



SIAM FUTURE DEVELOPMENT PUBLIC CO., LTD.

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Message from the Board of Directors

In 2012 the Company launched its Mega Bangna Project, a mega shopping center on a total area exceeding 250 rai. This is a joint venture with IKEA, a world's leading furniture company from Sweden. The project is located on Bangna-Trad KM 8 Road. It was officially opened on May 5, 2012. From a total rental space of 180,000 sq.m., anchor tenants are IKEA Store, furniture store, Major Cineplex movie theatre and bowling, Robinson Department Store, Big C Extra Super Center and Home Pro home furnishing center, allowing Mega Bangna Project to well provide comprehensive services to customers around Bangna-Trad, Srinakarin and Bangkok area. Additionally, the Project makes it more convenient to the customers by providing shuttle bus service from Udomsuk BTS Station while there are also depots for 6 bus lines within the Project. It plans to provide even more traveling convenience to the customers, e.g. addition of van and taxi stations and footbridges, etc.

Upon commencement of Mega Bangna Project, accounting standard no. 40 regarding Investment Property was adopted in measuring the fair value of the whole rental area. As such, Mega Bangna Project realized gain from the fair value adjustment on the investment property in the first quarter of 2012 immediately while it also realized the fair value every quarter. Therefore, as at December 31, 2012, the Company obtained THB 1,081 million profit sharing from Mega Bangna Joint Venture Project (according to 49% shareholding by the Company).

For California Wow Xperience plc. (CAWOW), after exiting the rehabilitation plan, its only rental space with the Company was at Esplanade Project. CAWOW asked for a period of six months to find a new tenant or to continue to rent.

Currently the Company has 28 projects in total. As at December 31, 2012, it has a total of 229,600 sq.m. of rental space. Combined with Mega Bangna Project's rental space of 180,000 sq.m., the Company's rental space amounted to 409,600 sq.m. This is a big leap for the Company with a focus mainly on revenue stability.

The Company's Total income amounted to THB 2,442 million during last year. This year's net profit increased by THB 692 million or 97% to THB 1,400 million as a result of the increase in the Company's operating results as well as from the realization of fair value of Mega Bangna Project.

The Board of Directors continues to act upon the principles of good corporate governance, professional management with ethical and governance transparency of business operation for the benefit of all stakeholders. The Company therefore emphasizes on continuous improvement of the existing projects to maintain the existing target customers which will allow the Company to continue to stably develop its shopping centers, thereby incurring positive profit and sustainable return to the Company's shareholders in a long run. As such, the development of new shopping centers will be carefully considered to ensure the benefit will worth the investment. Accordingly, the Company decides to postpone the investment this year.

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

(Mr. Oranop Jantaraprapa)

Chairman



Audit Committee Report

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

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

In 2012, the Audit Committee has focused and strictly conducted the audit of completion of revenue collection and continuously controls the expenses of the Company. The Committee has monitored quarterly during the year which caused the improvement of the process of operation to be more satisfaction. Moreover, the improvement has helped reduce the redundant of work process and increase effectiveness and efficiency of work for every department of the Company in order to support the company's growth and expansion continuously. Additionally, the Committee has encouraged having training in order to improve necessary skills and knowledge to employees by emphasizing the experience and practice from case studies, including conducting the manual for every department and every work system in order to have good practice of operation throughout organization.

With an announcement of a number of new accounting standards, the Audit Committee has emphasized that the Company must comply with the accounting standards, conduct transparent business operation according to the Company's code of conduct, comply with related laws and

regulations of relevant authorities including connected transactions. The Audit Committee has also reviewed the financial statements which there was a change of accounting standard No. 1 regarding Presentation of financial statement relating the change of the name of financial statement and Accounting standard regarding auditor report etc. Moreover, the Committee proposed the appointment of the Company's auditor. In addition, the Audit Committee has continued to perform its tasks in other areas as usual.

The Audit Committee has considered and is of the opinion that the Company's internal control system is sufficient and suitable for the Company's business according to the principles of good corporate governance. The Company's financial statements were prepared in conformity with generally accepted accounting principles and the information disclosure is complete and sufficient.

The Audit Committee has considered and agreed to appoint Ms. Sakuna Yamsakul, C.P.A. number 4906 and/or Mr. Pisit Thangtanagul, C.P.A. number 4095 and/or Mr. Chanchai Chaiprasit, C.P.A. number 3760, under the name of PricewaterhouseCoopers ABAS Company Limited as the Company's auditor and to have one of these persons conduct the audit and provide opinion on the year 2012 financial statements of the Company.

(Mrs. Nantiya Montriwat)

Chairman of the Audit Committee

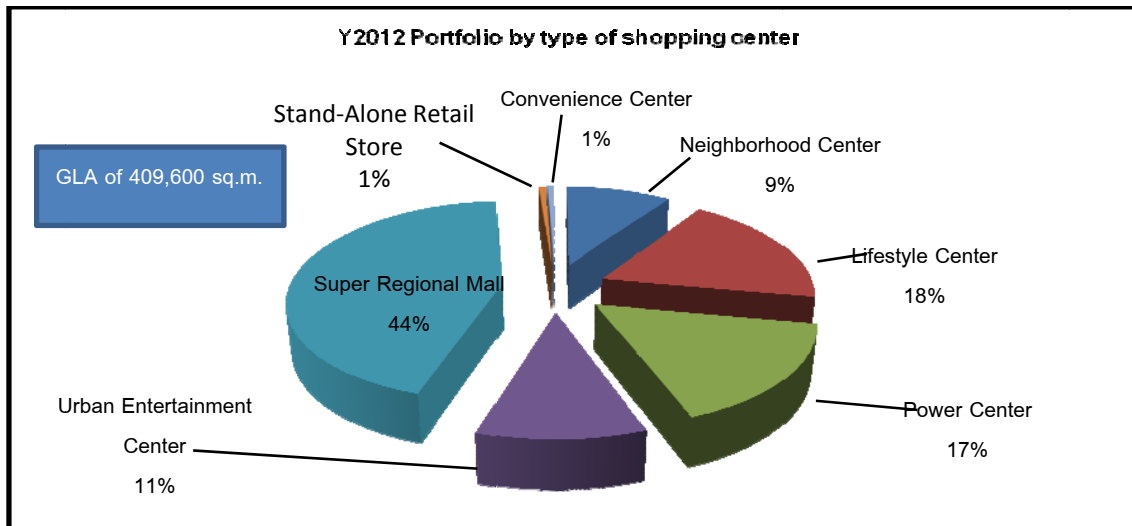


General Information

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

Presently the company owns altogether 29 operating projects. **Currently Total gross leasable area is 409,600 sq.m.** There were 2 projects that the lease agreement were expired i.e. B-Quik Ramintra K.M.2 and Sukumvit 71 but there was 1 newly opened super regional shopping center named "Mega Bangna", located on Bangna-Trad K.M.8. road and opened in May, 2012. Mega Bangna is the project that the Company have a joint venture with IKANO Pte., a swedish home furnishing, anchored by IKEA store, Major Cineplex, Big C, HomePro, and Robinson with the gross leasable area of 180,000 sq.m.

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	7	Bangbon, Pracha-Utis, Sukhapiban 3,Thonglor Soi 4,Thungmahamek, Piyarom Place (Soi Sukhumvit 101/1) and Market Place Nawamin
Convenience shopping center	3	Wanghin, Ladprao Soi 120, Wanghin (Lotus Express)
Stand-alone retail store	7	Ratchadaphisek – Huay Khwang, Ratchadaphisek-Rama3, Sathorn, Bangkae, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	3	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center, Ekkamai Power Center
Lifestyle Center	7	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin, The Avenue Pattaya, Major Avenue Ratchayothin, Nawamin City Avenue, and Festival Walk Nawamin Art Village.
Urban Entertainment Center	1	Esplanade Ratchadapisek
Super Regional Mall	1	Mega Bangna
Total	29	



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

1. Income from the project rental.
2. Income from the project management services and common area maintenance (CAM).
3. Income from public utilities services consisting of electricity bills, water supply and telephone bills.
4. Revenue from finance lease contracts ¹
5. Gain on fair value adjustment on Investment Property ²

¹ additional details concerning accounting policy on long-term lease can be found in item 2.9 of the notes to financial statements on page 65

² additional details concerning accounting policy on Investment Property can be found in item 2.8 of the notes to financial statements on page 64

**Company Profile**

Siam Future Development Public Company Limited	
Registration No. :	0107545000187
Registration Date:	August 13, 2002
Address:	Esplanade Ratchadapisek 99 Ratchadapisek Road, Din Dang Bangkok, Thailand 10400. Tel.: 0-2660-9000 Fax: 0-2660-9010, 0-2660-9020, 0-2660-9030 Website: http://www.siamfuture.com
Registered Capital:	1,169.88 Million Baht with 1,169.88 Million ordinary shares, par value of Baht 1 each.
Issued and Paid-up Capital:	1,169.86 Million Baht with 1,169.86 Million 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.
- **Major Avenue Ratchayothin** won *The Green Architecture Awards 2009* from The Association of Siamese Architects under Royal Patronage selected by Academic committee, Building Technology and Environment.

Other Reference Persons

1. <u>Securities Registrar:</u> Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, 7 th Floors Rachadapisek Road, Klongtoey, Bangkok 10110 Tel : 0-2229-2000 Fax: 0-2654-5642, 5645	2. <u>External Auditors:</u> Mr. Pisit Thangtanagul, Certified Public Accountant No. 4095 PricewaterhouseCoopers ABAS Limited 15 th 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. <u>Bond Registrar:</u> TMB Bank Public Company Limited 393 TMB Bank Public Company Limited, Silom Soi 7 Bangrak, Bangkok, Thailand 10500 Tel : 0-2230-6295 Fax : 0-2230-6093	Kasikorn Bank Public Company Limited 11 th Floor, Phahonyothin Office 400/22 Phahonyothin Road, Samsen nai, Phayatai, Bangkok, Thailand 10400 Tel : 0-2470-1994 Fax : 0-2470-1998



Major Accomplishments of the Company

1994	★	Siam Future Development Public Company Limited was established with a purpose to conduct an open-air shopping center development and management services.
1995 - 2000	★	The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant and expanded 13 centers including B-Quik stand alone.
2002	★★	The Company's status was transformed to a public company and the registered capital increased to Baht 150 million, Baht 71 million of which being paid-up capital at par value of Baht 1 per share
	★★	The Company was listed on the MAI on 17 December 2002.
2003	★★	The 5 th and 6 th neighborhood shopping centers were opened in Thong Lo and Thung Mahamek with Tops Supermarket as the anchor tenant.
	★★	Registered capital was increased to Baht 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding.
	★★	The Company was granted an approval from the SET to transfer its listing from the MAI to the SET on 12 December 2003 and became effective on 1 January 2004
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	★	Issued the Baht 1 Billion 5-year Debenture with Credit rating of BBB+
	★	Wanghin Lotus Express was opened.
	★	Petchkasem Power Center and Ekkamai Power Center were opened.
2006	★	Raising Registered Capital to Baht 533.95 million by Right Offering to Existing

2006 (Continue)	★	2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened.
	★	Esplanade Ratchadapisek, an urban entertainment center, was opened.
2007	★	The Avenue Pattaya, a lifestyle center, and Kao Yai Market Village, a Power Center, were opened.
	★	Issued the Baht 940 Million 3-year Debenture with Credit Rating of BBB+
2008	★	One neighborhood center named Market Place Nawamin and one lifestyle center named Major Avenue Ratchayothin were opened.
2009	★	Raising Registered Capital to Baht 1,047.09 million by Right Offering to Existing Shareholders at the ratio of 1 current share to 1 newly issued share for investing in Mega Bangna Project, joint venture with IKEA
	★	Nawamin City Avenue Lifestyle center on Kaset-Nawamin Road was opened.
	★	Issued the Baht 500 million 3.5-year Debenture with Credit rating of BBB+
2010	★	Issued the Baht 1,200 million Debenture with Credit rating of BBB
	★	Disposal of Leasehold of Suzuki Avenue Ratchayothin to MJLF
2011	★	Festival Walk Nawamin Art Village on Kaset-Nawamin Road was opened which had a new concept "Art Village".
	★	IKEA Store Bangna, a home furniture under brand IKEA, was opened as the first IKEA Store in Thailand on November 3rd, 2011.
2012	★★	Mega Bangna , Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 th , 2012. The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden under brand "IKEA".



Financial Highlights

Siam Future Development Public Company Limited

For the fiscal year ended 31 December

Million Baht	Year 2011	Year 2012	Change in Year 2011-2012
Total Assets	10,417.57	11,430.08	9.7%
Total Liabilities	5,919.48	5,526.85	-6.6%
Registered Capital	1,047.09	1,169.88	11.7%
Shareholders' Equity	4,498.08	5,903.23	31.2%
Total Revenues	1,566.49	2,441.70	55.9%
Net Profit	708.93	1,400.91	97.6%
Book Value per share (Baht) ¹	4.00	4.74	18.5%
Dividend per share (Baht)	0.13889	0.13889	
Net Profit Margin	45.26%	57.37%	
Return on Equity (ROE)	16.17%	26.94%	²
Return on Assets (ROA)	6.78%	12.82%	
Interest Bearing Debt to Equity Ratio	0.47	0.33	
Gross Leasable Area (sq.m.)	231,795	409,600	76.71% ³

Note

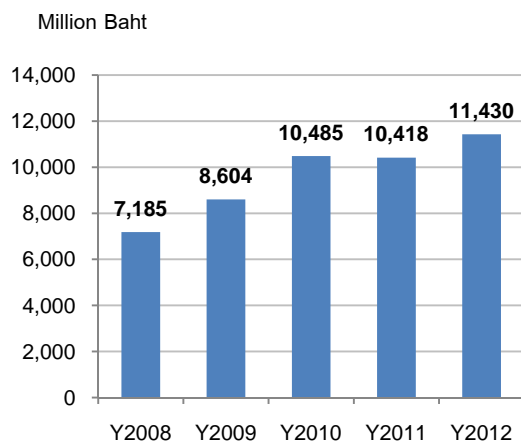
1 Book Value per share means Total parent's shareholders' equity divided by Number of ordinary shares.

2 Dividend per share to be presented to the shareholders' meeting for approval at Stock dividend (8 current shares : 1 stock dividend) equal to 0.125 Baht/share and Cash dividend at 0.01389 Baht/share. Total Dividend equal to 0.13889 Baht/share.

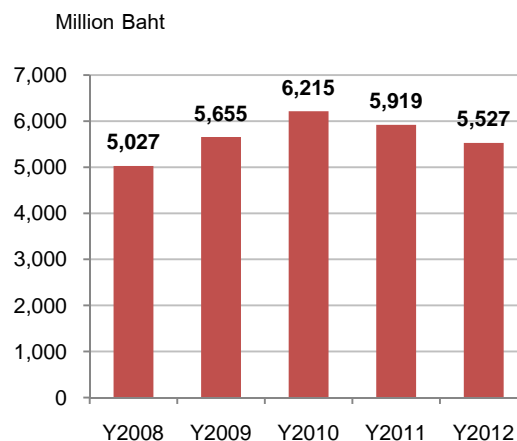
3 Gross Leasable Area increased from New Super regional mall named MEGA BANGNA 180,000 sq.m. .



