

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Siam Future Development Public Company Limited

I have reviewed the accompanying consolidated and company statements of financial position as at 30 September 2013, the related consolidated and company statements of income, comprehensive income for the three-month and nine-month periods then ended, the related consolidated and company statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and condensed notes to interim financial information of Siam Future Development Public Company Limited and its subsidiaries, and of Siam Future Development Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
PricewaterhouseCoopers ABAS Ltd.

Bangkok
7 November 2013

SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2013

Siam Future Development Public Company Limited
Statements of Financial Position
As at 30 September 2013

	Notes	Consolidated		Company	
		(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000	(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000
Assets					
Current assets					
Cash and cash equivalents		20,966	60,567	3,736	10,095
Short-term investments	5	12,814	24,500	12,814	24,500
Trade accounts receivable	6, 18	66,160	66,223	33,205	35,757
Finance lease receivables due					
within one year	7	22,298	20,898	15,765	14,470
Amounts due from related parties	18	245,963	99,385	471,610	296,852
Short-term loans to related parties	18	25,000	-	359,895	249,145
Other current assets		77,208	116,590	41,601	45,581
Total current assets		470,409	388,163	938,626	676,400
Non-current assets					
Restricted cash		568	555	-	-
Finance lease receivables	7	672,909	687,981	446,485	457,941
Investments in subsidiaries	8	-	-	257,925	257,925
Interest in joint venture	8	2,732,687	2,568,604	1,470,049	1,470,000
Prepaid rent, net		1,182	1,232	-	-
Investment property	9	7,633,761	7,607,225	4,040,595	4,089,150
Building and equipment, net	10	28,790	30,390	12,712	13,212
Intangible assets, net	10	21,360	23,128	16,923	18,691
Deposits for leasehold land		57,521	57,637	57,521	57,637
Other non-current assets		66,285	65,163	58,901	63,679
Total non-current assets		11,215,063	11,041,915	6,361,111	6,428,235
Total assets		11,685,472	11,430,078	7,299,737	7,104,635

Director Director

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2013

	Consolidated		Company	
	(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000	(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000
Notes				
Liabilities and equity				
Current liabilities				
Bank overdrafts and short-term loans				
from banks	-	90,855	-	90,855
Trade accounts payable	8,374	9,199	4,145	4,880
Amounts due to related parties	18 37,922	9,270	23,289	6,229
Short-term loans from subsidiaries	18 -	-	63,000	6,200
Current portion of unearned rental and service income	50,950	57,232	29,400	36,038
Current portion of long-term borrowings	11 500,000	1,290,104	500,000	1,221,354
Finance lease liabilities on land leases				
current portion	47,482	102,100	47,771	103,834
Corporate income tax payable	6,715	11,792	-	-
Other current liabilities	262,711	291,661	183,025	189,198
Total current liabilities	914,154	1,862,213	850,630	1,658,588
Non-current liabilities				
Unearned rental and service income	479,438	512,082	88,118	105,975
Long-term borrowings	11 1,445,682	572,500	1,445,682	500,000
Deposits received from customers	452,659	470,833	255,663	267,507
Deferred tax liabilities	630,503	609,419	338,580	327,989
Finance lease liabilities on land leases	1,426,151	1,475,916	884,121	930,619
Employee benefit obligations	27,220	23,884	27,220	23,884
Total non-current liabilities	4,461,653	3,664,634	3,039,384	2,155,974
Total liabilities	5,375,807	5,526,847	3,890,014	3,814,562

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2013

		Consolidated		Company	
		(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000	(Unaudited) 30 September 2013 Baht'000	(Audited) 31 December 2012 Baht'000
	Note				
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	13	1,316,105	1,169,875	1,316,105	1,169,875
Issued and paid-up share capital	13	1,316,020	1,169,863	1,316,020	1,169,863
Share premium	13	634,029	634,029	634,029	634,029
Retained earnings					
Appropriated - legal reserve		117,026	104,926	117,026	104,926
Unappropriated		3,863,116	3,640,505	1,342,648	1,381,255
Equity attributable to owners of the parent					
		5,930,191	5,549,323	3,409,723	3,290,073
Non-controlling interests		379,474	353,908	-	-
Total equity		6,309,665	5,903,231	3,409,723	3,290,073
Total liabilities and equity		11,685,472	11,430,078	7,299,737	7,104,635

