445,902) | 4,191,959,411 |
| Dividends | 28 | - | - | - | (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 |
| Opening balance 1 January 2018 | | 1,776,607,541 | 634,028,511 | 177,666,690 | 1,523,072,916 | (445,902) | 4,110,929,756 |
| Dividends | 28 | - | - | - | (444,143,860) | - | (444,143,860) |
| Total comprehensive income for the year | | - | - | - | 214,527,810 | - | 214,527,810 |
| Closing balance 31 December 2018 | | 1,776,607,541 | 634,028,511 | 177,666,690 | 1,293,456,866 | (445,902) | 3,881,313,706 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows

For the year ended 31 December 2018

| | Notes | Consolidated | | Separate | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | Financial statements | | Financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Cash flows from operating activities | | | | | |
| Cash generated from (used in) operations | 29 | 957,269,092 | 201,520,380 | 634,511,261 | (99,659,793) |
| Interest paid | | (74,892,646) | (72,707,213) | (78,614,643) | (76,268,234) |
| Income tax paid | | (54,052,888) | (56,574,877) | (27,609,652) | (25,753,445) |
| Net cash generated from (used in) operating activities | | 828,323,558 | 72,238,290 | 528,286,966 | (201,681,472) |
| Cash flows from investing activities | | | | | |
| Purchases of intangible assets | | (8,001,750) | (20,852,185) | (7,992,750) | (20,521,685) |
| Purchases of building, equipment and investment property | | (868,204,268) | (409,131,049) | (835,278,403) | (360,201,206) |
| Short-term loans made to subsidiaries and related parties | 31 d) | - | - | (58,200,000) | (1,100,000) |
| Repayments received from short-term loans to subsidiaries and related parties | 31 d) | 1,400,000 | 2,250,000 | 90,200,000 | 167,600,000 |
| Proceeds from disposal of equipment | | - | 1,448,785 | - | 1,448,785 |
| Dividends received | 10 | 196,980,000 | 49,980,000 | 285,060,000 | 54,162,000 |
| Interest received | | 919,035 | 945,152 | 35,236,954 | 227,417 |
| Net cash (used in) generated from investing activities | | (676,906,983) | (375,359,297) | (490,974,199) | (158,384,689) |
| Cash flows from financing activities | | | | | |
| Proceeds from short-term loans from financial institutions | | 1,300,192,141 | 1,750,041,783 | 1,300,192,141 | 1,750,041,783 |
| Proceeds from issuance of debentures | 16 | - | 500,000,000 | - | 500,000,000 |
| Proceeds from long-term borrowings | 16 | 191,178,651 | 593,968,428 | 191,178,651 | 593,968,428 |
| Proceeds from borrowings from subsidiary | 31 f) | - | - | 150,400,000 | 84,300,000 |
| Repayments to short-term loans from financial institutions | | (1,070,000,000) | (1,470,000,000) | (1,070,000,000) | (1,470,000,000) |
| Redemption of debentures | 16 | - | (700,000,000) | - | (700,000,000) |
| Repayments to long-term loans from financial institutions | 16 | (107,500,000) | - | (107,500,000) | - |
| Paid for debenture issuance cost | 16 | (1,099,283) | (1,896,800) | (1,099,283) | (1,896,800) |
| Repayments to short-term loans from subsidiary and related parties | 31 f) | - | - | (47,700,000) | (32,850,000) |
| Dividends paid to shareholders | 28 | (444,143,860) | (355,315,148) | (444,143,860) | (355,315,148) |
| Dividends paid to non-controlling interests | | (3,920,000) | (4,018,000) | - | - |
| Net cash (used in) generated from financing activities | | (135,292,351) | 312,780,263 | (28,672,351) | 368,248,263 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2018

| | Notes | Consolidated | | Separate | |
|--|-------|----------------------|------------|----------------------|------------|
| | | Financial statements | | Financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Net increase in cash and cash equivalents | | 16,124,224 | 9,659,256 | 8,640,416 | 8,182,102 |
| Cash and cash equivalents, | | | | | |
| at beginning of the year | | 34,857,193 | 25,197,937 | 18,124,672 | 9,942,570 |
| Cash and cash equivalents at end of the year | | 50,981,417 | 34,857,193 | 26,765,088 | 18,124,672 |

Supplementary information for cash flows:

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2018 and 2017 are as follows:

| | | Consolidated | | Separate | |
|--|--|----------------------|-------------|----------------------|-------------|
| | | Financial statements | | Financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht | Baht | Baht | Baht |
| Accounts payable arisen as a result of | | | | | |
| purchases of building, equipment and | | | | | |
| investment property | | 4,891,747 | 1,221,757 | 3,918,315 | 1,156,380 |
| Accounts payable arisen as a result of | | | | | |
| purchases of intangible assets | | - | 4,494,000 | - | 4,494,000 |
| Investment property increases due to | | | | | |
| reversal of finance lease contracts | | - | 51,612,980 | - | 49,848,924 |
| Increase in liabilities on land leases | | 330,201,457 | 255,338,333 | 330,201,457 | 255,338,333 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2018

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 12 February 2019.

2 Accounting policies

The principal accounting policies applied 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 are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.

TAS 7 (revised 2017) Statement of cash Flows

TAS 12 (revised 2017) Income taxes

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.

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

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 18 (revised 2017) Revenue

TAS 18 (revised 2017) Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.
(Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

The Group's management has assessed and considered that the effectiveness of the above new standard will not have a material impact on the Group's financial statements.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

| | |
|-----------------------|--|
| TAS 28 (revised 2018) | Investments in associates and joint ventures |
| TAS 40 (revised 2018) | Investment Property |

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

| | |
|--------|-------------------------------------|
| TAS 32 | Financial instruments: Presentation |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.
(Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.
(Cont'd)

The above new standards and interpretations will supersede the following standards:

| | |
|---------|--|
| TAS 101 | Bad and Doubtful Debts |
| TAS 105 | Accounting for Investment in Debts and Equity securities |
| TAS 107 | Financial Instruments: Disclosure and Presentation |

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a financial liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.
(Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow: (Cont'd)

- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

The Group's management is currently assessing the impact of initial adoption of these standards.