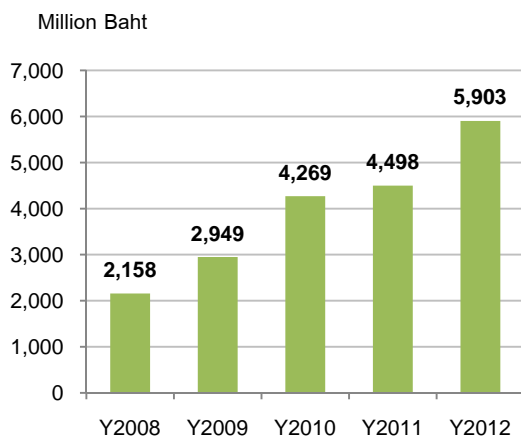
Total Assets



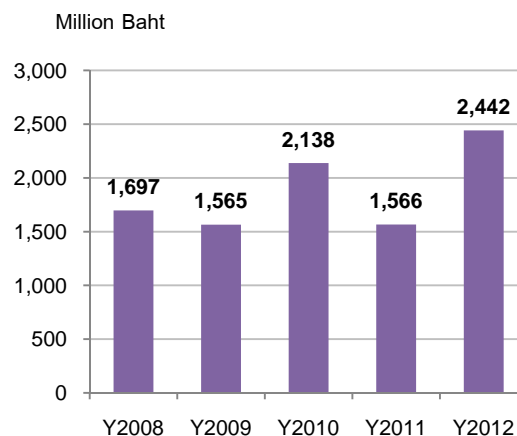
Total Liabilities



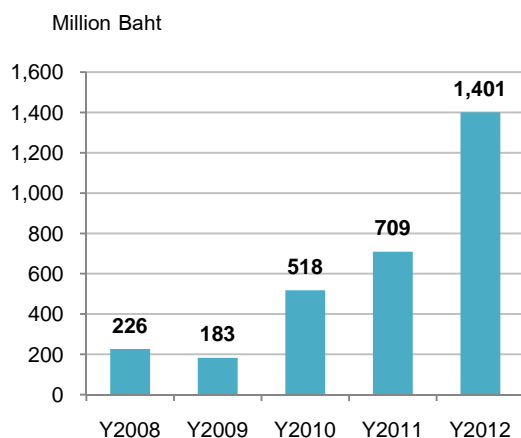
Shareholders' Equity



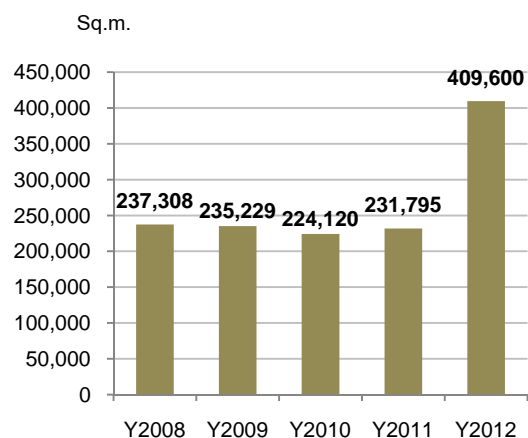
Total Revenues



Net Profit



Gross Leasable Area



Note

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



Explanation and Analysis on the Financial Status and Operating Performance

In 2010 the Company adopted TAS 40 re Investment Property whereby property held by the Company for rental yield purpose is required to be recognized at fair value appraised by independent valuers to reflect actual market condition. Such fair value is measured by discounted cash flow projections throughout the rental period. The Company is required to appraise fair value of the investment property for all projects and compare it with book value each year

Financial Status

Total Assets

As at 31 December 2012 the Company's total assets increased by 10% from THB 1,012 million in 2011 to THB 11,430 million. Cash and cash equivalents including Short-term investments reduced by THB 57 million due to use of proceeds for loan repayment. Amounts due from related parties increased by THB 68 million from a joint venture. Financial lease receivables decreased by THB 330 million as a result of reverse transaction of Finance Lease of California Wow Experience PCL. (CAWOW) in 2006 from Esplanade Project of THB 279 million. Regarding CAWOW's exit from the rehabilitation plan, they has returned the space for 2 branches ie. Pattaya and Chang Watthana. For Esplanade branch, they requested the time to find a new fitness operator or extend the lease. According to the above reason, the Company terminated the existing long-term lease contract. Therefore, the Company have to reverse this transaction.

Interest in joint venture increased by THB 1,081 million in 2011 or 73% from the fair value adjustment on investment property of Mega Bangna Project. Mega Bangna project have adopted the accounting standard No. 40 regarding Investment Property and realized the fair value adjustment in 1st quarter, 2012 and the Company has recorded 49% followed by shareholding structure.

Investment property increased by THB 259 million or 4% attributable to the fair value adjustment of Esplanade Project of THB 210 million and other projects of THB 49 million.

Total Liabilities

As at 31 December 2012 the Company's total liabilities declined by THB 393 million or 7% in 2011 to THB 5,527 million due to both short and long-term loan repayment of THB 157 million. There are debentures which will have the maturity date on March, July, and September 2013 in the amount of THB 1,200 million presented in Current Liability. Therefore, the current ratio equals to 0.21 times. The Company will issue new debenture to refinance the matured debentures.



Corporate income tax payable decreased by THB 15 million because of the announcement of the government regarding Tax rate cut from 30% to 23% in year 2012. Deferred tax liabilities decreased by THB 22 million because of the Loss from termination of finance lease contract of CAWOW.

In 2012 the Company's debt to equity ratio and interest bearing debt to equity ratio decline to 0.93 and 0.33, respectively, attributable to loan repayment and increase in net profit which increased the shareholder's equity accordingly.

Shareholder's Equity

As of 31 December 2012, Shareholder's equity of the Company increased by THB 1,405 million or 31% from 2011 to THB 5,903 million. The reasons are the stock dividend payment in 2012 and increased in Retained Earnings of THB 1,225 million or 51%. The main reason comes from the Share profit of Mega Bangna of THB 1,081 million and Net Profit of the company and subsidiaries of THB 324 million.

Operating Performance

Operating performance for the year 2012 ended 31 December 2012, the Company's total revenues increased by THB 875 million or 56% from the same period of last year to THB 2,442 million. The increase is from the share profit of Mega Bangna Project of THB 1,081 million.

There was no Finance lease income in 2012 because of no new long-term lease tenant. The Gain on fair value adjustment on investment property of THB 14 million, decreased from the same period last year by THB 138 million due to the increase of development cost of the project.

Total expenses increased by THB 176 million or 25% from the same period of last year to THB 892 million due to the increase of minimum wage and caused the increase of cost of rental and service by THB 2 million monthly since April 2012 onwards. The expenses increased by THB 18 million. Moreover, there was the Loss from termination of finance lease contract of CAWOW of THB 169 million in 2012.

The Company's profit attributable to owners of the parent increased by 98% or THB 692 million from that last year to THB 1,401 million.

For the year 2012, the Company's liquidity ratio declined from that last year to 0.21 due to the current portion of Debenture which will mature in 2013 of THB 1,200 million. The Company has issued new debenture to refinance the matured debentures. In February 2013, the Company have already issued some parts of new debentures.



Nature of Business

Chronology and Major Development

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

In 1995, the Company opened Bang Bon project as its first neighborhood shopping center¹ with Jusco Supermarket as the anchor tenant.

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

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

In 2000 the Company successfully developed and provided the business premises for B-Quik Service Company Limited, an auto service company under the name of “B-Quik” under its 14 branches. The Company developed 2 branches as convenience centers² and 8 branches as stand-alone retail stores³. B-Quik’s remaining 4 branches were established on the Company’s existing neighborhood shopping centers.

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

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

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

Note:

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

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

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



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

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

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

In 2004, the Company opened 5 new shopping centers i.e. The Family Center Chaeng Watthana, Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, Lifestyle Center¹ “J Avenue Thonglor 15”, and Piyarom Place Sukhumvit 101/1.

In 2005, the Company opened 3 new shopping centers as follows: Wanghin Convenience Center, Petchkasem Power Center² with Big C Supermarket, Index Living Mall, HomeWork, and Major Cineplex as anchor tenants, Ekkamai Power Center² with Big C Supermarket and Index Living Mall as anchor tenants.

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

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

The Company opened 3 new shopping centers as follows: The Avenue Chaeng Watthana Lifestyle center¹, La Villa Phahonyothin Lifestyle center¹, and Esplanade Ratchadapisek Urban entertainment center³.

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

During year 2007, the Company launched 2 new shopping centers as follow: The Avenue Pattaya (Lifestyle Center¹) with Major Cineplex, Major Bowl, Villa Market and California Fitness as anchor tenants, Kao Yai Market Village (Power Center²) with Tesco Lotus as an anchor tenant. The profit from sales of such project was THB 96.76 million.

Note:

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

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

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



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

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

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

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

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

In Y2011, the Company launched 2 new shopping centers. Firstly, Festival Walk Nawamin Art Village, an expansion of Nawamin City Avenue, on Kaset-Nawamin was opened in September 2011. Secondly, IKEA Store which is a part of Mega Bangna was opened their first IKEA Store in Thailand on Bangna-Trad Road K.M.8 with 40,000 sq.m. Mega Bangna target to fully open on May 5th, 2012. According to the flooding situation in Q4/2011, 5 Company's shopping centers were affected by no operation, but there was no property damage.

In Y2012, the Company launched one super regional mall. Mega Bangna, located on Bangna-Trad Road K.M. 8, on 5 May 2012. The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden. Mega Bangna is anchored by IKEA, Major Cineplex, BigC, Homepro, and Robinson with Gross Leasable Area of 180,000 sq.m.

In summary, as of 31 December 2012, the Company has Gross Leasable Area in the amount of 409,600 sq.m. which included Mega Bangna that increased Gross Leasable Area for 77% from last year.

**Revenue Structure**

2010-2012 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2010		2011		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	252.05	31.23%	273.29	36.99%	230.66	29.27%
2. Co-Tenants	555.08	68.77%	465.52	63.01%	557.26	70.73%
Total	807.13	100.00%	738.81*	100.00%	787.92*	100.00%

Remarks: Anchor Tenants are showed in the Details of the 29 present operating projects (Rental Area and Occupancy Rate)
Table in page 15-16

* There was no income from Suzuki Avenue Ratchayothin because the Company sold the 30-year leasehold rights of 11,109 sq.m. short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF) on December 29th, 2010. Total value equals to Baht 960 million. In 2012 income increased from new shopping center Festival walk on Kaset-Nawamin road which launched in late 2011.



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

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangbon	Maxvalu Supermarket	Neighborhood Center	7,206	92
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6,174	98
3	Sukaphiban 3	Tops Market	Neighborhood Center	6,725	100
4	Thonglo 4	Tops Market	Neighborhood Center	3,644	100
5	Thungmahamek	Tops Market	Neighborhood Center	2,877	100
6	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, California Wow	Lifestyle Center	21,031	92
7	Piyarom Place	Tops Supermarket, Major Bowl	Neighborhood Center	7,588	95
8	Cha Choeng Sao	Major Cineplex	Power Center	8,408	100
9	J Avenue (Thonglo 15)	Villa Market, Major Bowl	Lifestyle Center	7,765	100
10	Wanghin	B-Quik	Convenience Center	535	100
11	Ladprao 120	Tesco Lotus Express	Convenience Center	643	100
12	Wanghin 2	Tesco Lotus Express	Convenience Center	988	100
13	Bangkae	B-Quik	Stand-Alone Retail Store	364	100
14	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
15	Phahonyothin K.M.27	B-Quik	Stand-Alone Retail Store	433	100
16	Ratchda-Hauy Kwang	B-Quik	Stand-Alone Retail Store	314	100
17	Ta Pra	B-Quik	Stand-Alone Retail Store	355	100
18	Sathorn	B-Quik	Stand-Alone Retail Store	314	100
19	Ratchada-Rama III	B-Quik	Stand-Alone Retail Store	343	100
20	Petchkasem Power Center	Big C, Index, HomeWork, Major Cineplex	Power Center	43,735	100
21	Ekkamai Power Center	Big C, Index	Power Center	15,074	100
22	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	100



	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
23	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, California Wow, Ratchadalai Theatre, Tops Market, Sub-Zero Ice Skate	Urban Entertainment Center	43,241	99
24	The Avenue Pattaya	Major Cineplex, Major Bowl, Villa Market, California Wow	Lifestyle Center	22,403	92
25	Market Place Nawamin	Big C Market	Neighborhood Center	4,175	95
26	Major Avenue Ratchayothin	Villa Market	Lifestyle Center	3,904	100
27	Nawamin City Avenue	Villa Market	Lifestyle Center	7,891	97
28	Festival Walk	Bosch	Lifestyle Center	7,675	88
29	Megabangna	IKEA, Major Cineplex, Major Bowl, Sub-Zero Ice Skate, Big C, HomePro, Robinson	Super Regional Mall	180,000	99
	Total			409,600	97

Remarks: As at December 31st, 2012.

No. 14-19, Total leasable area are occupied by B-Quik, automotive service workshop, only.

* The Company sold the 30-year leasehold rights of 11,109 sq.m. short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF) on December 29th, 2010. Total value equals to Baht 960 million

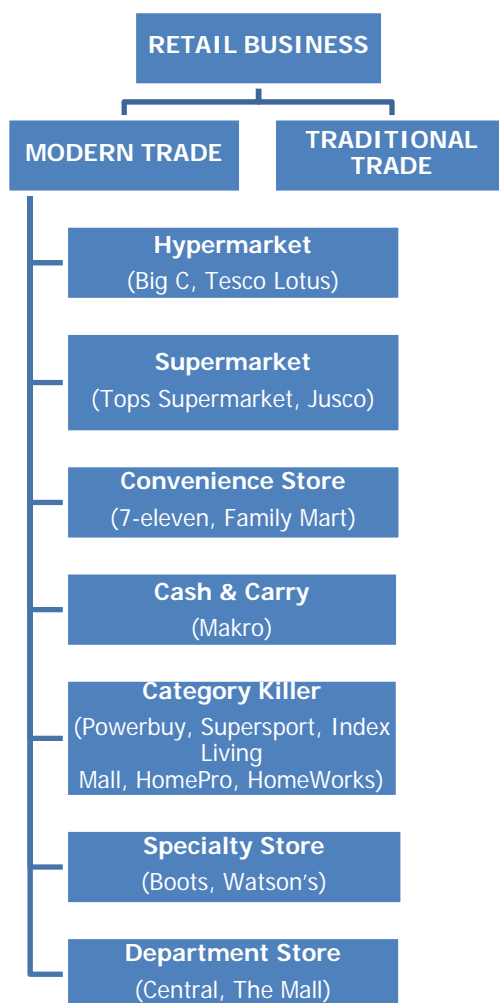
The Company did not renew 2 land lease contracts i.e. Ramintra K.M.2 and Sukumvit 71 which has GLA of 777 sq.m. and 1,418 sq.m. respectively.

