

# ACCOLADES AND AWARDS 2013



ANNUAL REPORT 2013

Pruksa Real Estate Public Company Limited

**PRUKSA**



**Mind** beyond  
invention

# OPEN-MINDED

**We believe...**

An open-mindedness allows us to gain break through ideas  
and new discoveries







# SINGLE-MINDED

We believe...

A focus on continuous development leads to greater achievement









# MIND To Make A Difference

We believe...

Creativity leads to Innovative ideas



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## PRUSKA'S VISION, MISSION, CULTURE AND VALUE

### PRUKSA VISION

Pruksa aims to be the number one real estate brand in customers' minds with the goal of becoming a top ten residential brand in Asia by creating high-value homes for families to experience warmth, happiness and a better life every day.

### PRUKSA MISSION

We are dedicated to fulfilling our customer's dreams of owning a home that provides value to enjoy their family life.

### PRUKSA CULTURE

I truly care about my customers. I want them to be happy. So I work with passion to really satisfy their needs. First, I try very hard to understand what customers want. This requires me to think through very carefully until I come up with the right solution. Then I move quickly into action on their behalf. If my customers are happy, I feel proud I did a good job.

### PRUKSA VALUE

#### “CUSTOMER FOCUS”

We make every effort to understand our customers, providing superior services in order to satisfy them with a home that matches their needs.

#### “CREATIVE INNOVATION”

We create innovative products and services that surpass our customers' expectations.

#### “COLLABORATION”

We work in harmony as a team to deliver greater results to our customers.

#### “DISCIPLINE”

We have discipline to complete our work on time, according to our plans and high quality standard.

#### “ETHICS”

We adhere to ethical reasons and do for the benefit of our customers as well as for the well-being of all stakeholders.







# FINANCIAL HIGHLIGHTS

|  | 2009   | 2010   | 2011   | 2012   | 2013                |
|--|--------|--------|--------|--------|---------------------|
| Presale (Bt m)   | 22,775 | 38,752 | 25,554 | 29,396 | 41,282              |
| Presale (units)  | 12,100 | 20,865 | 12,185 | 13,250 | 18,858              |
| Unit transferred (units)                                 | 11,249 | 12,849 | 12,194 | 12,444 | 17,137              |
| Paid-Up capital (Bt m) before Premium on ordinary shares | 2,207  | 2,207  | 2,209  | 2,213  | 2,223               |
| No. of share (m share)                                   | 2,207  | 2,207  | 2,209  | 2,213  | 2,223               |
| <b>Financial Statement Items (Bt m)</b>                  |        |        |        |        |                     |
| Assets   | 18,871 | 34,091 | 41,982 | 43,821 | 56,194              |
| Liabilities  | 5,848  | 18,828 | 24,986 | 23,739 | 31,262              |
| Equities   | 13,023 | 15,263 | 16,996 | 20,082 | 24,932              |
| Revenue from sales of real estate                        | 18,966 | 23,307 | 23,263 | 27,023 | 38,848              |
| Total Revenue  | 19,033 | 23,407 | 23,422 | 27,141 | 39,041              |
| Gross Profit   | 7,824  | 8,846  | 8,698  | 9,250  | 13,691              |
| Selling and Administration                               | 2,438  | 4,243  | 4,654  | 3,925  | 6,077               |
| Net Profit   | 3,622  | 3,488  | 2,835  | 3,898  | 5,801               |
| <b>Per Share basis (Bt)</b>                              |        |        |        |        |                     |
| Book Value per share                                     | 5.90   | 6.92   | 7.69   | 9.07   | 11.22               |
| Earning per share at current par value                   | 1.65   | 1.58   | 1.28   | 1.76   | 2.61                |
| Dividend per share (performance year)                    | 0.55   | 0.50   | 0.40   | 0.50   | 0.85 <sup>(3)</sup> |
| Dividend yield (%)                                       | 3.1    | 2.7    | 3.4    | 2.4    | 4.7                 |
| Market Price at Year-End                                 | 17.8   | 18.5   | 11.6   | 21.1   | 18.2                |
| P/E (times)  | 10.8   | 11.7   | 9.1    | 12.0   | 7.0                 |
| P/BV (times)   | 3.0    | 2.7    | 1.5    | 2.3    | 1.6                 |
| Market Cap. (Bt m)                                       | 39,281 | 40,826 | 25,629 | 46,694 | 40,459              |
| <b>Financial Ratios</b>                                  |        |        |        |        |                     |
| Average Asset Turnover (times)                           | 1.09   | 0.88   | 0.62   | 0.63   | 0.78                |
| Return on Assets <sup>1</sup> (%)                        | 20.7   | 13.2   | 7.5    | 9.1    | 11.6                |
| Return on Assets <sup>2</sup> (%)                        | 27.6   | 17.4   | 10.6   | 12.4   | 15.2                |
| Return on Equity (%)                                     | 31.3   | 24.7   | 17.6   | 21.0   | 25.8                |
| Gross Profit Margin (%)                                  | 38.3   | 37.8   | 37.1   | 34.1   | 35.1                |
| Net Profit Margin (%)                                    | 19.0   | 14.9   | 12.1   | 14.4   | 14.9                |
| Dividend payout ratio from separate FS (%)               | 36.2   | 31.1   | 31.0   | 33.8   | 36.5                |
| Cash & S-T investment (Bt m)                             | 3,151  | 1,630  | 2,031  | 1,566  | 1,815               |
| Liabilities/Equities ratio (times)                       | 0.45   | 1.23   | 1.47   | 1.18   | 1.25                |
| Interest Bearing Debt (Bt m)                             | 2,100  | 13,111 | 20,307 | 17,527 | 20,948              |
| Interest Bearing Debt/Equity (times)                     | 0.16   | 0.86   | 1.19   | 0.87   | 0.84                |
| Interest Bearing Debt-Cash Ending/Equity (times)         | -0.08  | 0.75   | 1.08   | 0.79   | 0.80                |