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.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investment in subsidiaries and interests in joint ventures (Cont'd)

d) Joint arrangements

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

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

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

2.4 Cash and cash equivalents

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

2.5 Short-term investment

Short-term investment is investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and short-term is defined as a year. The short-term investment is presented at a fair value in the statement of financial position. The fair value of unit trust is based on net assets value of the fund on the last business day of the year. The change of investment valuation are recognised a net gain or loss in the statement of income.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Trade accounts receivable

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

2.7 Building and equipment

Building and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation as at the statement of financial position date. Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, or, if it is shorter, the lease term to its residual value over the estimated useful life as follows:

| | |
|---------------------------------|---|
| Buildings and improvements | Land leased contracts being 15 - 30 years |
| 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.

2 Accounting policies (Cont'd)

2.7 Building and equipment (Cont'd)

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 Accounting policies (Cont'd)

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 licences

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

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

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

2 Accounting policies (Cont'd)

2.11 Impairment of assets

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

2.12 Deferred income taxes

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

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

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

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

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

2.13 Provisions

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

2 Accounting policies (Cont'd)

2.14 Employee benefits

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

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

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

2.15 Borrowings

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

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

2.16 Revenue and expenses recognition

Revenue from rentals and services are recognised over the period in accordance with the agreement and rental and services are rendered. Revenue from leases are recognised in accordance with the accounting policy per Note 2.9 - Long-term leases.

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

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

Expenses are generally recognised on an accrual basis.

2.17 Financial instruments

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

The Group does not has policy to trade or speculate in any financial instruments.

The Group is party to derivative financial instruments, which are interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

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

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

2 Accounting policies (Cont'd)

2.18 Dividends

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

2.19 Segment reporting

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

2.20 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

3.1 Critical accounting estimates, assumptions and judgements

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

a) Impairment of receivable and finance lease receivables

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

b) Impairment of goodwill

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

c) Building and equipment and intangible assets

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

d) Employee benefits obligations

The present value of the 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 21.

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 2018.

| | Consolidated financial statements | | |
|---|-----------------------------------|------------|------------|
| | Level 2 | Level 3 | Total |
| | Baht'000 | Baht'000 | Baht'000 |
| Assets | | | |
| Short-term investments - trading securities | 77,551 | - | 77,551 |
| Investment property | - | 11,250,082 | 11,250,082 |
| | | | |
| | Separate financial statements | | |
| | Level 2 | Level 3 | Total |
| | Baht'000 | Baht'000 | Baht'000 |
| Assets | | | |
| Short-term investments - trading securities | 77,551 | - | 77,551 |
| Investment property | - | 5,523,393 | 5,523,393 |

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. In 2018, the Group engaged an external valuer to conduct a revaluation of the property according to the Group's accounting policy.

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

4.4 Group's valuation processes

The Group's finance department including an independent valuer conduct the valuation 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 independent valuer conducts the estimates of such information as part of the valuation of investment property.

The sensitivity analysis of the significant assumption for the fair value measurement of investment property as at 31 December 2018 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 509,902 | Increase 564,848 |

| 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 312,685 | Increase 350,074 |

5 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Cash on hand | 97 | 156 | 36 | 92 |
| Deposits at call with banks | 50,884 | 34,701 | 26,729 | 18,033 |
| | 50,981 | 34,857 | 26,765 | 18,125 |

The interest rates of deposits at call with banks are ranging from 0.20% to 0.63% per annum (2017: 0.20% to 0.63% per annum).

6 Short-term investments

As of 31 December 2018 and 31 December 2017, the Company has investments in securities as follows:

| | Consolidated and Separate financial statements | | | |
|-------------------------------|--|------------------------|------------------|------------------------|
| | 2018 | | 2017 | |
| | Cost Baht'000 | Fair Value Baht'000 | Cost Baht'000 | Fair Value Baht'000 |
| Short-term investments | | | | |
| Trading securities - equity | 77,546 | 77,551 | 383,612 | 384,129 |

During the year ended 31 December 2018, the movements of investments in securities are as follows:

| | Consolidated and Separate financial statements |
|-----------------------------------|---|
| | 2018 Baht'000 |
| Beginning balance, net | 384,129 |
| Additions | 684,000 |
| Disposals | (990,788) |
| Revaluation surplus on fair value | 210 |
| Ending balance, net | 77,551 |

7 Trade and other receivables

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Trade receivables | 89,615 | 111,062 | 57,171 | 76,445 |
| <u>Less</u> Allowance for doubtful accounts | - | - | - | - |
| Trade receivables, net | 89,615 | 111,062 | 57,171 | 76,445 |
| Prepayments | 3,194 | 6,260 | 2,125 | 4,797 |
| Property tax receivable | 25,428 | 23,585 | 12,535 | 12,544 |
| Other receivables | 4,490 | 5,276 | 4,006 | 4,640 |
| | 122,727 | 146,183 | 75,837 | 98,426 |

Outstanding trade accounts receivable can be aged as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Current | 71,115 | 64,062 | 43,115 | 35,625 |
| Overdue 1 to 6 months | 16,661 | 32,016 | 14,056 | 26,317 |
| Overdue 7 to 12 months | 1,786 | 14,556 | - | 14,503 |
| Overdue over 12 months | 53 | 428 | - | - |
| | 89,615 | 111,062 | 57,171 | 76,445 |
| <u>Less</u> Allowance for doubtful accounts | - | - | - | - |
| | 89,615 | 111,062 | 57,171 | 76,445 |