Market and Competition

Industry Overview

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

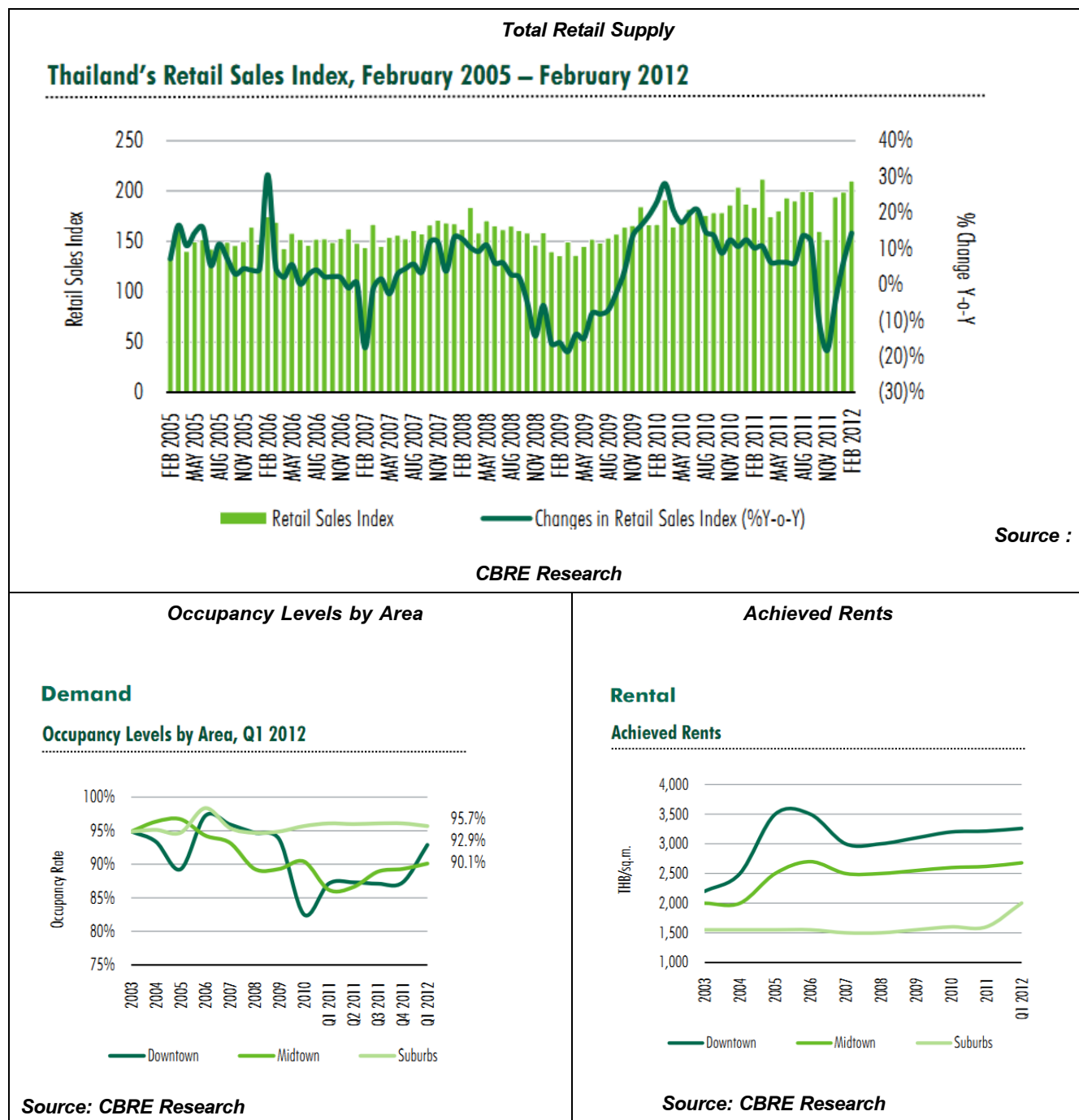
Thailand Retail Business Structure



Source: Institute of Thailand retails business

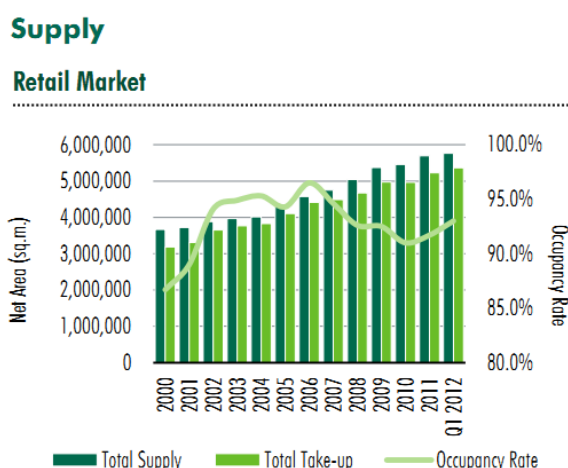
Retail business in Asia has grown rapidly with Thailand being in the 2nd rank after China. Specifically, modern trade has been growing continually throughout Bangkok and vicinity area.

Overview of Retail Industry in 2012



It is forecasted that retail market in 2012 will continue to grow at approximately 6 – 8% yoy, attributable to an increase in the purchasing power of consumers, whether it be the governmental policy to increase revenue which apart from rice pledging scheme, cost of living reduction fair such as TookJai Shop campaign which continued from 2012, or the increase in minimum wages to THB 300, investment in water management and infrastructure as well as an expansion in tourism industry, especially upon AEC liberalization in 2015 which will help promote a growth in the number of tourists and investors from overseas to Thailand.

However, retail business operators should be cautious for those risk factors affecting purchasing power of the consumers, particularly from the increase in cost of living both from the increase in the price of consumer goods according to the increase in THB 300 minimum wages and other accumulated costs in which the operators may pass them onto the price of products. As such, public sector will have to bear a burden from such increase in cost of consumption, as well as from a new round of fuel adjustment charge (at a given time) (Electricity Ft) and energy price which may affect operating cost of the operators and finally to the purchasing power of the consumers.



Source: CBRE Research

Overall, according to expansion plans of retail business operators, the number of small retail branches should increase by more than 1,000 branches nationwide, **boosting the number of retail branches to not more than 11,000 branches in 2013**. Comparing with Japan, South Korea and Singapore whose pattern of retail shops is similar to that in Thailand (even though basic economic factor is significantly more advanced than Thailand's), the proportion of small modern retail shops to population density of Thailand is still low. This could indicate the potential for further expansion of small modern retail shop particularly in upcountry area.

Small retail shop will be an interesting pattern with rapid growth in 2013 attributable from the followings:

- Consumer behavior that focus on convenience which will buy goods in a small volume at a time but more frequently. Consumers then want to have the store with full range of products and do not want to waste their time commuting and trying to find the parking space. As such, consumers tend to buy products from shop close to where they live especially consumer goods needed for their day-to-day living.
- Location or area suitable for expanding the large retail shop is becoming scarcer. In addition, investment cost is rather high with a long payback period as opposed to the expansion of small retail shop which is easier to find the suitable area with smaller investment cost. It is also easier for small retail shop to penetrate the consumer group.



- City zoning law makes it easier for the small retail shops to expand in proximity to the community area whilst an expansion of large retail shops is limited by the city zoning law. Furthermore, the expansion of large retail shop will be even harder should the draft Retail Business Act of Thailand become clearer and effective.

The expansion pattern of small modern retail shops can be categorized as follow:

- Convenience store is still the pattern of small modern retail shop attractive to operators. It has expanded its coverage continuously. Nowadays, new operators or operators of other retail shop patterns e.g. hyper-mart, department store or even suppliers of consumer goods have increasingly expanded into small retail shop market. This particularly applies to the expansion to upcountry which is in line with urbanization tendency, creating an impact on the behavior or lifestyle of consumers. It is expected that the market value of convenience store business in 2013 will grow at approximately 15-20% from last year. Convenience store is considered the retail shop with outstanding growth compare to other retail shop patterns.
- Mixed concept store is another pattern for differentiation depending mainly on the objectives and target group. For example, super-convenience store has a distinctive point in that it is a small convenience store which, apart from consumer goods, also sells fresh food such as vegetables and fruits. It emphasizes on providing a solution to those consumers who prefer convenience. Major retail operators today become more interested in this shop pattern that they have started to test the market by focusing on those urbanites with high purchasing power.
- Partnership, whether with gas stations or condominiums, is another pattern which, apart from cost saving and reduction in time to find a new location, should the operator find a potential partner with long range coverage towards the area of the existing customers, should also save marketing cost. At present the gas stations or condominiums tend to grow drastically. Also, after the AEC liberalization in 2015, the partnership pattern will strengthen and encourage more competitive opportunity to retail operators. It is expected the number of small modern retail branches in such location will increase by at least 700 branches within 2015 as compared to the existing 870 branches already opened.

Source: Kasikorn Research Center

Industry Outlook

Retail business in Thailand will continue to grow, encouraging the growth of shopping center development and management business in the same direction. Retail operators who already have a presence in Thailand plan to continue to expand their branches. For example, Tesco Lotus and Big C plan to expand their branches in form of open shopping center similar to the one the Company is operating and has expertise in. They have adjusted their supermarket pattern to support retail law. Additionally, Villa Market and Jusco, supermarket retail operators, plan to continue to expand their branches with the Company. Other retail operators from overseas such as



drugstore and furniture store also plan to open business in Thailand. The Company is approached by a number of such operators to become their business partners and to expand continually.

Table 1 Community Mall Projects in 2011

Company	Brand	No. of existing branches	No. of branches opened in 2011	No. of branches in the future
Box Asset Company Limited	Box Zone	1	2	2
Major Development Public Company Limited	Equinox Phahol-Vibha	0	Under construction	0
Property Perfect Public Company Limited (PF)	No brand yet	0	Under construction	0
Siam Future Development Public Company Limited	Navamin City	29	2	2
Pure Sammakorn Development Company Limited	Pure Place	2	1	2
SC Asset Corporation Public Company Limited	The Junction	0	1	0
Thaniya Group	Thanya Shopping Park	0	1	Plan to expand
Thongsima Group	Nakornthon Plaza	0	1	0
SuwanRatchapruk Park Company Limited	The Circle	0	1	0
Amornpan Group	Amorini	0	1	0
Sena Development Public Company Limited	Charoennakorn	0	1	0
J.J. Center Company Limited	In Square	0	1	0
MBK Public Company Limited	The Nine	0	1	2
Bangkok Land Public Company Limited	No brand yet	0	Not yet debuted	0
The Grand Four Wings Convention Srinakarin Hotel	No brand yet	0	Under planning process	0
St James Hotel Company Limited	Botaneo	0	Under construction	0
Iris Group Company Limited	No brand yet	1	Under planning process	
CM Organizer Public Company Limited	Urban Market at Urban Space	0	1	Plan to expand
Index Living Mall Company Limited	The Walk	0	2	Plan to expand
Tesco Lotus	@ Park	7	0	0
	@ Oasis	1	0	0
	@ Garden	1	0	0
Assign Assets Company Limited	No brand yet	0	Under planning process	0
Golden Land Property Development Public Company Limited	No brand yet	0	Under construction	0
Central Pattana Public Company Limited	No brand yet	0	Postpone the	0



Company	Brand	No. of existing branches	No. of branches opened in 2011	No. of branches in the future
			construction	
Seen Space Company Limited	Seen Space	0	1	0
Boutique Group	Rain Hill	0	1	4
Total number of projects in 2011 inclusive of those to be launched and planned to operate			27 projects	

Source: Manager 360° Weekly

Going forward, open shopping centers tend to expand within Bangkok and other provinces nationwide, particularly in the upcountry where there are few community malls according to the trend of developed country such as the US where more than 95% of total shopping centers are open type.

Moreover, type of open shopping centers will become more diversified, e.g. large community center, power center, lifestyle center, factory outlet center, to suit more diversified demand from the consumers.

Retail operator generally wants shopping center developer and manager to operate the project on its behalf since it wants to focus solely on its core business while avoiding any difficulty from shopping center management which is not its core business. This is in line with the management of shopping centers in developed countries. Currently the number of capable shopping center developers and managers in Thailand is minimal, especially for the development and management of open shopping center, and therefore is not sufficient for significant demand from retail operators for branch expansion.

Industry Competition

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

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

A) Selecting the right land plot suits to business

B) Business feasibility study

C) Business trend, e.g. appropriate concept of open shopping center which meets the requirement of tenants and consumers and appropriate tenant mix



D) Relationship with tenants in which the tenants must be confident and entrusted that their business in the Company's shopping center area will be successful, i.e. the shopping center developer and management provider should not do the business that compete with tenants, project concept should not be changed and any future construction which would be detrimental to all tenants should not be made throughout the long-term lease of 10 – 30 years, and

E) Knowledge and experience in common area maintenance (CAM) of the shopping center to ensure that the project is run smoothly and in an orderly manner.

Number of Competitors

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

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

- a) Developers and managers of open-air shopping centers: There are new developers and managers of open-air shopping centers at present although several operators have developed open-air shopping centers with similar pattern as those operated by the Company. New operators with no experience in property development or retail business also expand their business operation model, e.g.
- b) Developers and managers of enclosed shopping centers: Well-known developers and managers of shopping centers who continue to expand their business such as Central Group and The Mall Group will emphasize on the development and management of enclosed shopping centers, as illustrated in the table in the following page. There is slight expansion of other director competitors in enclosed shopping center sector, some of which are renovating the existing shopping centers while some are under negotiation of debt restructuring with their creditors.