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Income Statements (Unaudited)
For the three-month period ended 30 September 2013

	Consolidated		Company	
	2013	2012	2013	2012
Note	Baht'000	Baht'000	Baht'000	Baht'000
Revenues				
Rental and service income	318,455	311,643	184,754	181,948
Finance and interest income	6,425	11,212	10,436	8,003
Other income	9,808	5,223	33,260	28,549
Share profit from joint venture	72,369	68,084	-	-
Total revenues	407,057	396,162	228,450	218,500
Expenses				
Cost of rental and service	139,118	132,874	79,983	77,259
Loss from fair value adjustment on investment property, net	44,843	19,313	66,258	25,383
Selling expenses	7,425	6,595	6,847	6,062
Administrative expenses	37,938	42,979	32,615	37,435
Management's remuneration	4,340	4,125	4,340	4,125
Total expenses	233,664	205,886	190,043	150,264
Profit before financial costs and tax	173,393	190,276	38,407	68,236
Financial costs	(26,899)	(25,370)	(27,534)	(22,502)
Profit before tax	146,494	164,906	10,873	45,734
Income tax expenses	(15,456)	(21,118)	(2,538)	(10,020)
Profit for the period	131,038	143,788	8,335	35,714
Profit Attributable to:				
Owners of the parent	123,786	136,382	8,335	35,714
Non-controlling interests	7,252	7,406	-	-
	131,038	143,788	8,335	35,714
Earnings per share				
	Baht	Baht	Baht	Baht
Basic earnings per share	0.09	0.10	0.01	0.03
Diluted earnings per share	0.09	0.10	0.01	0.03

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2013

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit for the period	131,038	143,788	8,335	35,714
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	<u>131,038</u>	<u>143,788</u>	<u>8,335</u>	<u>35,714</u>
Total comprehensive income attributable to:				
Owners of the parent	123,786	136,382	8,335	35,714
Non-controlling interests	<u>7,252</u>	<u>7,406</u>	<u>-</u>	<u>-</u>
	<u>131,038</u>	<u>143,788</u>	<u>8,335</u>	<u>35,714</u>

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Income Statements (Unaudited)
For the nine-month period ended 30 September 2013

	Notes	Consolidated		Company	
		2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Revenues					
Rental and service income		973,168	957,129	570,625	557,403
Revenue from finance lease contracts		7,414	-	7,414	-
Finance and interest income		19,236	33,792	29,174	23,779
Dividend income	8	-	-	44,100	-
Other income		23,988	15,956	93,653	93,463
Share profit from joint venture	8	208,134	1,116,088	-	-
Total revenues		1,231,940	2,122,965	744,966	674,645
Expenses					
Cost of rental and service		420,007	381,042	249,220	219,934
Cost of finance lease contracts		4,543	-	4,543	-
Loss from fair value adjustment on investment property, net	9	93,728	57,550	116,139	61,347
Selling expenses		17,758	17,569	16,228	16,062
Administrative expenses		123,226	110,172	105,963	97,670
Managements' remuneration		13,018	13,696	13,018	13,696
Total expenses		672,280	580,029	505,111	408,709
Profit before financial costs and tax		559,660	1,542,936	239,855	265,936
Financial costs		(77,045)	(77,110)	(75,744)	(67,673)
Profit before tax		482,615	1,465,826	164,111	198,263
Income tax expenses		(59,939)	(75,453)	(28,219)	(43,417)
Profit for the period		422,676	1,390,373	135,892	154,846
Profit attributable to:					
Owners of the parent		397,110	1,367,129	135,892	154,846
Non-controlling interests		25,566	23,244	-	-
		422,676	1,390,373	135,892	154,846
		Baht	Baht	Baht	Baht
Earnings per share					
	16				
Basic earnings per share		0.30	1.04	0.10	0.12
Diluted earnings per share		0.30	1.04	0.10	0.12