8 Finance lease receivables

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| The gross receivable in the lease contracts | | | | |
| Due within 1 year | 41,357 | 46,143 | 26,516 | 32,041 |
| Due within 2 to 5 years | 173,672 | 168,780 | 110,486 | 108,308 |
| Due later than 5 years | 515,670 | 561,861 | 322,065 | 351,112 |
| | <u>730,699</u> | <u>776,784</u> | <u>459,067</u> | <u>491,461</u> |
| The present value of minimum lease payments receivable | | | | |
| Due within 1 year | 21,201 | 25,571 | 13,299 | 18,358 |
| Due within 2 to 5 years | 98,224 | 91,216 | 62,273 | 58,227 |
| Due later than 5 years | 411,075 | 439,184 | 260,248 | 278,022 |
| | <u>509,299</u> | <u>530,400</u> | <u>322,521</u> | <u>336,249</u> |
| | 530,500 | 555,971 | 335,820 | 354,607 |
| <u>Less</u> Allowance for doubtful accounts | - | - | - | - |
| | <u>530,500</u> | <u>555,971</u> | <u>335,820</u> | <u>354,607</u> |
| Unearned finance income | <u>200,199</u> | <u>220,813</u> | <u>123,247</u> | <u>136,854</u> |

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 | |
|-------------------------------------|--------------------------------------|---------------|----------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Withholding tax deducted at sources | 31,188 | 14,853 | 21,121 | 4,949 |
| Value-added tax | 5,628 | 6,988 | 4,779 | 3,845 |
| | <u>36,816</u> | <u>21,841</u> | <u>25,900</u> | <u>8,794</u> |

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 | |
|------------------------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 |
| Investments in subsidiaries | | |
| Opening book value | 257,925 | 257,925 |
| Movement | - | - |
| Closing book value | 257,925 | 257,925 |

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Investments in joint ventures | | | | |
| Opening book value | 6,057,493 | 4,649,303 | 1,978,581 | 1,978,581 |
| Dividends received | (196,980) | (49,980) | - | - |
| Shares of profit from joint ventures | 1,222,318 | 1,458,170 | - | - |
| Closing book value | 7,082,831 | 6,057,493 | 1,978,581 | 1,978,581 |

During 2018, shareholders of the joint venture approved a dividends payment at Baht 1.34 per share, (2017: Baht 0.34 per share). The dividends were paid to the Company on 28 March 2018, amounting to Baht 196.98 million (2017: 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 | |
|---|---------------------------|----------------------|------|
| | | 2018 | 2017 |
| 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.

Investment during 2017

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

10.1 Investments in joint ventures (Cont'd)

Summarised financial information for joint ventures

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 | 2018 Baht'000 | 2017 Baht'000 |
|---|-------------------|-------------------|
| Cash and cash equivalents | 553,617 | 540,118 |
| Trade and other receivables | 115,176 | 111,799 |
| Short-term loans to related parties | 200,000 | - |
| Other current assets | 86,092 | 88,770 |
| Prepaid rent | 42 | 42 |
| Investment property | 21,182,657 | 18,815,976 |
| Equipments, net | 411,401 | 291,406 |
| Intangible assets, net | 4,523 | 4,502 |
| Other assets | 32,652 | 6,709 |
| Total assets | 22,586,160 | 19,859,322 |
| Trade and other payables | 298,759 | 324,933 |
| Other current liabilities | 333,331 | 321,669 |
| Finance lease liabilities on land leases | 318,441 | 317,286 |
| Long-term loans from financial institutions | 4,351,250 | 4,270,000 |
| Unearned rental | 115,299 | 113,889 |
| Deferred tax liabilities | 2,090,603 | 1,670,365 |
| Employee benefit obligations | 12,780 | 12,300 |
| Other liabilities | 1,261,369 | 1,189,872 |
| Total liabilities | 8,781,832 | 8,220,314 |
| Net assets | 13,804,328 | 11,639,008 |

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

10.1 Investments in joint ventures (Cont'd)

Summarised financial information for 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. (Cont'd)

Summarised consolidated statement of comprehensive income

| For the year ended 31 December | 2018 Baht'000 | 2017 Baht'000 |
|---|------------------|------------------|
| Rental income | 2,482,248 | 2,182,374 |
| Gain on fair value adjustment on investment property, net | 1,794,665 | 2,494,540 |
| Interest income | 6,327 | 6,046 |
| Other income | 255,268 | 237,689 |
| Cost of rental and service | (655,453) | (540,338) |
| Selling and administrative expenses | (402,363) | (335,270) |
| Finance cost | (251,455) | (253,340) |
| Profit before income tax | 3,229,237 | 3,791,701 |
| Income tax | (660,977) | (757,662) |
| Net profit | 2,568,260 | 3,034,039 |
| Other comprehensive income | - | - |
| Total comprehensive income | 2,568,260 | 3,034,039 |
| Dividends received from joint ventures | 196,980 | 49,980 |

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:

| | 2018 Baht'000 | 2017 Baht'000 |
|---|------------------|------------------|
| Less than 1 year and not later than 3 years | 7,312,127 | 6,451,256 |
| Over 3 years | 656,250 | 750,000 |
| | 7,968,377 | 7,201,256 |

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.

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

10.1 Investments in joint ventures (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of investment in joint venture.

| For the year ended 31 December | 2018 Baht'000 | 2017 Baht'000 |
|--|------------------|------------------|
| Summarised financial information | | |
| Opening net assets 1 January | 11,639,008 | 8,570,969 |
| Total comprehensive income for the year | 2,568,259 | 3,034,039 |
| Non-controlling interests | - | 136,000 |
| Dividends paid | (402,000) | (102,000) |
| Closing net assets | 13,805,267 | 11,639,008 |
| <u>Less</u> Non-controlling interests | (136,000) | (136,000) |
| Closing net assets after deducting non-controlling interest | 13,669,267 | 11,503,008 |
| Investments in joint ventures (49%) | | |
| Carrying value | 6,697,941 | 5,636,474 |

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.

| | 2018 Baht'000 | 2017 Baht'000 |
|--|------------------|------------------|
| Aggregate carrying amount of individually immaterial joint ventures | 384,890 | 421,019 |
| Aggregate amounts of the reporting entity's share of: | | |
| Loss from continuing activities | (36,129) | (28,509) |