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



Shopping Center Operators

Name	Existing Shopping center*	Type of shopping center	
		Type	Category
Central	Central: Chidlom, Ladprow, Rama 3, Pin kloe, Bangna, Ramindra, Airport Plaza (Chiang mai), Had yai, Rama 2, Phuket, Central World, Changwattana, Khon Khaen, Chonburi, Chiangrai and Rama 9, Suratthani, Udonthani, Pisanulok	Enclosed Mall	Regional Mall
	Pattaya Festival Center	Open-air Mall	Community Mall
	Central Town Center Ratanatibet	Open-air Mall	Community Mall
	Wong sawang	Open-air Mall	Community Mall
The Mall	The Mall: Ramkamhaeng, Ngamwongwan, Tapra, Bangkai, Bangkok, Nakornratchaseema, The Emporium, Siam Paragon	Enclosed Mall	Regional Mall
Sor Sotikun	Seacon square: Srinakarin and Bangkok	Enclosed Mall	Super Regional Mall
Wang Lee	Future Park Rangsit	Enclosed Mall	Super Regional Mall
Asawapokin	Fashion Island	Enclosed Mall	Super Regional Mall
Thanachart	MBK	Enclosed Mall	Super Regional Mall
Srivigrom	Kaysorn Plaza	Enclosed Mall	Fashion Mall
Siampiwat	Siam Center and Siam Discovery Center	Enclosed Mall	Fashion Mall
Siampiwat and MBK	Paradise Park	Enclosed Mall	Regional Mall

Remark : * Only shopping center part



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

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



Risk Factors

Risk of land acquisition for new projects

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

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

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

Risk of Business Competition

Risk of business competition mostly incurred from the indirect competitors, which are retailers who want to develop and manage the shopping centers themselves. Those retailers would compete with the Company in land acquisition and customers and tenants' attraction. The Company also faces risk of lower number of consumers which are tenants' customers if there are other new shopping centers opened in the nearby areas. This will affect the businesses of tenants, which in turn has an effect on the occupancy rates and rental and service fees of the company. From the past experience, the indirect competition does not have strong impact on the company as the company's projects located in the most outstanding location in the area. In addition, the coverage areas¹ of the Company's open-air shopping centers² 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.

Note

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

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



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

Risk of Dependence on Anchors of the Neighborhood Shopping Centers

Anchors¹ in the neighborhood shopping centers² will draw co-tenants³ 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 center³, had policy to close its foreign stores, Seiyu then found another anchor (with approval from the Company) to re-rent the spaces (at present, Tops Supermarket is the anchor at Sukhapibal 3 neighborhood shopping center). The Company then earns revenue continuously. In developing and managing 14 branches of B-Quik Auto Service Center, the Company has signed the long-term rental contracts with every land lord on the condition that the Company can terminate the rental contracts if B-Quik terminates the business with the Company. Therefore, the Company is not accountable for the rental expenses with income from B-Quik. Moreover, if any tenants close the businesses and do not pay rental and service fees, the Company can repossess the spaces and re-rent to other anchors without refunding of prepaid rental and services fees. Currently, the Company believes that there will be no problem in finding new tenants especially the anchors because of the continuous expansion in retail business. The Company also frequently receives rental demand from potential tenants.

Risk of Finding Tenants

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

Another risk is the risk in finding tenants to meet full occupancy rate especially in some space that are not of the interest of tenants such as on the 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

Note :

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

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

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



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

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

Risk of an Increasing cost of Land for the New Projects

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

Risk of Discontinuity on Projects

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

Remaining land lease term	Gross Leasable Area (sq.m.)	%
Less than 5 years	10,472	3%
5 - 10 Years	36,147	9%
More than 10 years	179,077	44%
Land Ownership	183,904	45%
Total Leasable Area	409,600	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.

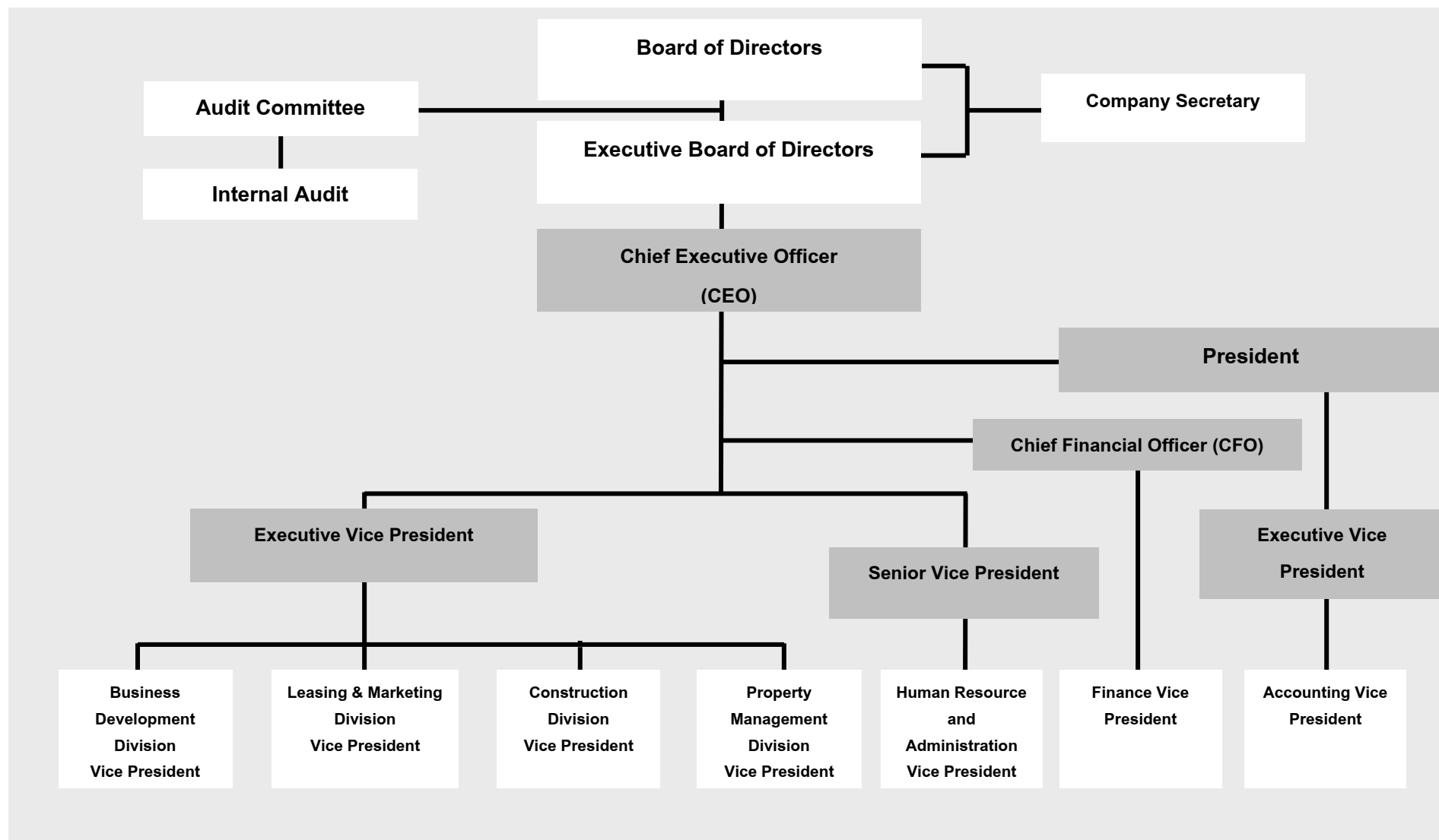
Risk of maintaining financial ratio according to Covenants of Debenture

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 2012, the Company had Interest Bearing Debt to Equity Ratio equal to 0.33 Therefore; the Risk of maintaining financial ratio is less.



Organization Chart

Siam Future Development PLC





Shareholding Structure and Management

Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 27 December 2012 are as follows:

	Name of Shareholders ¹	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited ²	265,458,143	22.69%
2	LUCKY SECURITIES, INC ³	94,591,847	8.09%
3	Mr. Nopporn Witoonchart	72,004,980	6.15%
4	Mr. Pongkit Suttapong	67,387,757	5.76%
5	STATE STREET BANK EUROPE LIMITED ³	43,191,488	3.69%
6	Mr. Akrim Jantaraprap	36,968,254	3.16%
7	Mrs. Supan Witoonchart	29,915,938	2.56%
8	Mrs. Kasinee Witoonchart	24,536,682	2.10%
9	Ms. Arthidaya Jantaraprap	19,742,670	1.69%
10	Mr. Thanat Potkasemsin	17,180,151	1.47%
Total		670,977,910	57.36%
No. of ordinary shares		1,169,862,645	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.7 are related as mother and son and shareholder no.3 and no.8 are related as aunt and nephew, all shareholders are independent.

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

3 None of director, management, subsidiary of the company or nominee is shareholder of LUCKY SECURITIES, INC, and STATE STREET BANK EUROPE LIMITED.



Management Structure

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

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

1. Board of Directors

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

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

* Mr. Chai Jroongtanapibarn has appointed as Independent Director according to the resolution of Board of Directors' Meeting since February 15th, 2012.

Authorized director

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



Authority and Responsibility of the Company's Board of Directors

1. Duty of the Board of Directors

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

2. Review and approval of the appropriate policy

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

3. Governing of the Executive Board of Directors

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

4. Establishment of an internal audit and control

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

5. Independence of non-executive Directors' duty

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

2. Executive Committee

The Executive Committee comprises 5 Directors as follows:

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

* Ms. Thitapat Isarapornpat is not Company's Directors and Management and not the authorized director of the Company.



Authority and Responsibility of the Executive Committee

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

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

3. The Audit Committee

The Audit Committee comprises 3 members as follows:

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. Dej Bulsuk	Member of the Audit Committee

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

Authority and Responsibility of the Audit Committee

1. To review the company's financial report to ensure accuracy and adequacy;
2. To ensure that the company has an appropriate and efficient internal control system and internal audit;
3. To review the company's performance to ensure compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand or laws relating to the company's business;
4. To consider, select, nominate and propose remuneration of an external auditor;
5. To consider the disclosure of the company's information in the case that there is a connected transaction or transaction that may lead to conflict of interest, so as to ensure accuracy and completeness;



6. To prepare the Audit Committee report, duly endorsed by the Chairman of the Audit Committee, to be disclosed in the company's annual report; and

7. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee

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

Management

Management of the Company 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.	Ms. Pornnipa Rujipairoj	Executive Vice President
5.	Mr. Chanchai Phansopha	Executive Vice President

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

Board of Directors' Meeting

In 2010 - 2012, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	2010 (Totally 4 meetings)	2011 (Totally 4 meetings)	2012 (Totally 5 meetings)
Mr. Oranop Jantaraprapa	4	4	5
Mr. Pongkit Suttapong	4	3	4
Mr. Nopporn Witoonchart	4	4	4
Mr. Somnuk Pojkasemsin	4	4	5
Mr. Kittinanth Sumruatruamphol	4	4	5
Mr. Vicha Poolvaraluck	4	4	4
Mr. Verawat Ongvasith	4	4	5
Mr. Vichate Tantiwanich *	Not yet appointed	2	4
Mr. Chai Jroongtanapibarn	4	4	4
Ms. Nantiya Montriwat	4	4	5
Mr. Dej Bulsuk	4	4	5
Ms. Sabaithip Suntaros	4	4	5



Board of Directors	2010 (Totally 4 meetings)	2011 (Totally 4 meetings)	2012 (Totally 5 meetings)
Mr. Dusit Nontanakorn *	4	3	0

* Mr. Dusit Nontanakorn, a Member of Audit Committee, passed away on September 6th, 2011. The Board of Directors' Meeting has approved a resolution to appoint Mr. Vichate Tantiwanich as Director since November 9th, 2011 in replacement.

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.



BOARD OF DIRECTORS

1. Mr.Oranop Jantaraprapa • Age 65 years • Shareholding 0.29%

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 • 1990 – 1993: President, The International Engineering Plc., Telecommunication • 1983 – 1990: Vice President of Operation Division, The Siam Cement Group, Cement • 1983 – 1990: President, SCT Computer Co., Ltd. (Siam Cement Group), Computer • 1983 – 1990: President, Pan Supplies Co., Ltd (Siam Cement Group), Construction & Supply Machine • 1983 – 1990: Manager of Accounting department, Manager of Trading department, Manager of Finance department, Siam Cement Trading Co., Ltd (Siam Cement Group) International Trading

2. Mr. Pongkit Suttapong • Age 52 years • Shareholding 6.76%

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 (Por Por Ror. 9), King Prajadhipok's Institute, year 2005 • The Joint State-Private Class #19, National Defense College, (Wor Por Or. 2006), year 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 Public Co., Ltd., 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 Public Co., Ltd., Telecommunication • 1984 – 1986: Marketing Planning Manager, Sabina Fareast Co., Ltd., Lingerie

3. Mr. Nopporn Witoonchart • Age 48 years • Shareholding 6.18%

Position	Director • Chairman of Executive Board • Authorized director
Education	<ul style="list-style-type: none"> • B.E. (Computer Engineering), King Mongkut's Institute of Technology • Director Certification Program (DCP # 70) in 2005, Thai Institute of Directors Association (IOD) • Capital Market Academy (CMA #8) 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



Experience	<ul style="list-style-type: none"> • 1994 – Present: Director, Chairman of Executive Board, 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
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4. Mr. Somnuk Pojkasemsin • Age 55 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 • 1995 – 1999: Senior Vice President Internal Affair, The International Engineering Public Co., Ltd. (IEC), Telecommunication • 1991 – 1995: Vice President Finance & Administrative Division, International Engineering Public Co., Ltd. (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 50 years • Shareholding 0.00%

Position	Director • Executive Director • Chief Financial Officer • Authorized Director
Education	<ul style="list-style-type: none"> • MBA (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 49 years • Shareholding 0.07%**

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

7. Mr. Verawat Ongvasith • Age 42 years • Shareholding 0.03%

Position	Director
Education	<ul style="list-style-type: none"> • MBA, 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 • 2003 – Present: Chairman of Executive Board • 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling • 2004 – Present: Chairman of Executive Board, Veranda Resort and Spa Co.,Ltd., Hotel • 1996 – Present: Managing Partner, Vivat Construction Co.,Ltd., Construction • 1995 – Present: Managing Director, Tarin Hotel Chiangmai, Hotel

8. Mr. Vichate Tantiwanich • Age 51 years • Shareholding 0.00%

Position	Director • Executive Director • Chief Executive Officer
Education	<ul style="list-style-type: none"> • MBA, Finance & Marketing, University of Hartford Connecticut, USA. • Bachelor of Economics, Monetary and Public Economics, Chulalongkorn University • Executive Leadership Program, Nida - Wharton, Pennsylvania, USA • Capital Market Academy (CMA #1) 2005 • Certified Financial Planner : CFP 2009 • Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010
Experience	<ul style="list-style-type: none"> • 2011 – Present: Director, Executive Director, and Chief Executive Officer, Siam Future Development Plc., Shopping Center Developer • 2012 – Present: Director, M Pictures Entertainment PCL. • 2012 – Present: Independent Director, Phatra Leasing PCL. • 2012 – Present: Vice President, Thai Beverage PCL. • 2010 – Present: Chairman of Executive Board, Creative Entrepreneurship Development Institute – CEDI, Bangkok University • 2010 – Present: Vice President of Steering Committee, Capital Market Academy • 2010 – Present: Executive Director, GMM Grammy PCL., Media and Publishing • 2010 – Present: Advisor, Market for Alternative Investment – MAI • 2004 – 2005: Manager, Market for Alternative Investment – MAI • 2005 – Present: Director and Chairman of Working Group in Finance business, International Chamber of Commerce-Thailand



- 2002 – 2007: Director, Family Knowhow Co., Ltd. (Stock Exchange of Thailand Group)
- 2002: Advisor, Krung Thai Asset Management PCL.
- 1999-2002: Managing Director and Chief Executive Officer, Krung Thai Asset Management PCL
- 1994-1996: Managing Director, East Finance Security Finance (1991) PCL.