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2013

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit for the period	422,676	1,390,373	135,892	154,846
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	<u>422,676</u>	<u>1,390,373</u>	<u>135,892</u>	<u>154,846</u>
Total comprehensive income attributable to:				
Owners of the parent	397,110	1,367,129	135,892	154,846
Non-controlling interests	25,566	23,244	-	-
	<u>422,676</u>	<u>1,390,373</u>	<u>135,892</u>	<u>154,846</u>

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the nine-month period ended 30 September 2013

Consolidated (Baht'000)							
Attributable to owners of the parent							
Notes	Issued and paid-up share capital	Share premium	Share subscription	Legal reserve	Unappropriated retained earnings	Non-controlling interests	Total equity
Opening balance 1 January 2012	1,036,226	620,590	2,423	73,926	2,415,020	349,898	4,498,083
Issuance of ordinary shares	133,637	13,439	(2,423)	-	-	-	144,653
Legal reserve appropriation	-	-	-	31,000	(31,000)	-	-
Dividends	-	-	-	-	(144,427)	-	(144,427)
15	-	-	-	-	(144,427)	-	(144,427)
Total comprehensive income for the period	-	-	-	-	1,367,129	23,244	1,390,373
Closing balance 30 September 2012	1,169,863	634,029	-	104,926	3,606,722	373,142	5,888,682
Opening balance 1 January 2013	1,169,863	634,029	-	104,926	3,640,505	353,908	5,903,231
Issuance of ordinary shares	13	-	-	-	-	-	146,157
13	146,157	-	-	-	-	-	146,157
Legal reserve appropriation	-	-	-	12,100	(12,100)	-	-
Dividends	-	-	-	-	(162,399)	-	(162,399)
15	-	-	-	-	(162,399)	-	(162,399)
Total comprehensive income for the period	-	-	-	-	397,110	25,566	422,676
Closing balance 30 September 2013	1,316,020	634,029	-	117,026	3,863,116	379,474	6,309,665

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2013

Company (Baht'000)						
Notes	Issued and paid-up share capital	Share premium	Share subscription	Legal reserve	Unappropriated retained earnings	Total equity
Opening balance 1 January 2012	1,036,226	620,590	2,423	73,926	1,283,586	3,016,751
Issuance of ordinary shares	133,637	13,439	(2,423)	-	-	144,653
Legal reserve appropriation	-	-	-	31,000	(31,000)	-
Dividends	-	-	-	-	(144,427)	(144,427)
Total comprehensive income for the period	-	-	-	-	154,846	154,846
Closing balance 30 September 2012	1,169,863	634,029	-	104,926	1,263,005	3,171,823
Opening balance 1 January 2013	1,169,863	634,029	-	104,926	1,381,255	3,290,073
Issuance of ordinary shares	146,157	-	-	-	-	146,157
Legal reserve appropriation	-	-	-	12,100	(12,100)	-
Dividends	-	-	-	-	(162,399)	(162,399)
Total comprehensive income for the period	-	-	-	-	135,892	135,892
Closing balance 30 September 2013	1,316,020	634,029	-	117,026	1,342,648	3,409,723