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 | |
|--|---|----------------------|------|
| | | 2018 | 2017 |
| 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 | 2018 | 2017 |
|-------------------------------------|------------------|------------------|
| | Baht'000 | Baht'000 |
| Current | | |
| Assets | 34,790 | 37,390 |
| Liabilities | (53,965) | (54,497) |
| Total current net assets | (19,175) | (17,107) |
| Non-current | | |
| Assets | 1,869,943 | 1,396,356 |
| Liabilities | (461,553) | (376,115) |
| Total non-current net assets | 1,408,390 | 1,020,241 |
| Net assets | 1,389,215 | 1,003,134 |

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

10.2 Principal subsidiaries (Cont'd)

Summarised statement of comprehensive income: Ratchayothin Avenue Company Limited

| For the year ended 31 December | 2018 Baht'000 | 2017 Baht'000 |
|---|------------------|------------------|
| Revenue | 485,797 | 11,939 |
| Expenses | (2,376) | (2,322) |
| Profit before income tax | 483,421 | 9,617 |
| Income tax | (97,340) | (2,580) |
| Net profit | 386,081 | 7,037 |
| Other comprehensive income | - | - |
| Total comprehensive income | 386,081 | 7,037 |
| Total comprehensive income allocated to non-controlling interests | 193,040 | 3,518 |

Summarised statement of cash flows: Ratchayothin Avenue Company Limited

| For the year ended 31 December | 2018 Baht'000 | 2017 Baht'000 |
|---|------------------|------------------|
| Cash flow from operating activities | | |
| Cash generated from operations | 4,199 | 3,513 |
| Interest paid | (567) | (1,023) |
| Income tax paid | (6,314) | (6,305) |
| Net cash used in operating activities | (2,682) | (3,815) |
| Net cash generated from investing activities | 3,301 | 5,475 |
| Net cash used in financing activities | (500) | (2,000) |
| Net increase (decrease) in cash and cash equivalents | 119 | (340) |
| Cash and cash equivalents at beginning of the year | 4,378 | 4,718 |
| Cash and cash equivalents at end of the year | 4,497 | 4,378 |

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

11 Investment property

| For the year ended 31 December | Consolidated | | Separate | |
|---|----------------------|-----------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Investment property at 1 January | 9,821,266 | 9,102,952 | 4,835,360 | 4,177,371 |
| Additions during the year | 1,179,751 | 671,783 | 1,152,475 | 643,804 |
| Deduction during the year | (131,003) | - | (131,003) | - |
| Gain from fair value adjustment | 380,068 | 46,531 | (333,439) | 14,185 |
| Investment property at 31 December | 11,250,082 | 9,821,266 | 5,523,393 | 4,835,360 |
| | | | | |
| For the year ended 31 December | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Statements of income for the year ended | | | | |
| Gain (loss) from fair value adjustment | 380,068 | 46,531 | (333,439) | 14,185 |
| Finance cost from recognising investment property | (98,238) | (101,396) | (66,242) | (69,678) |
| Gain (loss) from adjustment | | | | |
| on investment property, net | 281,830 | (54,865) | (399,681) | (55,493) |

Majority of rental income and expenditures presented in the statements of income 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 |
| At 1 January 2017 | | | |
| 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 |
| For the year ended 31 December 2017 | | | |
| Opening net book amount | 7,056 | 51,142 | 58,198 |
| Additions | 13 | 24,413 | 24,426 |
| Disposals, net | - | (1,260) | (1,260) |
| Depreciation amount | (483) | (19,676) | (20,159) |
| Closing net book amount | 6,586 | 54,619 | 61,205 |
| At 31 December 2017 | | | |
| 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 |
| For the year ended 31 December 2018 | | | |
| Opening net book amount | 6,586 | 54,619 | 61,205 |
| Additions | - | 22,402 | 22,402 |
| Disposals, net | - | (511) | (511) |
| Transferred to investment property | (13) | (60) | (73) |
| Depreciation charge | (483) | (21,385) | (21,868) |
| Closing net book amount | 6,090 | 55,065 | 61,155 |
| At 31 December 2018 | | | |
| Cost | 11,852 | 224,399 | 236,251 |
| <u>Less</u> Accumulated depreciation | (5,762) | (169,334) | (175,096) |
| Net book amount | 6,090 | 55,065 | 61,155 |

| | Separate financial statements |
|--|--|
| | Motor vehicles, office equipment, computer and computer equipment Baht'000 |
| At 1 January 2017 | |
| Cost | 124,008 |
| <u>Less</u> Accumulated depreciation | (96,271) |
| Net book amount | 27,737 |
| For the year ended 31 December 2017 | |
| Opening net book amount | 27,737 |
| Additions | 14,361 |
| Disposals, net | (1,260) |
| Depreciation charge | (11,121) |
| Closing net book amount | 29,717 |
| At 31 December 2017 | |
| Cost | 132,194 |
| <u>Less</u> Accumulated depreciation | (102,477) |
| Net book amount | 29,717 |
| For the year ended 31 December 2018 | |
| Opening net book amount | 29,717 |
| Additions | 15,771 |
| Disposals, net | (511) |
| Depreciation charge | (12,397) |
| Closing net book amount | 32,580 |
| At 31 December 2018 | |
| Cost | 145,622 |
| <u>Less</u> Accumulated depreciation | (113,042) |
| Net book amount | 32,580 |

13 Intangible assets, net

| | Consolidated financial statements | | | Separate financial statements |
|--------------------------------------|---|----------|----------|--|
| | Computer software licenses Total Baht'000 | | | Computer software licenses Baht'000 |
| At 1 January 2017 | | | | |
| 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 |
| For the year ended 31 December 2017 | | | | |
| 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 |
| At 31 December 2017 | | | | |
| 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 |
| For the year ended 31 December 2018 | | | | |
| Opening net book amount | 4,437 | 30,161 | 34,598 | 29,861 |
| Additions | - | 3,508 | 3,508 | 3,498 |
| Amortisation charge | - | (5,895) | (5,895) | (5,861) |
| Closing net book amount | 4,437 | 27,774 | 32,211 | 27,498 |
| At 31 December 2018 | | | | |
| Cost | 5,000 | 61,608 | 66,608 | 61,268 |
| <u>Less</u> Accumulated amortisation | (563) | (33,834) | (34,397) | (33,770) |
| Net book amount | 4,437 | 27,774 | 32,211 | 27,498 |

14 Short-term borrowings from financial institutions

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Short-term borrowings from financial institutions | 859,817 | 629,625 | 859,817 | 629,625 |

Short-term borrowings are in forms of promissory notes and bills of exchange denominated in Thai Baht, bearing interest at fixed rates ranging from 2.55% to 3% per annum and due for repayment in 2019.