9. Mr. Chai Jroongtanapibarn • Age 58 years • Shareholding 0.00%

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) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Independent Director, Siam Future Development Plc., Shopping Center Developer • 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc., Cinema and Bowling • 2007 – Present: Independent Director and Audit Committee, Siam Food Plc., Exporting of Canned fruits • 2006 – Present: Independent Director and Audit Committee, Oishi Plc., Softdrink & Restaurants • 2004 – Present: Independent Director and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel trading and services • 2000 – Present: Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit • 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading & Manufacturing

10. Mrs. Nantiya Montriwat • Age 64 years • Shareholding 0.33%

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"> • 2002 – Present: Chairman of the Audit Committee, Siam Future Development Plc., Shopping Center Developer • 2008 – Present: Director, Thai Samut Asset Co., Ltd. • 2007 – Present: Director, Muang Thai Real Estate Pcl. • 2007 – Present: Chairman, Muang Thai Management Co., Ltd. • 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 Life Assurance Co., Ltd.

11. Mr. Dej Bulsuk • Age 62 years • Shareholding 0.18%

Position	Member of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • Bachelor degree, Faculty of Commerce & Accountancy, Thammasat University • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2004 – Present: Member of the Audit Committee and Independent Director, Siam Future



Development Plc., Shopping Center Developer

- 2011 – Present: Independent Director, Patum Rice Mill and Grannary PCL.
- 2004 – Present: President, CCC Business Development Co., Ltd.
- 2004 – Present: Member of the Audit Committee and Independent Director, The Erawan Group PCL.
- 2002 – Present: Member of the Audit Committee and Independent Director, GMM Grammy PCL.
- 2002 – Present: Member of the Audit Committee and Independent Director, Jay Mart PCL..
- 2001 – Present: Member of the Audit Committee and Independent Director, AEON Thana Sinsap (Thailand) PCL.
- 2006 – 2009 : Advisor Director, President Bakery PCL.
- 2002 – 2009: Member of the Audit Committee and Independent Director, GMM Media PCL.
- 2004 – 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food
- 2001 - -2006 : Chairman, Ronald McDonald's House Charities
- 1984 – 2004: Founder and President, McThai Co., Ltd. (McDonald's Thailand), Fast Food

12. Mrs. Sabaithip Suntaros • Age 64 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.

Remark:

- No relationship among each director.
- Shareholding include spouse and not sui juris (legal age) children's shareholding as listed in the shareholders' registration at 27 December 2012.



Management

1. Mr. Somnuk Pojkasemsin • Age 55 years

Please see the Details in Board of Directors.

2. Mr. Kittinanth Sumruatruamphol • Age 50 years

Please see the Details in Board of Directors.

3. Ms. Porntipa Rujipairoj • Age 49 years

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

4. Mr. Chanchai Phansopha • Age 42 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"> • MBA – Management, Hassan School of Business, University of Southern Colorado, USA. • B.B.A. Marketing and Finance, Assumption University • Certificate “Doing Business On the Internet”, University of Los Angeles, USA. • Certificate “Branding & Value Proposition Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Strategic Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Customer Value Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Leadership Program”, Kellogg, Northwestern University, Chicago, USA.
Experience	<ul style="list-style-type: none"> • 2011 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer • 2011: Executive Vice President & CMO, Executive Director, GMM Grammy PCL., Media and Publishing • 2011: Director and Authorized Director, STGMM Co., Ltd., Satellite television program • 2011: Director and Authorized Director, J S L Channel Co., Ltd., Satellite television program • 2008 - 2010: Managing Director, Teka (Thailand) Co., Ltd. and Teka Kuchentechnik (Thailand) Co., Ltd., Import and distribution of Home Appliances • 2007: Executive Vice President & CMO, Central Pattana PLC., Shopping Center Developer • 2005 - 2006: Director, Business Strategy & Planning, Microsoft (Thailand) Co., Ltd., Computer Software Developer • 2003 - 2005: Chief Marketing Officer, Microsoft (Thailand) Co., Ltd., Computer Software Developer • 2001 - 2003: Assistant Vice President (Head of Business Market), Huchison CAT Wireless Multimedia Co., Ltd., Telecommunication • 1995 - 2001: Channel Marketing Manager, Intel Microelectronics (Thailand) Co., Ltd., Electronic component and Semi Conductor



Report on Compliance with Principles of Good Corporate Governance

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

Section 1 Shareholders' Rights

The Company realizes the shareholders' rights and sufficiency and timeliness of information provided for decision making purpose. The disclosure of the Company's news and information are in compliance with the requirement of related authorities. For example, shareholders' meeting invitation was sent to the shareholders together with annual report and supporting information for meeting agendas as well as the opinion of the Board of Directors of the Company prior to the meeting date according to the requirements of related regulations. The disclosure of the information to shareholders is made in accordance with SET requirements. The Company's news is also disclosed via electronic channel of SET. The Company's directors realize the importance of shareholder's meeting and thus attend every shareholders' meeting. In Year 2012, the Company held 1 shareholders' meeting, i.e. 1 Annual General Meeting of Shareholders, where all directors attended and the Chairman of the Meeting provided all shareholders an equal opportunity to raise questions, express opinion and make recommendations. The Company accordingly attended those opinions and recommendations given by shareholders, answered to questions asked and provided information as requested by the shareholders completely. In Year 2012, the Company has started providing information to support meeting agenda on the Company's website prior to sending the invitation to shareholders. As such, the shareholders could send their questions prior to the meeting date.

Section 2 Equitable Treatment of Shareholders

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

As the Company has commenced the disclosure of information for the shareholders' meeting on the Company's website in Year 2012, the minority shareholders of the Company thus could propose additional agenda prior to the meeting date and nominate the person for the Company's directors.

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

- The Board of Directors of the Company has the authority to consider investment or connected transaction. However, the connected directors or directors who might have conflict of interest cannot vote on such matter in the meeting.



- Directors and executives are required to report the changes in their holding of the Company's securities according to SEC and SET requirements.
- Rules are established to prohibit the Company's executives from trading the Company's securities within a period of 1 month prior to the disclosure of the Company's financial statements to public.

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

Section 3 Roles of Stakeholders

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

Section 4 Disclosure and Transparency

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

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

The Board of Directors of the Company has responsibility to ensure that the Company's financial statements, including financial information disclosed in the Annual Report, have been prepared according to the generally accepted accounting principles in Thailand based on appropriate accounting policy which are consistently applied with due care consideration, best estimate and adequate disclosure of important information in the notes to financial statements. The Board of Directors has managed to maintain the effective internal audit system to reasonably ensure that the accounting information is accurately



and completely recorded in order to maintain the assets and induce reasonable confidence on the reliability of the Company's financial statements.

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

Section 5 Responsibilities of the Board of Directors

1. Structure of the Board of Directors

- 1.1 In the Board of Directors, 3 of them are executive directors whilst 5 of them are non-executive directors and 4 are independent directors. The number of independent directors accounts for 33% of the Board of Directors and thus allows the effective balance of power and review of the operation. The remaining Board members are from each group of shareholders proportionately to their investment.
- 1.2 The service term of directors has not been clearly specified.
- 1.3 The Board of Directors has considered the appropriateness of the determination of qualifications of the "Independent Director" in order for the Company's Independent Director to be truly independent and suitable for the unique characteristics of the Company.
- 1.4 The Board of Directors has not yet determined the number of other companies that each of the Company's directors can be appointed as the director that would suit the characteristics or business nature of the Company.
- 1.5 The Board of Directors has not clearly determined the policy and guidelines on taking a position as the directors of other companies of the Chief Executive Officer and top executives of the Company.
- 1.6 The Company's Chairman of the Board of Directors and Chief Executive Officer are not the same person and have different responsibilities. The authority and responsibility of Chairman of the Board of Directors and Chief Executive Officer are clearly defined.
- 1.7 At present, Chairman of the Board of Directors is not an independent director.
- 1.8 In Year 2009, the Company has appointed the Company's secretary whose responsibility are to advise Board of Directors on related law and regulations the Board of Directors should be aware of, administer the activities of the Board of Director and coordinate with concerned parties to implement the Board of Directors' resolutions.

2. Committees

- 2.1 In addition to an Audit Committee which is required by the regulation of SET, the Company also establishes other subcommittees for the purpose of good governance, i.e. Remuneration Committee and Nomination Committee. At present, the Board of Directors of the Company also assumes the role of Remuneration Committee.
- 2.2 For the sake of transparency and independence in the operation, the majority of subcommittee members are independent directors and Chairman of the subcommittees are independent directors.
- 2.3 Chairman of the Board of Directors is not a Chairman or member of the subcommittees to allow true independence in the operation of subcommittees.



3. Roles and Responsibilities of the Board of Directors

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

4. Board of Directors Meeting

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



- 4.4 In Year 2012, there were 5 Board of Directors' meeting and each meeting lasted for approximately 2-3 hours. The secretary of the Board of Directors has taken the note and prepared the minutes of each meeting in writing as well as keeping the minutes of the Board of Directors' meeting which have been approved by the Board of Directors for review.
- 4.5 The Board of Directors will support the Chief Executive Officer to invite top executives to attend the Board of Directors' meeting to provide additional information as they are directly involved in the matter and for the Board of Directors to know the top executives better which will be useful in considering succession plan.
- 4.6 The Board of Directors has requested for additional information as necessary within the predetermined scope from Chief Executive Officer or the Company's secretary or other designated executives.
- 4.7 The non-executive directors can hold meeting among themselves, without the management team, as necessary to discuss the management issues of their interest and inform the Chief Executive Officer the outcome of such meetings.

5. Board of Directors' Self-Assessment

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

6. Remuneration

- 6.1 Remuneration of the Board of Directors is comparable to the industry level taking into account the experience, duty, scope of work, accountability and responsibility as well as the contribution from each Director. Directors who are assigned with additional tasks and responsibilities, such as member of subcommittees, will receive appropriate additional remuneration.
- 6.2 Remuneration of the Chief Executive Officer and top executives is in accordance with the principle and policy fixed by the Board of Directors within the limit approved by the shareholders' meeting. For the best interest of the Company, level of salary, bonus and long-term incentive of each executive should be consistent with the Company's and their performance. The remuneration of the Company's Board of Directors and executives in Year 2012 comprised salary, meeting allowance and provident funds totaling Baht 37.26 million. Details of such are as follows:
1. 12 Board of Directors' members received meeting allowance of Baht 5.88 million in total.
 2. 7 Executive Board of Directors' members and the Company's management received remuneration of Baht 27.28 million in total.
 3. Other compensations included provident funds of Baht 4.10 million.

All non-executive directors or Remuneration Committee will appraise the performance of the Chief Executive Officer annually to set the compensation of the Chief Executive Officer. The criteria of the appraisal, however, will be mutually agreed upon by the Chief Executive Officer. Such criteria will be objective and take into account financial performance, long-term strategy performance and career development plan for executives, etc.



7. Board of Directors and Management Training

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

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2012



AUDITOR'S REPORT

To the Shareholders of Siam Future Development Public Company Limited

I have audited the accompanying consolidated and company financial statements of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company income statements, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited as at 31 December 2012, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'P. Thangtanagul'.

Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Limited

Bangkok
14 February 2013



Siam Future Development Public Company Limited

Statements of Financial Position

As at 31 December 2012 and 2011

	Notes	Consolidated		Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	4	60,566,939	87,301,719	10,094,602	20,035,929
Short-term investments	5	24,500,000	55,004,067	24,500,000	55,004,067
Trade accounts receivable	6, 28	66,223,424	75,527,457	35,756,572	33,921,501
Finance lease receivables due					
within one year	7	20,898,422	46,614,118	14,470,479	42,245,338
Amounts due from related parties	28	99,384,882	30,658,975	296,851,693	237,827,979
Short-term loans to related parties	28	-	-	249,145,592	249,660,143
Other current assets	8	116,590,215	116,567,218	45,580,988	29,039,239
Total current assets		388,163,882	411,673,554	676,399,926	667,734,196
Non-current assets					
Restricted cash		554,717	550,088	-	-
Finance lease receivables	7	687,980,701	992,240,983	457,941,035	478,089,673
Investments in subsidiaries	9	-	-	257,925,000	257,925,000
Interest in joint venture	9	2,568,603,751	1,487,340,585	1,470,000,000	1,470,000,000
Prepaid rent, net		1,232,033	1,298,193	-	-
Intangible assets, net	10	23,128,207	25,438,950	18,690,707	21,001,450
Investment property	11	7,607,225,392	7,348,732,993	4,089,149,599	4,030,334,609
Building and equipment, net	12	30,390,448	35,410,162	13,212,077	15,969,770
Deposits for leasehold land		57,636,914	56,448,668	57,636,914	56,448,668
Other non-current assets		65,162,612	58,431,482	63,678,941	56,947,145
Total non-current assets		11,041,914,775	10,005,892,104	6,428,234,273	6,386,716,315
Total assets		11,430,078,657	10,417,565,658	7,104,634,199	7,054,450,511



Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2012 and 2011

		Consolidated		Company	
		2012	2011	2012	2011
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from banks	13	90,855,235	155,000,000	90,855,235	155,000,000
Trade accounts payable		9,198,657	7,667,557	4,879,635	4,355,827
Amounts due to related parties	28	9,270,000	8,705,000	6,229,410	57,654
Short-term loan from a subsidiary	28	-	-	6,200,000	6,500,000
Current portion of unearned rental and service income	16, 28	57,231,706	55,299,614	36,038,321	33,096,769
Current portion of long-term borrowings	14	1,290,104,001	92,500,000	1,221,354,001	30,000,000
Finance lease liabilities on land leases					
current portion		102,099,770	105,865,973	103,834,394	107,210,298
Corporate income tax payable		11,792,628	26,481,221	-	4,006,350
Other current liabilities	15	291,661,142	314,754,097	189,197,501	180,612,637
Total current liabilities		1,862,213,139	766,273,462	1,658,588,497	520,839,535
Non-current liabilities					
Unearned rental and service income	16, 28	512,081,678	560,581,023	105,975,422	134,802,688
Long-term borrowings	14	572,500,000	1,861,070,714	500,000,000	1,719,820,714
Deposits received from customers		470,833,580	463,536,529	267,506,547	265,687,005
Deferred tax liabilities	17	609,418,760	631,519,968	327,988,263	330,932,170
Finance lease liabilities on land leases		1,475,915,755	1,616,542,245	930,618,536	1,045,658,834
Provision for employee benefit	18	23,884,472	19,957,676	23,884,472	19,957,676
Total non-current liabilities		3,664,634,245	5,153,208,155	2,155,973,240	3,516,859,087
Total liabilities		5,526,847,384	5,919,481,617	3,814,561,737	4,037,698,622

**Siam Future Development Public Company Limited****Statements of Financial Position (Cont'd)****As at 31 December 2012 and 2011**