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities					
Cash generated from (used in) operating activities	17	97,145	306,711	(14,108)	190,976
Interest paid		(77,450)	(83,536)	(75,480)	(73,888)
Income tax paid		(52,841)	(72,807)	(19,943)	(29,955)
Income tax received		36,294	-	-	-
Net cash generated from (used in) operating activities		3,148	150,368	(109,531)	87,133
Cash flows from investing activities					
Purchases of intangible assets	10	(470)	(611)	(470)	(611)
Purchases of property, equipment and investment property		(36,943)	(54,381)	(19,677)	(34,058)
Short-term loan made to subsidiary	18	(25,000)	-	(150,450)	(18,000)
Short-term loans repayments received from related parties	18	-	-	39,700	26,514
Cash received from capital reduction in subsidiary	8	44,100	-	-	-
Cash paid for investment in joint venture	8	(49)	-	(49)	-
Dividend received	8	-	-	44,100	-
Interest received		952	1,579	17,307	17,906
Net cash used in investing activities		(17,410)	(53,413)	(69,539)	(8,249)
Cash flows from financing activities					
Proceeds from short-term loans from subsidiaries	18	-	-	73,500	-
Proceeds from long-term borrowings	11	1,445,508	-	1,445,508	-
Proceeds from issue of ordinary shares		-	14,670	-	14,670
Repayments of short-term loans from banks		(90,855)	(65,000)	(90,855)	(65,000)
Repayments of short-term loans from a subsidiary	18	-	-	(16,700)	(300)
Repayments of long-term borrowings	11	(1,363,750)	(68,750)	(1,222,500)	(22,500)
Dividends paid	15	(16,242)	(14,444)	(16,242)	(14,444)
Net cash (used in) received from financing activities		(25,339)	(133,524)	172,711	(87,574)
Net decrease in cash and cash equivalents		(39,601)	(36,569)	(6,359)	(8,690)
Cash and cash equivalents, beginning balance		60,567	87,302	10,095	20,036
Cash and cash equivalents, ending balance		20,966	50,733	3,736	11,346

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

Siam Future Development Public Company Limited
Statements of Cash Flows (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2013

Supplementary information for cash flows:

Non-cash transactions

Significant non-cash transactions for the nine-month periods ended 30 September 2013 and 2012 are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Accounts payable arisen as a result of purchases of property, equipment and investment property	28,842	1,085	13,200	-
Accounts payable arisen as a result of purchases of intangible assets	260	260	260	260
Transfer plant and equipment to investment property	-	2,826	-	-
Investment property increased due to reversal of finance lease contracts	-	14,557	-	14,557
Investment property decreased due to recognition as cost of finance lease contracts	4,543	-	4,543	-
Stock dividends	146,157	129,983	146,157	129,983

The notes to the consolidated and company financial information on pages 13 to 24 form an integral part of these interim financial information.

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 the Company’s 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.

These interim consolidated and company financial information have been reviewed, not audited.

These interim consolidated and company financial information have been approved for issue by the Board of Directors on 7 November 2013.

2 Basis of preparation

These interim consolidated and company financial information are 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. The primary financial information (i.e. statement of financial position, statement of income, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34, “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

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

3 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012.

New/revised accounting standards and related interpretations which are effective on 1 January 2013 are:

TAS 12	Income taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects 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

There are no material impacts to the Group as a result of initial adoption except TAS 12 Income taxes which the Group already adopted since 2006.

3 Accounting policies (Cont'd)

A revised accounting standard and new interpretation which are effective on 1 January 2014 are:

TAS 12 (Revised 2012)	Income taxes
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible assets - Web Site Costs

New accounting standard which is effective on 1 January 2016 is:

TFRS 4	Insurance Contracts
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The Group's management has determined that the new interpretations to financial reporting standards and accounting standard, and the new accounting standard will not significantly impact the interim financial information being presented. Except for the revised TAS12 which sets out the additional requirement on the measurement of the deferred tax liability and deferred tax assets arising from investment property that is measured using the fair value model in TAS 40 (Revised 2009) "Investment Property" and from a non-depreciable asset measured using the revaluation model under TAS16 (Revised 2009) "Property, Plant and Equipment". The revised TAS 12 withdraws TSIC21 Income Taxes - Recovery of Revalued Non-Depreciable Assets.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4 Segment information

The Group operates in only one business segment which is the development of the shopping centers and lease out space in the centers. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, has been identified as executive committee.

5 Short-term investments

As at 30 September 2013, short-term investments represent investment in unit trusts of open fund amounting to Baht 12.8 million (31 December 2012: Baht 24.5 million).