15 Trade and other payables

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Trade payables | 71,193 | 14,250 | 67,410 | 10,935 |
| Accrued expenses | 164,590 | 128,517 | 124,738 | 89,407 |
| Retention payable | 41,414 | 20,220 | 39,272 | 18,342 |
| Accrued interest expense | 9,780 | 9,303 | 9,780 | 9,303 |
| Others | 33,903 | 25,916 | 27,930 | 16,535 |
| | <u>320,880</u> | <u>198,206</u> | <u>269,130</u> | <u>144,522</u> |

16 Long-term borrowings

| | Consolidated and Separate financial statements | |
|--|---|------------------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Current portion of long-term borrowings | | |
| Loan from financial institutions | 152,000 | 110,000 |
| Non-current portion of long-term borrowings | | |
| Debentures | 998,195 | 997,635 |
| Loan from financial institutions | 525,647 | 483,968 |
| Total non-current borrowings | <u>1,523,842</u> | <u>1,481,603</u> |
| Total borrowings | <u>1,675,842</u> | <u>1,591,603</u> |

Maturity of long-term borrowings:

| | Consolidated and Separate financial statements | |
|--|---|------------------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Within 1 year | 152,000 | 110,000 |
| Later than 1 year and not later than 2 years | 651,313 | 124,000 |
| Later than 2 years | 872,529 | 1,357,603 |
| | <u>1,675,842</u> | <u>1,591,603</u> |

Debentures

The movements in the debentures can be analysed as follows:

| | Consolidated and Separate financial statements | |
|---|---|----------------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| At 1 January | 997,635 | 1,198,795 |
| Addition | - | 500,000 |
| Debenture issuance cost | (1,100) | (1,896) |
| Redemption | - | (700,000) |
| Amortisation of debenture issuance cost (Note 25) | 1,660 | 736 |
| At 31 December | <u>998,195</u> | <u>997,635</u> |

As at 31 December 2018, 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.

Borrowings from financial institutions

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

| | Consolidated and Separate financial statements | |
|----------------|---|----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| At 1 January | 593,968 | - |
| Additions | 191,179 | 593,968 |
| Repayment | (107,500) | - |
| At 31 December | 677,647 | 593,968 |

Long-term borrowings carry interest rate ranging from MLR - 3.00% to MLR - 2.00% per annum, and BIBOR (3M) + 2.20% per annum.

Interests on long-term borrowings are fixed with the weighted average effective rate of 4.24% per annum (2017: 4.07% per annum).

Fair value

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 | |
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Total long-term borrowings | 1,675,842 | 1,591,603 | 1,592,769 | 1,513,809 |

The fair value of bonds are measured using discounted cash flows 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 | |
|----------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Accrued property tax | 233,513 | 215,348 | 148,804 | 138,325 |
| Others | 7,902 | 6,559 | 7,049 | 5,380 |
| | <u>241,415</u> | <u>221,907</u> | <u>155,853</u> | <u>143,705</u> |

18 Liabilities on land leases

Liabilities on land leases are due for settlement as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Within 1 year | 28,947 | 94,327 | 31,332 | 89,201 |
| Within 2 years and not later than 5 years | 563,960 | 518,050 | 363,917 | 342,802 |
| Later than 5 years | 1,001,907 | 902,576 | 704,919 | 576,306 |
| | <u>1,565,867</u> | <u>1,420,626</u> | <u>1,068,836</u> | <u>919,108</u> |
| | <u>1,594,814</u> | <u>1,514,953</u> | <u>1,100,168</u> | <u>1,008,309</u> |

19 Unearned rental and service income

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Within 1 year | 40,714 | 51,191 | 13,458 | 19,625 |
| Within 2 years and not later than 5 years | 97,136 | 100,508 | 25,570 | 27,820 |
| Later than 5 years | 262,689 | 254,531 | 52,055 | 26,204 |
| | <u>359,825</u> | <u>355,039</u> | <u>77,625</u> | <u>54,024</u> |
| | <u>400,539</u> | <u>406,230</u> | <u>91,083</u> | <u>73,649</u> |

20 Deferred income taxes

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| At 1 January | (1,002,716) | (957,134) | (431,170) | (404,448) |
| Charges to statements of comprehensive income | - | (582) | - | (582) |
| Charges to income statements (Note 26) | (136,459) | (45,000) | 25,312 | (26,140) |
| At 31 December | (1,139,175) | (1,002,716) | (405,858) | (431,170) |

The movements in deferred tax assets and liabilities during the year are as follows:

| | Consolidated financial statements | | | |
|---|--|---|--------------------|-------------------|
| Deferred tax assets | Deposit received from customers Baht'000 | Unearned service income Baht'000 | Others Baht'000 | Total Baht'000 |
| 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 |
| At 1 January 2018 | 16,518 | 14,067 | 8,838 | 39,423 |
| Charges income statements | (982) | (1,017) | 1,010 | (989) |
| At 31 December 2018 | 15,536 | 13,050 | 9,848 | 38,434 |

| | Consolidated financial statements | | |
|------------------------------|---|------------------------------------|-------------------|
| Deferred tax liabilities | Profit from finance lease contracts Baht'000 | Investment property Baht'000 | Total Baht'000 |
| 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 |
| At 1 January 2018 | 148,319 | 893,820 | 1,042,139 |
| Charges to income statements | (7,854) | 143,324 | 135,470 |
| At 31 December 2018 | 140,465 | 1,037,144 | 1,177,609 |