		Consolidated		Company	
		2012	2011	2012	2011
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	19	<u>1,169,875,095</u>	<u>1,047,089,351</u>	<u>1,169,875,095</u>	<u>1,047,089,351</u>
Issued and paid-up share capital	19	1,169,862,645	1,036,226,276	1,169,862,645	1,036,226,276
Share premium	19	634,028,511	620,589,794	634,028,511	620,589,794
Share subscription		-	2,422,793	-	2,422,793
Retained earnings					
Appropriated - legal reserve	20	104,926,690	73,926,690	104,926,690	73,926,690
Unappropriated		<u>3,640,505,280</u>	<u>2,415,020,314</u>	<u>1,381,254,616</u>	<u>1,283,586,336</u>
Equity attributable to owners of the parent		<u>5,549,323,126</u>	<u>4,148,185,867</u>	<u>3,290,072,462</u>	<u>3,016,751,889</u>
Non-controlling interests		<u>353,908,147</u>	<u>349,898,174</u>	<u>-</u>	<u>-</u>
Total equity		<u>5,903,231,273</u>	<u>4,498,084,041</u>	<u>3,290,072,462</u>	<u>3,016,751,889</u>
Total liabilities and equity		<u>11,430,078,657</u>	<u>10,417,565,658</u>	<u>7,104,634,199</u>	<u>7,054,450,511</u>


Siam Future Development Public Company Limited
Income Statements
For the years ended 31 December 2012 and 2011

		Consolidated		Company	
		2012	2011	2012	2011
	Notes	Baht	Baht	Baht	Baht
Revenues					
Rental and service income		1,286,695,282	1,197,098,393	750,672,031	675,137,554
Revenue from finance lease contracts		-	115,058,633	-	115,058,633
Finance and interest income		36,925,455	56,044,843	31,875,437	37,095,338
Gain on fair value adjustment on investment property, net	11	13,766,510	152,114,596	-	112,432,452
Dividend income	9	-	-	-	219,000,000
Other income		23,049,726	18,198,021	124,806,454	114,914,948
Share profit from joint venture	9	1,081,263,165	27,979,035	-	-
Total revenues		2,441,700,138	1,566,493,521	907,353,922	1,273,638,925
Expenses					
Cost of rental and service		525,858,122	470,998,461	307,178,201	267,824,411
Cost of finance lease contracts		-	61,857,017	-	61,857,017
Loss from termination of finance lease contract	7	169,596,356	-	-	-
Loss on fair value adjustment on investment property, net	11	-	-	38,380,957	-
Selling expenses		19,901,880	20,814,207	17,870,964	16,899,079
Administrative expenses		156,556,333	137,609,795	134,443,735	113,586,197
Managements' remuneration		20,622,869	25,025,668	20,622,869	25,025,668
Total expenses		892,535,560	716,305,148	518,496,726	485,192,372
Profit before financial costs and tax		1,549,164,578	850,188,373	388,857,196	788,446,553
Financial costs	22	(102,129,231)	(106,272,428)	(90,048,364)	(98,589,601)
Profit before tax		1,447,035,347	743,915,945	298,808,832	689,856,952
Tax income (income tax expenses)	23	(42,113,823)	32,027,814	(25,713,967)	(63,834,976)
Profit for the year		1,404,921,524	775,943,759	273,094,865	626,021,976
Profit attributable to:					
Owners of the parent		1,400,911,551	708,929,056	273,094,865	626,021,976
Non-controlling interests		4,009,973	67,014,703	-	-
		1,404,921,524	775,943,759	273,094,865	626,021,976
Earnings per share	24				
Basic earnings per share		1.20	0.61	0.23	0.54
Diluted earnings per share		1.20	0.61	0.23	0.54



Siam Future Development Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2012 and 2011

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Profit for the year	1,404,921,524	775,943,759	273,094,865	626,021,976
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	<u>1,404,921,524</u>	<u>775,943,759</u>	<u>273,094,865</u>	<u>626,021,976</u>
Total comprehensive income attributable to:				
Owners of the parent	1,400,911,551	708,929,056	273,094,865	626,021,976
Non-controlling interests	<u>4,009,973</u>	<u>67,014,703</u>	<u>-</u>	<u>-</u>
	<u>1,404,921,524</u>	<u>775,943,759</u>	<u>273,094,865</u>	<u>626,021,976</u>



Siam Future Development Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the nine-month periods ended 30 September 2012 and 2011

		Consolidated (Baht'000)						
		Attributable to owners of the parent					Non-controlling interests	Total equity
Notes		Issued and paid-up share capital	Share premium	Share subscription	Legal reserve	Unappropriated retained earnings		
Opening balance 1 January 2012		1,036,226	620,590	2,423	73,927	2,415,020	349,898	4,498,084
Issuance of ordinary shares	13	133,637	13,439	(2,423)	-	-	-	144,653
Legal reserve appropriation		-	-	-	31,000	(31,000)	-	-
Dividends	15	-	-	-	-	(144,427)	-	(144,427)
Total comprehensive income for the period		-	-	-	-	1,367,129	23,244	1,390,373
Closing balance 30 September 2012		<u>1,169,863</u>	<u>634,029</u>	<u>-</u>	<u>104,927</u>	<u>3,606,722</u>	<u>373,142</u>	<u>5,888,683</u>
Opening balance 1 January 2011		1,030,412	599,203	460	61,927	1,873,022	704,383	4,269,407
Issuance of ordinary shares		4,993	18,363	(460)	-	-	-	22,896
Share subscription		-	-	1,703	-	-	-	1,703
Legal reserve appropriation		-	-	-	12,000	(12,000)	-	-
Dividends	15	-	-	-	-	(154,931)	-	(154,931)
Decrease in investment in subsidiary	8	-	-	-	-	-	(202,500)	(202,500)
Dividends (paid by subsidiary) to non-controlling interest	8	-	-	-	-	-	(219,000)	(219,000)
Total comprehensive income for the period		-	-	-	-	447,706	26,159	473,865
Closing balance 30 September 2011		<u>1,035,405</u>	<u>617,566</u>	<u>1,703</u>	<u>73,927</u>	<u>2,153,797</u>	<u>309,042</u>	<u>4,191,440</u>



Siam Future Development Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the years ended 31 December 2012 and 2011

	Notes	Company					Total equity Baht
		Issued and paid-up share capital Baht	Share premium Baht	Share subscription Baht	Legal reserve Baht	Unappropriated retained earnings Baht	
Opening balance 1 January 2011		1,030,411,617	599,203,451	459,562	61,926,690	824,495,852	2,516,497,172
Issuance of ordinary shares	19	5,814,659	21,386,343	(459,562)	-	-	26,741,440
Share subscription		-	-	2,422,793	-	-	2,422,793
Legal reserve appropriation	20	-	-	-	12,000,000	(12,000,000)	-
Dividends	25	-	-	-	-	(154,931,492)	(154,931,492)
Total comprehensive income for the year		-	-	-	-	626,021,976	626,021,976
Closing balance 31 December 2011		1,036,226,276	620,589,794	2,422,793	73,926,690	1,283,586,336	3,016,751,889
Opening balance 1 January 2012		1,036,226,276	620,589,794	2,422,793	73,926,690	1,283,586,336	3,016,751,889
Issuance of ordinary shares	19	133,636,369	13,438,717	(2,422,793)	-	-	144,652,293
Legal reserve appropriation	20	-	-	-	31,000,000	(31,000,000)	-
Dividends	25	-	-	-	-	(144,426,585)	(144,426,585)
Total comprehensive income for the year		-	-	-	-	273,094,865	273,094,865
Closing balance 31 December 2012		1,169,862,645	634,028,511	-	104,926,690	1,381,254,616	3,290,072,462

**Siam Future Development Public Company Limited****Statements of Cash Flows****For the years ended 31 December 2012 and 2011**

	Notes	Consolidated		Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Cash generated from operations	26	395,411,018	638,309,686	241,191,929	470,566,035
Interest paid		(102,092,419)	(106,301,170)	(90,059,890)	(98,767,736)
Income tax paid		(91,069,265)	(74,991,682)	(42,428,861)	(35,050,230)
Income tax received		-	7,086,107	-	-
Net cash generated from operating activities		202,249,334	464,102,941	108,703,178	336,748,069
Cash flows from investing activities					
Cash received from capital in subsidiary	9	-	-	-	202,500,000
Purchases of intangible assets	10	(611,556)	(976,084)	(611,556)	(976,084)
Purchases of building, equipment and investment property		(73,791,996)	(167,791,323)	(45,904,352)	(152,875,088)
Short-term loans made to subsidiary and related party	28	-	-	(31,585,449)	(28,000,000)
Proceeds from disposal of equipment		-	118,357	-	5,607
Loans repayments received from subsidiaries and related party	28	-	440,126,829	32,100,000	58,900,000
Dividend received	9	-	-	-	219,000,000
Interest received		1,838,496	9,198,570	21,575,910	12,960,428
Net cash (used in) received from investing activities		(72,565,056)	280,676,349	(24,425,447)	311,514,863
Cash flows from financing activities					
Proceeds from loans from subsidiary	28	-	-	-	1,500,000
Cash received from share subscription	19	-	2,422,793	-	2,422,793
Proceeds from issuance of ordinary shares		14,669,732	26,741,440	14,669,732	26,741,440
Repayments of short-term loans from banks		(64,144,765)	(45,005,804)	(64,144,765)	(45,005,804)
Repayments of short-term loans from subsidiary and related party	28	-	-	(300,000)	(440,626,829)
Repayments of long-term borrowings	14	(92,500,000)	(119,950,000)	(30,000,000)	(33,200,000)
Cash payment for capital reduction of subsidiary to non-controlling interest	9	-	(202,500,000)	-	-
Dividend paid by subsidiary to non-controlling interest	9	-	(219,000,000)	-	-
Dividends paid	25	(14,444,025)	(154,931,492)	(14,444,025)	(154,931,492)
Net cash used in financing activities		(156,419,058)	(712,223,063)	(94,219,058)	(643,099,892)
Net (decrease) increase in cash and cash equivalents					
		(26,734,780)	32,556,227	(9,941,327)	5,163,040
Cash and cash equivalents, opening balance		87,301,719	54,745,492	20,035,929	14,872,889
Cash and cash equivalents, closing balance		60,566,939	87,301,719	10,094,602	20,035,929



Siam Future Development Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2012 and 2011

Supplementary information for cashflows:

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2012 and 2011 are as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of purchases of building, equipment and investment property	1,700,784	11,246,822	-	10,869,001
Accounts payable arisen as a result of purchases of intangible assets	-	-	260,000	-
Transfer property, plant and equipment to investment property (Note 11)	2,825,906	525,712,481	-	7,558,776
Investment property arisen as a result of recognition of finance lease liability and land lease	-	41,895,636	-	41,895,636
Investment property increase due to reversal of finance lease contracts	104,107,453	46,385,216	14,556,626	7,687,041
Investment property decreased due to recognition as cost of finance lease contracts	-	61,857,016	-	61,857,016
Stock dividends (Note 25)	129,982,560	-	129,982,560	-



Siam Future Development Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2012 and 2011

1 General information

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

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

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

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

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

These consolidated and company financial statements have been approved by the Board of Directors on 14 February 2013.

2 Accounting policies

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

2.1 Basis of preparation

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

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

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



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2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard

- a) New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard that are not yet effective and have not been early adopted by the Group, except for TAS 12 : Income Taxes which the Group has adopted since 2006.

Effective for the periods beginning on or after 1 January 2013

TAS 20	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (Revised 2009)	The Effect of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

The Group's management has determined that the new accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard will not significantly impact the financial statements being presented except TFRS 8: The standard requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, which it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

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

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are 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 9.



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2 Accounting policies (Cont'd)

2.3 Group accounting - Investment in subsidiaries and interest in joint venture (Cont'd)

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.

When the Group ceases to have control or significant influence, 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 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.

c) Joint venture

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

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

A list of the Group's joint venture is set out in Note 9.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

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.



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2 Accounting policies (Cont'd)

2.6 Trade accounts receivable

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

2.7 Building and equipment

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

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

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

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

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

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

2.8 Investment property

Investment property comprises freehold properties that are held for rentals yields, or for capital appreciation or both, and that is not occupied by the companies in the consolidated 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". Financial 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.



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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 property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.10 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as an intangible asset.

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

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

Computer software licences

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

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

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



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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 substantively 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.



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

2.15 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 - 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, 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 not party to other financial instruments which are not recognised in the financial statements.

2.18 Dividends

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



Siam Future Development Public Company Limited
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3 Critical accounting estimates, assumptions and judgements and capital risk management

3.1 Critical accounting estimates, assumptions and judgements

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

a) Impairment of receivable and finance lease receivables

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

b) Impairment of goodwill

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

c) 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) Provision for employee benefits

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

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

Other key assumptions for the provision for employee benefits are based in part on current market conditions. Additional information is disclosed in Note 18.

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.



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

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 Cash and cash equivalents

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Cash	128	100	78	67
Deposits at call with banks	60,439	87,202	10,017	19,969
	<u>60,567</u>	<u>87,302</u>	<u>10,095</u>	<u>20,036</u>

The interest rates of deposits at call with banks are ranging from 0.5% to 0.75% per annum (2011: 0.5% to 0.875% per annum).

5 Short-term investments

As at 31 December 2012, short-term investments represent investment in unit trusts of open fund amounting to Baht 24.5 million (2011: Baht 55 million).

6 Trade accounts receivable

Outstanding trade accounts receivable can be aged as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Current	53,202	43,467	27,478	19,228
Overdue 1 to 6 months	8,931	20,554	5,387	13,183
Overdue 7 to 12 months	185	-	-	-
Overdue over 12 months	3,905	12,980	2,892	2,985
	<u>66,223</u>	<u>77,001</u>	<u>35,757</u>	<u>35,396</u>
<u>Less</u> Allowance for doubtful accounts	-	(1,474)	-	(1,474)
	<u>66,223</u>	<u>75,527</u>	<u>35,757</u>	<u>33,922</u>



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7 Finance lease receivables

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	44,412	88,707	32,088	59,323
Due within 2 to 5 years	194,974	273,159	143,068	139,491
Due later than 5 years	832,596	1,373,769	540,076	585,287
	<u>1,071,982</u>	<u>1,735,635</u>	<u>715,232</u>	<u>784,101</u>
The present value of minimum lease payments receivable				
Due within 1 year	20,898	46,614	14,470	42,245
Due within 2 to 5 years	95,163	95,007	69,976	65,266
Due later than 5 years	592,818	897,234	387,965	412,824
	<u>687,981</u>	<u>992,241</u>	<u>457,941</u>	<u>478,090</u>
	708,879	1,038,855	472,411	520,335
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>708,879</u>	<u>1,038,855</u>	<u>472,411</u>	<u>520,335</u>
The unearned finance income	<u>363,103</u>	<u>696,780</u>	<u>242,819</u>	<u>263,766</u>

During 2012, the Group terminated the finance lease contract with an entity and recognised loss by Baht 169.60 million in the income statement.