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

6 Trade accounts receivable

Outstanding trade accounts receivable can be analysed as follows:

	Consolidated		Company	
	30 September 2013 Baht'000	31 December 2012 Baht'000	30 September 2013 Baht'000	31 December 2012 Baht'000
Current	56,364	53,202	30,168	27,478
Overdue 1 to 6 months	9,046	8,931	3,037	5,387
Overdue 7 to 12 months	-	185	-	-
Overdue over 12 months	750	3,905	-	2,892
	66,160	66,223	33,205	35,757
<u>Less</u> Provision for impairment of trade receivables	-	-	-	-
	<u>66,160</u>	<u>66,223</u>	<u>33,205</u>	<u>35,757</u>

7 Finance lease receivables

	Consolidated		Company	
	30 September 2013 Baht'000	31 December 2012 Baht'000	30 September 2013 Baht'000	31 December 2012 Baht'000
The gross receivable in the lease contracts				
Due within 1 year	46,637	44,412	34,001	32,088
Due within 2 to 5 years	200,117	194,974	146,433	143,068
Due later than 5 years	793,070	832,596	511,341	540,076
	<u>1,039,824</u>	<u>1,071,982</u>	<u>691,775</u>	<u>715,232</u>
The present value of minimum lease payments receivable				
Due within 1 year	22,298	20,898	15,765	14,470
Due within 2 to 5 years	100,574	95,163	74,283	69,976
Due later than 5 years	572,335	592,818	372,202	387,965
	<u>672,909</u>	<u>687,981</u>	<u>446,485</u>	<u>457,941</u>
	695,207	708,879	462,250	472,411
<u>Less</u> Provision for impairment of finance lease receivables	-	-	-	-
	<u>695,207</u>	<u>708,879</u>	<u>462,250</u>	<u>472,411</u>
The unearned finance income	<u>344,617</u>	<u>363,103</u>	<u>229,525</u>	<u>242,821</u>

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

8 Investment in subsidiaries and interest in joint venture

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

		Company Baht'000
Investment in subsidiaries		
For the nine-month period ended 30 September 2013		
Opening book value		257,925
Additional (disposal)		-
Closing book value		<u>257,925</u>
	Consolidated Baht'000	Company Baht'000
Interest in joint venture		
For the nine-month period ended 30 September 2013		
Opening book value	2,568,604	1,470,000
Additional investment in joint venture	49	49
Dividend income	(44,100)	-
Share profit from joint venture	208,134	-
Closing book value	<u>2,732,687</u>	<u>1,470,049</u>

The details of investments in subsidiaries and interest in joint venture as at 30 September 2013 and 31 December 2012 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 ventures		
SF Development Company Limited	Shareholder	49
North Bangkok Development Company Limited	Shareholder	49

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

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

9 Investment property

	Consolidated Baht'000	Company Baht'000
For the nine-month period ended 30 September 2013		
Investment property at 1 January 2013	7,607,225	4,089,150
Additions of investment property during the period	59,269	29,400
Disposal investment property according to finance lease agreement	(4,543)	(4,543)
Loss from fair value adjustment	(28,190)	(73,412)
Investment property at 30 September 2013	<u>7,633,761</u>	<u>4,040,595</u>
	Consolidated Baht'000	Company Baht'000
Income statement for the nine-month period ended 30 September 2013		
Loss from fair value adjustment	(28,190)	(73,412)
Financial cost from recording investment property	(65,538)	(42,727)
Loss from fair value adjustment on investment property, net	<u>(93,728)</u>	<u>(116,139)</u>

10 Building and equipment and intangible assets, net

	Consolidated		Company	
	Building and equipment Baht'000	Intangible assets Baht'000	Building and equipment Baht'000	Intangible assets Baht'000
For the nine-month period ended 30 September 2013				
Opening net book amount	30,390	23,128	13,212	18,691
Additions	4,815	470	3,477	470
Depreciation and amortisation	(6,415)	(2,238)	(3,977)	(2,238)
Closing net book amount	<u>28,790</u>	<u>21,360</u>	<u>12,712</u>	<u>16,923</u>