The movements in deferred tax assets and liabilities during the year are as follows: (Cont'd)

| Deferred tax assets | Separate financial statements | | | |
|---|-------------------------------|----------|----------|----------|
| | Deposit | Unearned | | |
| | received | service | Others | Total |
| | from | income | | |
| | customers | | | |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| At 1 January 2017 | 8,435 | 3,309 | 8,562 | 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 |
| At 1 January 2018 | 9,238 | 2,851 | 8,838 | 20,927 |
| Charges to income statements | (1,462) | (235) | 1,010 | (687) |
| At 31 December 2018 | 7,776 | 2,616 | 9,848 | 20,240 |

| Deferred tax liabilities | Separate financial statements | | |
|------------------------------|-------------------------------|------------|----------|
| | Profit from | Investment | |
| | finance lease | property | Total |
| | contracts | | |
| | Baht'000 | Baht'000 | Baht'000 |
| 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 |
| At 1 January 2018 | 40,731 | 411,366 | 452,097 |
| Charges to income statements | (2,733) | (23,266) | (25,999) |
| At 31 December 2018 | 37,998 | 388,100 | 426,098 |

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

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

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--------------------------------------|-------------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Deferred tax assets | 38,434 | 39,423 | 20,240 | 20,927 |
| Deferred tax liabilities | (1,177,609) | (1,042,139) | (426,098) | (452,097) |
| Total deferred tax liabilities | (1,139,175) | (1,002,716) | (405,858) | (431,170) |

21 **Employee benefit obligations**

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

| | Consolidated and Separate financial statements | |
|---|---|----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Statement of financial position | | |
| Retirement benefit obligations | 43,945 | 38,891 |
| Statement of comprehensive income | | |
| Expenses included in operating profit | 5,150 | 5,175 |
| 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 | |
|---|---|----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| At 1 January | 38,891 | 37,508 |
| Current service cost | 4,243 | 3,691 |
| Interest cost | 907 | 602 |
| Losses from benefit payment | - | 882 |
| | 44,041 | 42,683 |
| 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 | (96) | (882) |
| At 31 December | 43,945 | 38,891 |

21 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

| | Consolidated and Separate financial statements | |
|-------------------------------|---|--|
| | 2018 | 2017 |
| Discount rates | 2.04% | 2.04% |
| 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 2017 |
| Disability rate | 5% of Thai Mortality Ordinary Table 2017 | 5% of Thai Mortality Ordinary Table 2017 |

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 | |
| | 2018 | 2017 | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Discount rate | 1% | 1% | Decrease 2,109 | Decrease 2,004 | Increase 2,408 | Increase 2,288 |
| Salary growth rate | 1% | 1% | Increase 2,763 | Increase 2,219 | Decrease 2,476 | Decrease 1,987 |
| Turnover rate | 1% | 1% | Decrease 2,247 | Decrease 2,129 | Increase 660 | Increase 586 |

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 2018 | 31 December 2017 |
|---|------------------------|------------------------|
| Duration of the defined benefit obligation | 7.28 years Baht'000 | 7.28 years Baht'000 |
| Maturity analysis of benefits expected to be paid | | |
| Benefits expected to be paid within 5 years | 28,947 | 29,017 |
| Benefits expected to be paid later than 5 years and not later than 15 years | 34,368 | 40,685 |
| Benefits expected to be paid later than 15 years and not later than 25 years | 55,122 | 77,303 |
| Benefits expected to be paid later than 25 years | 50,970 | 67,960 |

22 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 2017 | 1,776,608 | 634,029 | 2,410,637 |
| Issue of shares | - | - | - |
| At 31 December 2017 | 1,776,608 | 634,029 | 2,410,637 |
| Issue of shares | - | - | - |
| At 31 December 2018 | 1,776,608 | 634,029 | 2,410,637 |

As at 31 December 2018, total authorised number of the ordinary shares is 1,776,618,036 shares with a par value of Baht 1 each (2017: 1,776,618,036 shares with a par value of Baht 1 each). Total issued and paid-up share capital is 1,776,607,541 shares with the paid-up of Baht 1 each (2017: 1,776,607,541 shares with a paid-up of Baht 1 each).

23 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.

24 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 | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Depreciation on building and equipment (Note 12) | 21,868 | 20,159 | 12,397 | 11,121 |
| Staff costs | 121,682 | 131,614 | 121,682 | 131,614 |

25 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2018 Baht'000 | 2017 Baht'000 | 2018 Baht'000 | 2017 Baht'000 |
| Interest expenses | | | | |
| - Debentures | 45,431 | 46,093 | 45,431 | 46,093 |
| - Long-term borrowings from financial institutions | 22,446 | 14,680 | 22,446 | 14,680 |
| - Bank overdrafts | 30 | 5 | 30 | 5 |
| - Bill of exchange | 5,331 | 8,203 | 5,331 | 8,203 |
| - Debenture issuance cost (Note 16) | 1,660 | 736 | 1,660 | 736 |
| - Loan from related parties | - | - | 5,377 | 4,601 |
| - Others | 39 | 859 | 39 | 859 |
| Total finance costs | 74,937 | 70,576 | 80,314 | 75,177 |

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Current tax charge | 35,503 | 42,916 | 9,333 | 18,779 |
| Deferred tax: | | | | |
| Origination and reversal of temporary differences (Note 20) | 136,459 | 45,000 | (25,312) | 26,140 |
| Total income tax expenses | 171,962 | 87,916 | (15,979) | 44,919 |