The unearned finance income is calculated basing on the discount rate between 6% 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 cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.

8 Other current assets

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Other accounts receivable	35,498	49,143	30,943	20,343
Withholding tax deducted at sources	60,209	49,705	9,765	-
Prepaid expenses	16,885	10,186	3,624	3,966
Others	3,998	7,533	1,249	4,730
	<u>116,590</u>	<u>116,567</u>	<u>45,581</u>	<u>29,039</u>



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9 Investment in subsidiaries and interest in joint venture

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

	Company	
	2012	2011
	Baht'000	Baht'000
Investment in subsidiaries		
For the years ended 31 December		
Opening book value	257,925	460,425
Disposal	-	(202,500)
Closing book value	<u>257,925</u>	<u>257,925</u>

During 2011, investment in a subsidiary decrease because its subsidiary decrease share capital by 40,500,000 shares with the par value Baht 10 each. The percentage of shareholding held in that subsidiary has not changed.

At the Board of Director Meeting of a subsidiary No. 1/2011 held on 21 February 2011, the directors approved the interim dividend payment from the operating results at Baht 4.44 per share, totalling Baht 240 million. The dividends were paid to the Company and non-controlling interest on 17 March 2011. The Company recorded its portion of Baht 120 million in the income statement.

At the Annual Ordinary Shareholder Meeting of a subsidiary held on 30 April 2011, the shareholders approved the dividend payment at Baht 14.67 per share, totalling Baht 198 million. The dividend were paid to the Company and non-controlling interest on 29 June 2011. The Company recorded its portion of Baht 99 million in the income statement.

	Consolidated	Company
	Baht'000	Baht'000
Interest in joint venture		
For the year ended 31 December 2012		
Opening book value	1,487,341	1,470,000
Share profit from joint venture	1,081,263	-
Closing book value	<u>2,568,604</u>	<u>1,470,000</u>

The details of investments in subsidiaries and interest in joint venture as at 31 December 2012 and 2011 are as follow:

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

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



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

The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of joint venture:

	As at 31 December	
	2012	2011
	Baht'000	Baht'000
Cash and cash equivalents	509,779	198,291
Trade accounts receivable	40,482	-
Other current assets	80,994	56,898
Prepaid rent	1,987	86,663
Investment property	6,131,586	3,897,722
Equipment, net	12,294	3,158
Other assets	60,262	63,709
Total assets	6,837,384	4,306,441
Finance lease liabilities on land leases	150,285	-
Long term loan from financial institution	3,113,950	2,135,910
Unearned rental	69,620	72,175
Deferred tax liabilities	264,910	-
Other liabilities	670,204	611,204
Total liabilities	4,268,969	2,819,289
Net assets	2,568,415	1,487,152
	For the year ended	
	31 December	
	2012	2011
	Baht'000	Baht'000
Rental income	423,794	2,555
Gain on fair value adjustment on investment property, net	1,229,212	-
Gain from sales of building under finance lease	-	28,147
Gain on of sales of land	-	22,037
Interest income	4,976	3,006
Other income	126,335	278
Cost of rental and service	(169,217)	-
Administrative expenses	(120,019)	(28,043)
Financial cost	(138,825)	-
Profit before tax	1,356,256	27,980
Income tax expenses	(274,993)	-
Net profit	1,081,263	27,980



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10 Intangible assets, net

	Consolidated			
	Goodwill	Computer software licenses	Total	Computer software licenses
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2011				
Cost	5,000	27,914	32,914	27,914
<u>Less</u> Accumulated amortisation	(563)	(5,081)	(5,644)	(5,081)
Net book value	<u>4,437</u>	<u>22,833</u>	<u>27,270</u>	<u>22,833</u>
Year ended 31 December 2011				
Opening net book value	4,437	22,833	27,270	22,833
Additions	-	976	976	976
Amortisation charge	-	(2,808)	(2,808)	(2,808)
Closing net book value	<u>4,437</u>	<u>21,001</u>	<u>25,438</u>	<u>21,001</u>
At 31 December 2011				
Cost	5,000	28,890	33,890	28,890
<u>Less</u> Accumulated amortisation	(563)	(7,889)	(8,452)	(7,889)
Net book value	<u>4,437</u>	<u>21,001</u>	<u>25,438</u>	<u>21,001</u>
Year ended 31 December 2012				
Opening net book value	4,437	21,001	25,438	21,001
Additions	-	612	612	612
Amortisation charge	-	(2,922)	(2,922)	(2,922)
Closing net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>
At 31 December 2012				
Cost	5,000	29,502	34,502	29,502
<u>Less</u> Accumulated amortisation	(563)	(10,811)	(11,374)	(10,811)
Net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>



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10 Intangible assets, net

	Consolidated			
	Goodwill	Computer software licenses	Total	Computer software licenses
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2011				
Cost	5,000	27,914	32,914	27,914
<u>Less</u> Accumulated amortisation	(563)	(5,081)	(5,644)	(5,081)
Net book value	<u>4,437</u>	<u>22,833</u>	<u>27,270</u>	<u>22,833</u>
Year ended 31 December 2011				
Opening net book value	4,437	22,833	27,270	22,833
Additions	-	976	976	976
Amortisation charge	-	(2,808)	(2,808)	(2,808)
Closing net book value	<u>4,437</u>	<u>21,001</u>	<u>25,438</u>	<u>21,001</u>
At 31 December 2011				
Cost	5,000	28,890	33,890	28,890
<u>Less</u> Accumulated amortisation	(563)	(7,889)	(8,452)	(7,889)
Net book value	<u>4,437</u>	<u>21,001</u>	<u>25,438</u>	<u>21,001</u>
Year ended 31 December 2012				
Opening net book value	4,437	21,001	25,438	21,001
Additions	-	612	612	612
Amortisation charge	-	(2,922)	(2,922)	(2,922)
Closing net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>
At 31 December 2012				
Cost	5,000	29,502	34,502	29,502
<u>Less</u> Accumulated amortisation	(563)	(10,811)	(11,374)	(10,811)
Net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>



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11 Investment property

For the years ended 31 December	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Investment property at 1 January	7,348,733	6,378,892	4,030,335	3,697,045
Transfer from property, plant and equipment	2,826	525,712	-	7,559
Additions of investment property during the year	149,914	256,701	35,889	208,403
Disposals investment property according to				
finance lease agreement	-	(61,857)	-	(61,857)
Gain from fair value adjustment	105,752	249,285	22,926	179,185
Investment property at 31 December	<u>7,607,225</u>	<u>7,348,733</u>	<u>4,089,150</u>	<u>4,030,335</u>

	Consolidated Baht'000	Company Baht'000
Statement of comprehensive income for the year ended 31 December 2012		
Gain from fair value adjustment	105,752	22,926
Financial cost from recording investment property	(91,985)	(61,307)
Gain (loss) from fair value adjustment on investment property, net	<u>13,767</u>	<u>(38,381)</u>

	Consolidated Baht'000	Company Baht'000
Statement of comprehensive income for the year ended 31 December 2011		
Gain from fair value adjustment	249,285	179,185
Financial cost from recording investment property	(97,170)	(66,753)
Gain from fair value adjustment on investment property, net	<u>152,115</u>	<u>112,432</u>

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

As at 31 December 2012, investment property with the net book value (before fair value adjustment) amounting to Baht 515 million (2011: Baht 574 million) was pledged as collateral for borrowings as described in Note 13 and Note 14.

During 2011, properties interest on land held under operating leases was classified and accounted as investment property and was accounted for as if it was a finance lease in the consolidated and company statements of financial position amounting to Baht 66 million and Baht 66 million, respectively. It was calculated basing on the discount rate between 6% to 8% per annum. The land lease agreements will expire within the year 2038.



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12 Property, plant and equipment, net

	Consolidated				
			Motor vehicles, office equipment, and computer	Construction in progress and project under development	Total
	Land improvement Baht'000	Building and building improvement Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2011					
Cost	518,051	12,308	98,075	8,825	637,259
<u>Less</u> Accumulated depreciation	-	(1,902)	(69,994)	-	(71,896)
Net book value	<u>518,051</u>	<u>10,406</u>	<u>28,081</u>	<u>8,825</u>	<u>565,363</u>
Year ended 31 December 2011					
Opening net book value	518,051	10,406	28,081	8,825	565,363
Additions	-	14	6,239	4,472	10,725
Disposals, net	-	(471)	(11)	-	(482)
Depreciation charge	-	(481)	(14,003)	-	(14,484)
Transfer to investment property	(518,051)	-	(102)	(7,559)	(525,712)
Closing net book value	<u>-</u>	<u>9,468</u>	<u>20,204</u>	<u>5,738</u>	<u>35,410</u>
At 31 December 2011					
Cost	-	11,852	103,903	5,738	121,493
<u>Less</u> Accumulated depreciation	-	(2,384)	(83,699)	-	(86,083)
Net book value	<u>-</u>	<u>9,468</u>	<u>20,204</u>	<u>5,738</u>	<u>35,410</u>
Year ended 31 December 2012					
Opening net book value	-	9,468	20,204	5,738	35,410
Additions	-	-	10,419	395	10,814
Transferred in (out)	-	-	1,647	(1,647)	-
Depreciation charge	-	(482)	(10,884)	-	(11,366)
Transfer to investment property	-	-	-	(2,826)	(2,826)
Transfer to expense	-	-	-	(1,642)	(1,642)
Closing net book value	<u>-</u>	<u>8,986</u>	<u>21,386</u>	<u>18</u>	<u>30,390</u>
At 31 December 2012					
Cost	-	11,852	115,969	18	127,839
<u>Less</u> Accumulated depreciation	-	(2,866)	(94,538)	-	(97,449)
Net book value	<u>-</u>	<u>8,986</u>	<u>21,386</u>	<u>18</u>	<u>30,390</u>



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12 Property, plant and equipment, net (Cont'd)

	Company		
	Motor vehicles, office equipment, and computer Baht'000	Construction in progress and project under development Baht'000	Total Baht'000
At 1 January 2011			
Cost	73,556	8,777	82,333
<u>Less</u> Accumulated depreciation	(54,108)	-	(54,108)
Net book value	19,448	8,777	28,225
Year ended 31 December 2011			
Opening net book value	19,448	8,777	28,225
Additions	4,879	46	4,925
Disposals, net	(11)	-	(11)
Depreciation charge	(9,610)	-	(9,610)
Transfer to investment property	-	(7,559)	(7,559)
Closing net book value	14,706	1,264	15,970
At 31 December 2011			
Cost	78,423	1,264	79,687
<u>Less</u> Accumulated depreciation	(63,717)	-	(63,717)
Net book value	14,706	1,264	15,970
Year ended 31 December 2012			
Opening net book value	14,706	1,264	15,970
Additions	5,682	397	6,079
Depreciation charge	(7,195)	-	(7,195)
Transfer to expense	-	(1,642)	(1,642)
Closing net book value	13,193	19	13,212
At 31 December 2012			
Cost	84,105	19	84,124
<u>Less</u> Accumulated depreciation	(70,912)	-	(70,912)
Net book value	13,193	19	13,212



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13 Bank overdraft and short-term borrowings from banks

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Bank overdraft	855	-	855	-
Short-term loans from banks	90,000	155,000	90,000	155,000
	<u>90,855</u>	<u>155,000</u>	<u>90,855</u>	<u>155,000</u>

Loans from a bank have been guaranteed by pledge of investment property of a property project as collateral. Loans bear interest at the rates between 4.60% to 5.12% per annum (2011: 5.35% per annum).

14 Borrowings

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Current portion of long-term borrowings				
Bank borrowings	91,250	92,500	22,500	30,000
Debentures	1,198,854	-	1,198,854	-
	<u>1,290,104</u>	<u>92,500</u>	<u>1,221,354</u>	<u>30,000</u>
Long-term borrowings				
Bank borrowings	72,500	163,750	-	22,500
Debentures	500,000	1,697,321	500,000	1,697,321
	<u>572,500</u>	<u>1,861,071</u>	<u>500,000</u>	<u>1,719,821</u>
Total borrowings	<u>1,862,604</u>	<u>1,953,571</u>	<u>1,721,354</u>	<u>1,749,821</u>

Bank borrowings

Long-term bank borrowings which bear interest rates at MLR and MLR minus 0.25% per annum (2011: MLR and MLR minus 0.25% per annum) are secured by pledge of investment property of property projects. The borrowings are due for monthly repayment.

Debentures

The debentures bear interest at the rates between 4.40% to 5.10% per annum and will be mature during March 2013 to July 2014. The Company has to maintain financial ratios as stipulated in the offering documents.

In 2013, the Company has debentures which will be matured within 1 year amount of Baht 1,199 million. The Company plans to raise a new fund by issued new debentures to settle such debts. The debenture which will be matured in March 2013 amount of Baht 500 million, the Securities and Exchange Commission Thailand has granted approval for issuing new debenture amount of Baht 750 million.