11 Borrowings

	Consolidated		Company	
	30 September 2013 Baht'000	31 December 2012 Baht'000	30 September 2013 Baht'000	31 December 2012 Baht'000
Current portion of long-term borrowings				
Bank borrowings	-	91,250	-	22,500
Debentures	500,000	1,198,854	500,000	1,198,854
	<u>500,000</u>	<u>1,290,104</u>	<u>500,000</u>	<u>1,221,354</u>
Long-term borrowings				
Bank borrowings	-	72,500	-	-
Debentures	1,445,682	500,000	1,445,682	500,000
	<u>1,445,682</u>	<u>572,500</u>	<u>1,445,682</u>	<u>500,000</u>
Total borrowings	<u>1,945,682</u>	<u>1,862,604</u>	<u>1,945,682</u>	<u>1,721,354</u>

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

11 Borrowings (Cont'd)

The movements in the borrowings can be analysed as follows:

For the nine-month periods ended 30 September	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening amount	1,862,604	1,953,571	1,721,354	1,749,821
Additional - Debenture	1,450,000	-	1,450,000	-
Debenture issuance cost	(4,492)	-	(4,492)	-
Repayment of borrowings	(1,363,750)	(45,000)	(1,222,500)	(15,000)
Amortisation of debenture issuance cost	1,320	762	1,320	762
Closing amount	1,945,682	1,909,333	1,945,682	1,735,583

As at 22 February 2013, the Company issued debentures 750,000 units of Baht 1,000 per unit, unsubordinated and unsecured, totaling Baht 750 million. The debentures bear interest of 4.70% per annum and will be mature on 22 February 2016. The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

As at 19 July 2013, the Company issued debentures 700,000 units of Baht 1,000 per unit, unsubordinated and unsecured, totaling Baht 700 million. The debentures bear interest of 4.85% per annum and will be mature on 19 July 2017. The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

12 Income taxes

The interim income tax expense is accrued based on management's estimate using the tax rate that would be applicable to expected total annual earnings of the year 2013. The estimated average annual tax rate used are 15% to 20% for the Group and 20% for the Company.

13 Share capital

	Consolidated and Company			
	Number of share Share'000	Ordinary share Baht'000	Share premium Baht'000	Total Baht'000
At 31 December 2012	1,169,863	1,169,863	634,029	1,803,892
Issue of shares	146,157	146,157	-	146,157
At 30 September 2013	1,316,020	1,316,020	634,029	1,950,049

As at 30 September 2013, total authorised number of the ordinary shares is 1,316,105,475 shares with a par value of Baht 1 per share (31 December 2012: 1,169,875,095 shares with a par value of Baht 1 per share). Total issued and paid-up share capital is 1,316,020,126 shares with the paid-up of Baht 1 per share (31 December 2012: 1,169,862,645 shares with a paid-up of Baht 1 per share).

14 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 the nine-month period ended 30 September 2012, the warrants of 2,113,941 units were exercised. As at 30 September 2012, the expired warrants and unexercised warrants are 1,636,213 units.

15 Dividends

At the Annual General Shareholders Meeting held on 27 March 2013, 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 2012 operating results totalling 146,157,481 shares and Baht 16.24 million, respectively. The dividends were paid to the shareholders on 23 April 2013.

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.

16 Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to shareholders of the parent by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares in issue during the three-month and nine-month period ended 30 September 2013 are 1,316,020,126 shares and 1,316,020,126 shares, respectively (2012: 1,316,020,126 shares and 1,315,497,153 shares).

During the three-month and nine-month period ended 30 September 2012, the calculation of the diluted earnings per share based on the weighted average number of shares, assuming conversion of all dilutive potential ordinary shares, of 1,316,020,126 shares and 1,315,497,153 shares, respectively.