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Profit before income tax | 2,068,149 | 1,957,451 | 198,549 | 316,876 |
| Tax calculated at a tax rate of 20% for the Company and 15% to 20% for subsidiaries | 471,734 | 391,141 | 39,710 | 63,375 |
| Tax effect of: | | | | |
| Income not subject to tax | (300,758) | (290,978) | (57,012) | (10,832) |
| Expenses not deductible for tax purpose | 2,849 | 1,504 | 2,261 | 972 |
| Double deductions expenses | (1,531) | (1,531) | (772) | (772) |
| Utilisation of previously unrecognised tax losses | - | (3,136) | - | - |
| Others | (332) | (9,084) | (166) | (7,824) |
| Tax charge | 171,962 | 87,916 | (15,979) | 44,919 |

27 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 | |
|--|--------------------------------------|-----------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Profit attributable to equity holders | | | | |
| of the parent (Baht'000) | 1,653,713 | 1,841,096 | 214,528 | 271,957 |
| Weighted average number of paid-up | | | | |
| ordinary shares in issue ('000 shares) | 1,776,608 | 1,776,608 | 1,776,608 | 1,776,608 |
| Basic earnings per share (Baht) | 0.93 | 1.04 | 0.12 | 0.15 |

28 Dividends

2018

At the Annual General Shareholders Meeting held on 21 March 2018, the board approved cash dividend payment amounting to Baht 0.25 per share in respect of 2017 operating results totaling Baht 444.14 million. The dividends were distributed to the shareholders in 18 April 2018.

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 totaling Baht 355.32 million.

The dividends were distributed to the shareholders on 18 April 2017.

29 Cash flows from operating activities

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

| | Notes | Consolidated | | Separate | |
|--|--------|----------------------|-------------|----------------------|-----------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Profit before income tax | | 2,068,149 | 1,957,451 | 198,548 | 316,876 |
| Adjustments for: | | | | | |
| Depreciation and amortisation | 12, 13 | 27,763 | 24,494 | 18,258 | 15,426 |
| Loss (gain) from sale of equipment | | 507 | (189) | 507 | (189) |
| Amortisation of prepaid rent | | 66 | 66 | - | - |
| Interest income | | (21,511) | (22,539) | (15,159) | (22,047) |
| Interest expense | 25 | 74,937 | 70,576 | 80,315 | 75,177 |
| Dividend income | | - | - | (285,060) | (54,162) |
| Amortisation of debenture issuance costs | 16 | 1,660 | 736 | 1,660 | 736 |
| Realised unearned rental | | | | | |
| and service income | | (28,103) | (30,186) | (8,789) | (12,490) |
| Employee benefit obligations | 21 | 5,150 | 5,175 | 5,150 | 5,175 |
| (Gain) loss from adjustment on | | | | | |
| investment property, net | 11 | (281,830) | 54,865 | 399,681 | 55,493 |
| Share of profit from joint venture | 10 | (1,222,318) | (1,458,170) | - | - |
| Unrealised gain from revaluation of | | | | | |
| short-term investments | 6 | (210) | (1,014) | (210) | (1,014) |
| Write-off of withholding tax | | 2,112 | 113 | 1,633 | - |
| Changes in operating assets and liabilities: | | | | | |
| - short-term investment | | 306,789 | (211,874) | 306,789 | (211,874) |
| - trade and other receivables | | 23,430 | (19,807) | (11,096) | (9,773) |
| - finance lease receivables | | 46,085 | 48,698 | 32,394 | 34,679 |
| - amounts due from related parties | | (12,465) | (3,665) | (93,541) | (130,105) |
| - other current assets | | 1,857 | (529) | (463) | (3,844) |
| - deposits for leasehold land | | (397) | 1,260 | (397) | 1,260 |
| - other non-current assets | | 3,081 | 2,827 | 2,622 | 1,903 |
| - trade and other payables | | 123,014 | 61,690 | 124,201 | 51,379 |
| - amounts due to related parties | | 473 | (2,310) | 4,828 | 4,168 |
| - other current liabilities | | 19,509 | (16,775) | 12,148 | 6,716 |
| - unearned rental and service income | | 22,412 | 38,327 | 26,222 | 33,584 |
| - deposit received from customers | | 14,779 | (4,471) | 7,946 | 931 |
| - finance lease liabilities on land leases | | (217,574) | (292,347) | (173,580) | (256,783) |
| - employee benefit obligations | 21 | (96) | (882) | (96) | (882) |
| Cash generated from (used in) operations | | 957,269 | 201,520 | 634,511 | (99,660) |

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.

31 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 26.34% of the Company's share (31 December 2017: 25.99%). 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 | |
|-----------------------------------|--------------------------------------|----------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Rental and service income | | | | |
| Subsidiaries | - | - | 960 | 960 |
| Group Major Cineplex Group | | | | |
| Public Company Limited | 43,196 | 42,791 | 20,455 | 20,429 |
| Related parties | 57,545 | 61,652 | 27,301 | 29,887 |
| | <u>100,741</u> | <u>104,443</u> | <u>48,716</u> | <u>51,276</u> |
| Management fee income | | | | |
| Subsidiaries | - | - | 53,833 | 53,842 |
| Joint ventures | 6,247 | 5,400 | 6,247 | 5,400 |
| | <u>6,247</u> | <u>5,400</u> | <u>60,080</u> | <u>59,242</u> |
| Interest income | | | | |
| Subsidiaries | - | - | 1,285 | 7,164 |
| Major Cineplex Group | | | | |
| Public Company Limited | 395 | 473 | - | - |
| | <u>395</u> | <u>473</u> | <u>1,285</u> | <u>7,164</u> |
| Dividend income | | | | |
| Subsidiaries | - | - | 88,080 | 4,182 |
| Joint ventures | - | - | 196,980 | 49,980 |
| | <u>-</u> | <u>-</u> | <u>285,060</u> | <u>54,162</u> |
| Cost of rental and service | | | | |
| Subsidiaries | - | - | 2,573 | 2,565 |
| Administrative expense | | | | |
| Major Cineplex Group | | | | |
| Public Company Limited | 12,213 | 5,403 | 11,820 | 5,027 |
| Interest expense | | | | |
| Subsidiaries | - | - | 5,377 | 4,601 |