The movements in the borrowings can be analysed as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
For the years ended 31 December				
Opening amount	1,953,571	2,071,999	1,749,821	1,781,499
Repayment of borrowings	(92,500)	(119,950)	(30,000)	(33,200)
Amortisation of debenture issuance cost	1,533	1,522	1,533	1,522
Closing amount	<u>1,862,604</u>	<u>1,953,571</u>	<u>1,721,354</u>	<u>1,749,821</u>



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14 Borrowings (Cont'd)

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings:				
- at fixed rates	1,698,854	1,697,321	1,698,854	1,697,321
- at floating rates	163,750	256,250	22,500	52,500
	<u>1,862,604</u>	<u>1,953,571</u>	<u>1,721,354</u>	<u>1,749,821</u>

	Consolidated		Company	
	2012	2011	2012	2011
	%	%	%	%
Weighted average effective interest rates:				
All borrowings	4.92	5.04	4.77	4.82

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

	Consolidated			
	Carrying amount		Fair value	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings	1,862,604	1,953,571	1,820,595	1,850,460

	Company			
	Carrying amount		Fair value	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings	1,721,354	1,749,821	1,683,884	1,656,944

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

Maturity of long-term borrowings:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	1,290,104	92,500	1,221,354	30,000
Later than 1 year and not later than 2 years	572,500	91,250	500,000	22,500
Later than 2 years and not later than 5 years	-	1,769,821	-	1,697,321
	<u>1,862,604</u>	<u>1,953,571</u>	<u>1,721,354</u>	<u>1,749,821</u>



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15 Other current liabilities

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued expenses	65,463	72,825	37,055	35,919
Accrued property tax	166,578	162,301	99,742	77,819
Retention payable	8,810	12,792	6,445	11,068
Accrued interest expense	15,294	15,257	15,206	15,257
Others	35,516	51,579	30,750	40,550
	291,661	314,754	189,198	180,613

16 Unearned rental and service income

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	57,232	55,300	36,038	33,097
Within 2 years and not later than 5 years	145,553	163,086	66,770	84,323
Later than 5 years	366,529	397,495	39,205	50,479
	512,082	560,581	105,975	134,802
	569,314	615,881	142,013	167,899

17 Deferred income taxes

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance of deferred tax liabilities	(631,520)	(759,307)	(330,932)	(305,853)
Charges to income statements (Note 23)	22,101	127,787	2,944	(25,079)
Closing balance of deferred tax liabilities	(609,419)	(631,520)	(327,988)	(330,932)

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

	Consolidated			
Deferred tax assets	Deposit received from customers	Unearned service income	Other	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2012	12,665	16,001	10,954	39,620
Charges to income statement	1,610	2,190	(5,895)	(2,095)
Closing balance 31 December 2012	14,275	18,191	5,059	37,525



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17 Deferred income taxes (Cont'd)

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

Deferred tax liabilities	Consolidated		
	Profit from finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
Opening balance 1 January 2012	290,103	381,037	671,140
Charges to income statement	(45,348)	21,152	(24,196)
Closing balance 31 December 2012	244,755	402,189	646,944

Deferred tax assets	Company			
	Deposit received from customers Baht'000	Unearned service income Baht'000	Other Baht'000	Total Baht'000
Opening balance 1 January 2012	4,740	3,785	9,245	17,770
Charges to income statement	781	121	(4,186)	(3,284)
Closing balance 31 December 2012	5,521	3,906	5,059	14,486

Deferred tax liabilities	Company		
	Profit from finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
Opening balance 1 January 2012	60,514	288,188	348,702
Charges to income statement	7,924	(14,152)	(6,228)
Closing balance 31 December 2012	68,438	274,036	342,474

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

	Consolidated		Company	
	2012 Baht'000	2011 Baht'000	2012 Baht'000	2011 Baht'000
Deferred tax assets	37,525	39,620	14,486	17,770
Deferred tax liabilities	(646,944)	(671,140)	(342,474)	(348,702)
Total deferred tax liabilities	(609,419)	(631,520)	(327,988)	(330,932)



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18 Employee benefit obligations

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

	Consolidated and Company	
	2012	2011
	Baht'000	Baht'000
Beginning balance	19,958	16,709
Current service cost	3,194	2,641
Interest cost	732	608
Closing balance	<u>23,884</u>	<u>19,958</u>

The amounts recognised in the income statements are as follows:

	Consolidated and Company	
	2012	2011
	Baht'000	Baht'000
Current service cost	3,194	2,641
Interest cost	732	608
Total	<u>3,926</u>	<u>3,249</u>

The principal actuarial assumptions used are as follows:

	Consolidated and Company	
	2012	2011
Discount rates	3.84%	3.84%
Future salary increase rates	6%	6%
Retirement age	60 years old	60 years old

19 Share capital and share premium

	Ordinary share capital Baht'000	Share premium Baht'000	Total Baht'000
Issue and paid-up share capital			
At 31 December 2010	1,030,412	599,203	1,629,615
Issue of shares	5,814	21,387	27,201
At 31 December 2011	1,036,226	620,590	1,656,816
Issue of shares	133,637	13,439	147,076
At 31 December 2012	<u>1,169,863</u>	<u>634,029</u>	<u>1,803,892</u>

As at 31 December 2012, total authorised number of the ordinary shares is 1,169,875,095 shares with a par value of Baht 1 per share (2011: 1,047,089,351 shares with a par value of Baht 1 per share). Total issued and paid-up share capital is 1,169,862,645 shares with the paid-up of Baht 1 per share (2011: 1,036,226,276 shares with a paid-up of Baht 1 per share).



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19 Share capital and share premium (Cont'd)

Warrants

The shareholders approved the issuance of warrants to employees and directors of the Group on 17 January 2007 and 13 June 2007, totalling 15,000,000 units with the exercise period of 5 years. The conversion right is 1 warrant unit per 1 ordinary share at the exercise price of Baht 6.94.

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

During 2012, the warrants of 2,113,941 units (2011: 4,202,644 units) were exercised. As at 31 December 2012, the expired warrants and unexercised warrants are 1,636,213 units (2011: unexercised warrants 3,750,154 units).

20 Legal reserve

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

21 Expenses by nature

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation on building and equipment (Note 12)	11,366	14,484	7,195	9,610
Staff costs	97,777	88,503	97,777	88,503

22 Financial costs

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Interest expenses				
- Debentures	80,821	80,600	80,821	80,600
- Long-term borrowings bank	19,600	23,803	7,077	7,682
- Bank overdrafts	154	327	153	327
- Debenture issuance cost	1,533	1,522	1,533	1,522
- Loan from related parties	-	-	443	8,438
- Others	21	20	21	21
Total financial costs	102,129	106,272	90,048	98,590



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23 Income tax

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	64,215	95,759	28,658	38,756
Deferred tax:				
Origination and reversal of temporary differences	26,837	114,339	42,860	105,093
Impact of change in tax rate	(48,938)	(242,126)	(45,804)	(80,014)
Total deferred tax (Note 17)	(22,101)	(127,787)	(2,944)	25,079
Total income tax expenses (tax income)	42,114	(32,028)	25,714	63,835

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,447,035	743,916	298,809	689,857
Tax calculated at a tax rate of 23% (2011: 30%) for the Company and 15% to 23% (2011: 15% to 30%) for subsidiaries	316,233	214,070	68,726	206,957
Tax effect of:				
Income not subject to tax	(232,516)	(8,394)	-	(65,700)
Expenses not deductible for tax purpose	7,335	4,422	2,792	2,592
Remeasurement of deferred tax - change in tax rate	(48,938)	(242,126)	(45,804)	(80,014)
Tax charge (credit)	42,114	(32,028)	25,714	63,835

On 21 December 2011, the Royal Decree was published a reduction in corporation tax rate from 30% to 23% for accounting period beginning on or after 1 January 2012 and 20% for two accounting periods beginning on or after 1 January 2013. The relevant deferred tax balances have been remeasured. As at 31 December 2012 and 31 December 2011, deferred tax expected to reverse in the year, has been measured using the effective rate.



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24 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.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has warrants issued to the directors and employees (Note 19) for subscription of ordinary shares.

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

During 2012, the Company issued a stock dividend totalling 129,982,560 shares. The Company adjusted the number of ordinary shares outstanding before the event for the proportionate change in the number of ordinary shares outstanding as if the event had accrued at the beginning of the earliest period presented. The weighted average number of ordinary shares used in computing earnings per share for fiscal year 2011 has been changed as follows:

	2011 Number of share As restated	2011 Number of share As previously reported
Basic earnings per share		
Weighted average number of ordinary shares	1,164,139,105	1,034,156,545
Diluted earnings per share		
Weighted average number of ordinary shares	1,165,661,924	1,035,679,364

	Consolidated 2012	2011	Company 2012	2011
Profit attributable to equity holders of the parent (Baht'000)	1,400,912	708,929	273,095	626,022
Weighted average number of paid-up ordinary shares in issue ('000 shares)	1,169,471	1,164,139	1,169,471	1,164,139
Basic earnings per share (Baht)	1.20	0.61	0.23	0.54
Effect of dilutive potential ordinary shares ('000 shares)	-	1,522	-	1,522
Weighted average number of ordinary shares for diluted earnings per share ('000 shares)	1,169,471	1,165,661	1,169,471	1,165,661
Diluted earnings per share (Baht)	1.20	0.61	0.23	0.54

25 Dividends

At the Annual General Shareholders Meeting held on 22 March 2012, the shareholders approved a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share and cash dividend payment amounting to Baht 0.01389 per share in respect of 2011 operating results totalling 129,982,560 shares and Baht 14.44 million, respectively. The dividends were paid to the shareholders on 20 April 2012.

At the Annual General Shareholders Meeting held on 23 March 2011, the shareholders approved a payment of dividend in respect of 2010 operating results of Baht 0.15 per share, amounting to a total of Baht 154.93 million. The dividends were paid to the shareholders on 22 April 2011.



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26 Cash flows from operating activities

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

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Profit before income tax	1,447,035,347	743,915,945	298,808,832	689,856,952
Adjustments for:				
Depreciation and amortisation (Notes 10 and 12)	14,288,901	17,292,347	10,116,856	12,418,121
Amortisation of prepaid rent	66,160	66,160	-	-
Interest income	(36,925,455)	(56,044,843)	(31,875,437)	(37,095,338)
Interest expense	102,129,231	106,272,428	90,048,364	98,589,601
Dividend income (Note 9)	-	-	-	(219,000,000)
Amortisation of debenture issuance costs (Note 14)	1,533,287	1,521,499	1,533,287	1,521,499
Realised unearned rental and service income	(50,668,381)	(51,589,213)	(30,977,551)	(31,898,385)
Loss on disposal of equipment	-	5,219	-	5,219
Investment property recognised as cost of finance lease (Note 11)	-	61,857,016	-	61,857,016
Doubtful debts (Reversal) (Note 6)	(1,474,169)	1,474,169	(1,474,169)	1,474,169
Provision for employee benefit (Note 18)	3,926,796	3,248,311	3,926,796	3,248,311
Loss (gain) from fair value adjustment on investment property (Note 11)	(13,766,510)	(152,114,596)	38,380,957	(112,432,452)
Share profit from joint venture (Note 9)	(1,081,263,165)	(27,979,035)	-	-
Loss on write-off of equipment (Note 12)	1,641,674	-	1,641,674	-
Loss from termination of finance lease contract	169,596,356	-	-	-
Changes in operating assets and liabilities:				
- short-term investment	30,504,067	254,996,382	30,504,067	254,996,382
- trade accounts receivable	10,778,202	1,353,242	(360,902)	(805,184)
- finance lease receivable	100,682,565	(71,278,834)	59,747,938	(103,095,586)
- amounts due from related parties	(68,725,907)	(29,112,559)	(59,023,714)	(51,616,975)
- other current assets	13,679,370	(15,137,559)	(13,530,588)	3,658,079
- deposits for leasehold land	(1,188,246)	-	(1,188,246)	-
- other non-current assets	(6,731,130)	(22,032,472)	(6,731,796)	(21,730,272)
- trade accounts payable	1,531,100	1,255,206	523,808	665,076
- amounts due to related parties	565,000	55,000	6,171,756	(282,608)
- other current liabilities	(16,824,522)	(8,635,667)	17,761,323	22,161,934
- unearned rental and service income	4,101,128	(7,142,416)	5,091,837	(8,002,150)
- deposit received from customers	7,297,051	50,629,298	1,819,542	32,803,559
- finance lease liabilities on land leases	(236,377,732)	(164,565,342)	(179,722,705)	(126,730,933)
Cash flows from operations	<u>395,411,018</u>	<u>638,309,686</u>	<u>241,191,929</u>	<u>470,566,035</u>



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27 Financial risk management

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

a) Credit risks

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

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

b) Liquidity risks

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

c) 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. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

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 14.

28 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 20.49% of the Company's share (31 December 2011: 24.47%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.



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28 Related party transactions (Cont'd)

The Group enters into transactions with related companies in the normal course of business. Significant transactions for the years ended 31 December 2012 and 2011 are summarised as follows:

a) Revenues and expense

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
For the years ended 31 December				
Rental and service income				
Group Major Cineplex Group				
Public Company Limited	61,585	71,549	27,207	34,094
Related parties	24,324	58,337	16,941	31,425
	<u>85,909</u>	<u>129,886</u>	<u>44,148</u>	<u>65,519</u>
Management fee income				
Subsidiaries	-	-	64,188	62,658
Interest income				
Subsidiaries	-	8,075	14,537	16,034
Management fee expense				
Major Cineplex Group				
Public Company Limited	270	270	-	-
Interest expense				
Subsidiaries	-	-	443	8,438

Rental and service incomes were carried out on commercial terms and conditions and at market prices which are subject to location, leases pace, leases terms, timing and type of lease. Management fee income and expense were charged at the rates specific on the agreements.

Interest income is charged at the rates between 6.00% to 7.75% per annum (2011: 6.00% to 7.75% per annum).

b) Trade accounts receivable

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Group Major Cineplex Group				
Public Company Limited	-	2,441	-	2,422
Related parties	-	266	-	-
	<u>-</u>	<u>2,707</u>	<u>-</u>	<u>2,422</u>



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28 Related party transactions (Cont'd)

c) Amounts due from related parties

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Major Cineplex Group				
Public Company Limited	1,000	1,000	-	-
Subsidiaries	-	-	198,467	208,169
Joint venture	98,385	29,659	98,385	29,659
	<u>99,385</u>	<u>30,659</u>	<u>296,852</u>	<u>237,828</u>

d) Short-term loans to related parties

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

	Company	
	2012	2011
	Baht'000	Baht'000
Beginning balance	249,660	280,560
Loans made during the year	31,585	28,000
Loans repayments during the year	(32,100)	(58,900)
Ending balance	<u>249,145</u>	<u>249,660</u>

As at 31 December 2012, short-term loans to subsidiaries represent loans repayable upon demand. The loans bear interest rates between 7.00% to 7.13% per annum (2011: 5.85% to 7.75% per annum).

Movement of short-term loan to a related company during the year is as follows:

	Consolidated	
	2012	2011
	Baht'000	Baht'000
Beginning balance	-	440,127
Loan repayment during the year	-	(440,127)
Ending balance	<u>-</u>	<u>-</u>

Short-term loan to a related party represented loan to Major Cineplex Group Public Company Limited. The loan carried interest at the rate of MLR per annum.

e) Amount due to related parties

	Consolidated		Company	
	2012	2011	2012	2011
	Baht'000	Baht'000	Baht'000	Baht'000
Major Cineplex Group Public				
Company Limited	9,040	8,705	-	-
Subsidiaries	-	-	162	58
Joint venture	230	-	6,068	-
	<u>9,270</u>	<u>8,705</u>	<u>6,230</u>	<u>58</u>



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28 Related party transactions (Cont'd)

f) Short-term loans from subsidiary

	Company	
	2012	2011
	Baht'000	Baht'000
Subsidiary	6,200	6,500

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

	Company	
	2012	2011
	Baht'000	Baht'000
Beginning balance	6,500	445,627
Loan received during the year	-	1,500
Loan repaid during the year	(300)	(440,627)
Ending balance	6,200	6,500

As at 31 December 2012, short-term loans from subsidiary represent unsecured loans, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rates between 7.00% to 7.25% per annum (2011: 6.12% to 7.25% per annum).

g) Unearned rental and service income

As at 31 December of 2012, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 112 million (2011: Baht 118 million).

h) Directors and management remuneration

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



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29 Commitments and contingencies

Bank guarantees

As at 31 December 2012, the Group has outstanding letters of guarantee amounting to Baht 268 million (2011: Baht 274 million) issued by the Group's bankers in respect of normal business operations.

Guarantee

As at 31 December 2012, the Company has guaranteed for bank loans granted to subsidiaries for a total of Baht 450 million (2011: Baht 450 million).

Capital commitment

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

	Consolidated	
	2012	2011
	Baht'000	Baht'000
Investment property	-	11,845

30 Segment information

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