During the nine-month period ended 30 September 2013, the Company issued a stock dividend totalling 146,157,481 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 2012 has been changed as follows:

	2012	2012
	Number of share	Number of share
	As restated	As previously reported
Basic earnings per share		
Weighted average number of ordinary shares		
- for the three-month period ended 30 September	1,316,020,126	1,169,862,645
- for the nine-month period ended 30 September	1,315,497,153	1,169,339,672
Diluted earnings per share		
Weighted average number of ordinary shares		
- for the three-month period ended 30 September	1,316,020,126	1,169,862,645
- for the nine-month period ended 30 September	1,315,497,153	1,169,339,672

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

17 Cash flows from operating activities

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

	Consolidated		Company	
	30 September 2013 Baht'000	30 September 2012 Baht'000	30 September 2013 Baht'000	30 September 2012 Baht'000
Profit before income tax	482,615	1,465,826	164,111	198,263
Adjustments for:				
Depreciation and amortisation (Note 10)	8,653	11,110	6,215	7,886
Amortisation of prepaid rent	50	50	-	-
Interest income	(19,236)	(33,792)	(29,174)	(23,779)
Interest expense	77,045	77,110	75,744	67,673
Dividend income (Note 8)	-	-	(44,100)	-
Amortisation of debenture issuance cost (Note 11)	1,320	1,148	1,320	1,148
Realised unearned rental and service income	(35,402)	(38,764)	(20,634)	(23,995)
Investment property recognised as cost of finance lease (Note 9)	4,543	-	4,543	-
Provision for employee benefit	3,336	2,722	3,336	2,722
Loss from fair value adjustment on investment property (Note 9)	93,728	57,550	116,139	61,347
Share profit from joint venture (Note 8)	(208,134)	(1,116,088)	-	-
Changes in operating assets and liabilities:				
- short-term investment	11,686	55,004	11,686	55,004
- trade accounts receivable	63	-	2,552	(2,197)
- finance lease receivable	31,943	73,481	23,242	51,969
- amounts due from related parties	(146,578)	(69,367)	(174,758)	(59,327)
- other current assets	11,997	4,098	5,081	(11,758)
- deposits for leasehold land	116	(125)	116	(125)
- other non-current assets	(1,122)	(7,295)	4,778	(7,296)
- trade accounts payable	(825)	1,426	(735)	1,339
- amounts due to related parties	(28)	545	3,860	4,837
- other current liabilities	(27,006)	(17,230)	(6,437)	11,900
- unearned rental and service income	(3,524)	(1,740)	(3,861)	(1,535)
- deposit received from customers	(18,174)	23,491	(11,844)	12,346
- finance lease liabilities on land leases	(169,921)	(182,449)	(145,288)	(155,446)
Cash flows received from (used in) operating activities	97,145	306,711	(14,108)	190,976

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

18 Related party transactions

Siam Future Development Public Company Limited is an associate of Major Cineplex Group Public Company Limited which owns 23.19% of the Company's shares (31 December 2012: 20.49%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

The Group enters into transactions with related parties in the normal course of business. Significant transactions for the nine-month periods ended 30 September 2013 and 2012 are summarised as follows:

a) Revenues and expenses

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
For the nine-month periods ended 30 September				
Rental and services income				
Group of Major Cineplex Group Public Company Limited	51,121	47,165	22,200	21,100
Related parties	17,704	18,091	12,742	12,585
	<u>68,825</u>	<u>65,256</u>	<u>34,942</u>	<u>33,685</u>
Management fee income				
Subsidiaries	-	-	41,901	46,121
Joint venture	-	-	4,468	877
	<u>-</u>	<u>-</u>	<u>46,369</u>	<u>46,998</u>
Interest income				
Subsidiaries	-	-	15,894	10,927
Major Cineplex Group Public Company Limited	282	-	-	-
	<u>282</u>	<u>-</u>	<u>15,894</u>	<u>10,927</u>
Management fee expense				
Major Cineplex Group Public Company Limited	203	203	-	-
	<u>203</u>	<u>203</u>	<u>-</u>	<u>-</u>
Other expenses				
Major Cineplex Group Public Company Limited	5,652	-	5,652	-
	<u>5,652</u>	<u>-</u>	<u>5,652</u>	<u>-</u>
Interest expenses				
Subsidiaries	-	-	988	333
	<u>-</u>	<u>-</u>	<u>988</u>	<u>333</u>

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

18 Related party transactions (Cont'd)

a) Revenues and expenses (Cont'd)