31 Related party transactions (Cont'd)

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

b) Trade and other receivables

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Group Major Cineplex Group | | | | |
| Public Company Limited | - | 249 | - | 3 |
| Related parties | - | 1,886 | - | 1,879 |
| | - | 2,135 | - | 1,882 |

c) Amounts due from related parties

| | Consolidated financial statements | | Separate financial statements | |
|------------------------|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Subsidiaries | - | - | 755,916 | 668,400 |
| Joint venture | 12,500 | 10,000 | 12,500 | 10,000 |
| Major Cineplex Group | | | | |
| Public Company Limited | 572 | 140 | 157 | - |
| Related parties | 9,532 | - | 3,368 | - |
| | 22,604 | 10,140 | 771,941 | 678,400 |

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 | |
|---------------------|--------------------------------------|----------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Beginning balance | 15,900 | 18,150 | 39,500 | 206,000 |
| Additions | - | - | 58,200 | 1,100 |
| Repayments received | (1,400) | (2,250) | (90,200) | (167,600) |
| Ending balance | 14,500 | 15,900 | 7,500 | 39,500 |

Short-term loans to subsidiaries are repayable upon demand, bearing interest at the rates of 4.10% to 5.00% per annum (2017: 5.00% per annum).

Short-term loans to Major Cineplex Group Public Company Limited are repayable upon demand, bearing interest at the rate of 2.25% per annum (2017: 2.72% per annum).

31 Related party transactions (Cont'd)

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

e) Amounts due to related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Subsidiaries | - | - | 16,729 | 12,501 |
| Major Cineplex Group Public Company Limited | 2,546 | 2,512 | 1,925 | 1,765 |
| | 2,546 | 2,512 | 18,654 | 14,266 |

f) Short-term loans from a subsidiary

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

| | Separate financial statements | |
|-------------------|----------------------------------|----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Beginning balance | 324,100 | 272,650 |
| Additions | 150,400 | 84,300 |
| Repayments | (47,700) | (32,850) |
| Ending balance | 426,800 | 324,100 |

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 1.06% to 2.25% per annum. (2017: 1.21% to 2.72% per annum).

g) Unearned rental and service income

As at 31 December of 2018, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 76 million (2017: Baht 82 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 | |
|--------------------------|---|----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Short-term benefits | 14,048 | 13,560 |
| Post-employment benefits | 2,199 | 1,153 |
| | 16,247 | 14,713 |

32 Commitments and contingencies

Bank guarantees

As at 31 December 2018, the Group has outstanding letters of guarantee amounting to Baht 55 million (2017: Baht 55 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 | |
|---|--------------------------------------|----------|----------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht'000 | Baht'000 | Baht'000 | Baht'000 |
| Less than 1 year | 13,104 | 12,624 | 11,207 | 10,726 |
| Over than 1 year but not later than 5 years | 12,472 | 20,853 | 10,574 | 17,058 |
| | 25,576 | 33,477 | 21,781 | 27,784 |

33 Segment information

The Group operates in only one business segment which is the development of shopping centers and lease out space in the centers. Currently, the business is only operated in Thailand. The internal reporting provided to the chief operating decision-maker presents investment property using cost method.

Profit and loss based on cost method of investment property for the year ended 2018 and 2017 are as follows:

| | Consolidated financial statements | |
|-------------------------------------|-----------------------------------|-----------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| Revenues | | |
| Rental and service income | 1,390,586 | 1,358,396 |
| Finance and interest income | 21,512 | 22,539 |
| Other income | 42,489 | 33,238 |
| Share of profit from joint venture | 394,403 | 369,735 |
| Total revenues | 1,848,990 | 1,783,908 |
| Expenses | | |
| Cost of rental and service | 990,223 | 932,348 |
| Selling and administrative expenses | 256,263 | 242,332 |
| Total expenses | 1,246,486 | 1,174,680 |
| Profit before finance costs | 602,504 | 609,228 |
| Finance costs | (74,937) | (70,576) |
| Profit before income taxes | 527,567 | 538,652 |
| Income taxes | (28,638) | (21,925) |
| Profit for the year | 498,929 | 516,727 |

33 Segment information (Cont'd)

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. (Cont'd)

Profit and loss based on cost method of investment property for the year ended 2018 and 2017 are as follows: (Cont'd)

| | Consolidated financial statements | |
|--|-----------------------------------|------------------|
| | 2018 | 2017 |
| | Baht'000 | Baht'000 |
| property-net attributable to: | | |
| Owners of the parent | 482,429 | 499,453 |
| Non-controlling interests | 16,500 | 17,274 |
| | <u>498,929</u> | <u>516,727</u> |
| Adjustments regarding investment property, net | 1,397,258 | 1,352,808 |
| Profit for the year after adjustments regarding investment property | <u>1,896,187</u> | <u>1,869,535</u> |
| Profit after adjustments regarding investment property-net attributable to: | | |
| Owners of the parent | 1,653,713 | 1,841,096 |
| Non-controlling interests | 242,474 | 28,439 |
| | <u>1,896,187</u> | <u>1,869,535</u> |

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 3 projects being La Villa project, Market Place Sukaphiban 3 project and Market Place Thonglo project. For La Villa project, there were 2 lands extension of the land lease period for additional of 15 and 18 years. For Market Place Sukaphiban 3 project, there was land extension of the land lease period for additional of 20 years and Market Place Thonglo project, there was land extension of the land lease periods for additional of 30 years.

34 Post statement of financial position event

At the Board of Directors meeting No.1/2019 held on 12 February 2019, the board approved cash dividend payment amounting to Baht 0.10 per share totaling Baht 177.66 million and a stock dividend to shareholders at the ratio 5 existing shares to 1 new share in respect of 2018 operating results. The dividends will be payable to the shareholders in April 2019.



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