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
For the three-month periods ended 30 September				
Rental and services income				
Group of Major Cineplex Group Public Company Limited	15,482	15,546	6,661	6,801
Related parties	4,867	5,963	4,130	4,125
	<u>20,709</u>	<u>21,509</u>	<u>10,791</u>	<u>10,926</u>
Management fee income				
Subsidiaries	-	-	13,948	14,275
Joint venture	-	-	2,819	71
	<u>-</u>	<u>-</u>	<u>16,767</u>	<u>14,346</u>
Interest income				
Subsidiaries	-	-	5,986	3,701
Major Cineplex Group Public Company Limited	195	-	-	-
	<u>195</u>	<u>-</u>	<u>5,986</u>	<u>3,701</u>
Management fee expense				
Major Cineplex Group Public Company Limited	68	68	-	-
	<u>68</u>	<u>68</u>	<u>-</u>	<u>-</u>
Other expenses				
Major Cineplex Group Public Company Limited	377	-	377	-
	<u>377</u>	<u>-</u>	<u>377</u>	<u>-</u>
Interest expense				
Subsidiaries	-	-	634	111
	<u>-</u>	<u>-</u>	<u>634</u>	<u>111</u>

Rental and service incomes were carried out on commercial terms and conditions and at market prices which are subject to location, lease space, lease 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 3.10% to 7.00% per annum (2012: 6.00% to 7.75% per annum).

b) Trade accounts receivable

	Consolidated		Company	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	Baht'000	Baht'000	Baht'000	Baht'000
Group Major Cineplex Group Public Company Limited	4,814	-	2,434	-
	<u>4,814</u>	<u>-</u>	<u>2,434</u>	<u>-</u>

Siam Future Development Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2013

18 Related party transactions (Cont'd)

c) Amounts due from related parties

	Consolidated		Company	
	30 September 2013 Baht'000	31 December 2012 Baht'000	30 September 2013 Baht'000	31 December 2012 Baht'000
Major Cineplex Group Public Company Limited	1,282	1,000	-	-
Subsidiaries	-	-	226,929	198,467
Joint ventures	223,010	98,385	223,010	98,385
Company held by committee	21,671	-	21,671	-
	245,963	99,385	471,610	296,852

d) Short-term loans to related parties

	Consolidated Baht'000	Company Baht'000
For the nine-month period ended 30 September 2013		
Beginning balance	-	249,145
Loans made during the period	25,000	150,450
Loans repayments during the period	-	(39,700)
Ending balance	25,000	359,895

As at 30 September 2013, short-term loans to related parties represented loans repayable upon demand. The loans bear interest at the rates between 3.10% to 7.00% per annum.

e) Amounts due to related parties

	Consolidated		Company	
	30 September 2013 Baht'000	31 December 2012 Baht'000	30 September 2013 Baht'000	31 December 2012 Baht'000
Major Cineplex Group Public Company Limited	37,922	9,040	13,200	-
Subsidiaries	-	-	10,089	161
Joint venture	-	230	-	6,068
	37,922	9,270	23,289	6,229

f) Short-term loans from subsidiaries

	Company Baht'000
For the nine-month period ended 30 September 2013	
Beginning balance	6,200
Loans made during the period	73,500
Loan repayments during the period	(16,700)
Ending balance	63,000

As at 30 September 2013, short-term loans from subsidiaries represented unsecured loans, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rate of 7% per annum.

18 Related party transactions (Cont'd)

g) Unearned rental and service income

As at 30 September 2013, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 107 million (31 December 2012: Baht 112 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.

19 Commitments and contingencies

Bank guarantees

As at 30 September 2013, the Group has outstanding letters of guarantee amounting to Baht 257 million (31 December 2012: Baht 268 million) issued by the Group's bankers in respect of normal business operations.

20 Events occurring after the reporting date

On 15 October 2013, North Bangkok Development Company Limited joint venture, increased the number of its ordinary shares to 69,990,000 with a par value of Baht 10 per share which is equivalent to Baht 699.90 million. The Company maintained its 49% interest in ownership by injecting capital of Baht 342.95 million to the joint venture.