**Remark :**

(1) ROA : Net income/Average Total Asset

(2) ROA: Earning Before Interest and Tax/Average Total Asset

(3) Subject to the approval of Annual General Shareholder Meeting on April 25, 2014

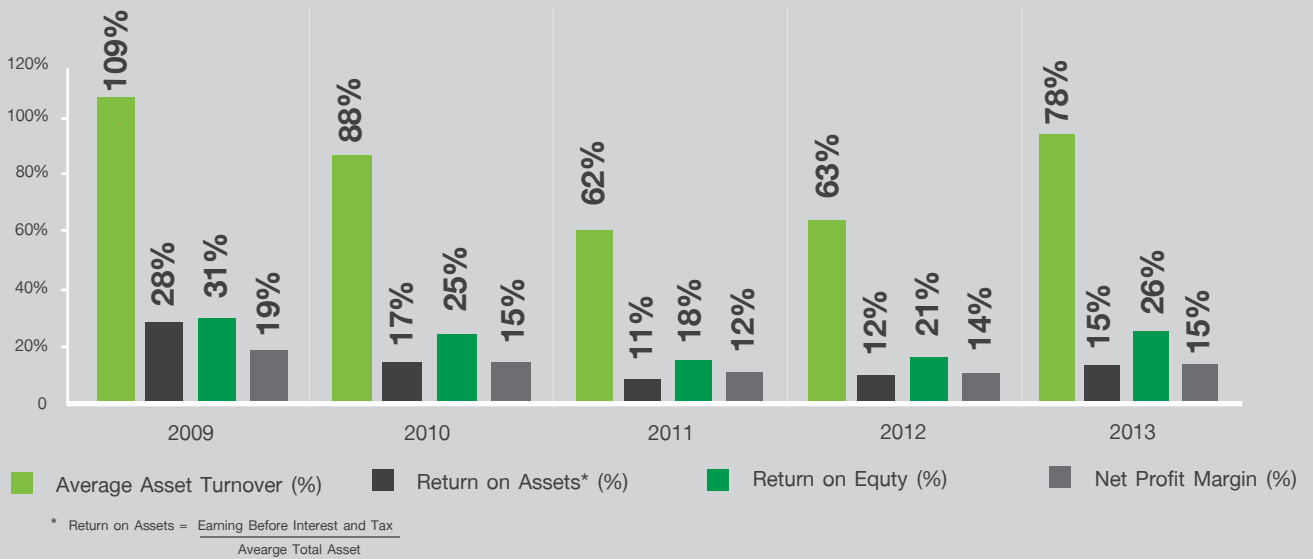
## 5 YEARS FINANCIAL HIGHLIGHTS

### NET PROFIT

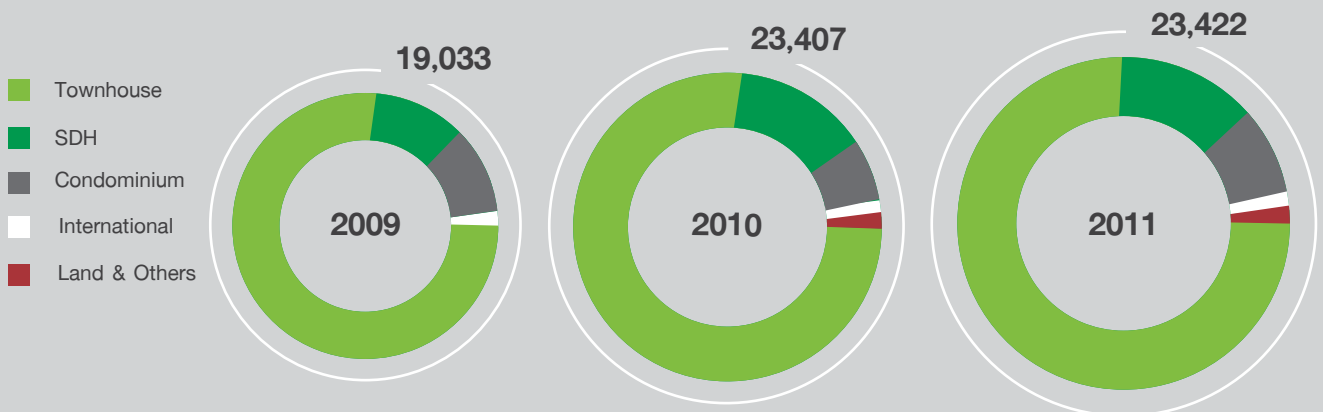


2013 Net Profit is **Bt5,801 m**  
 an increase of **Bt1,903m** or **49%**  
 from 2012

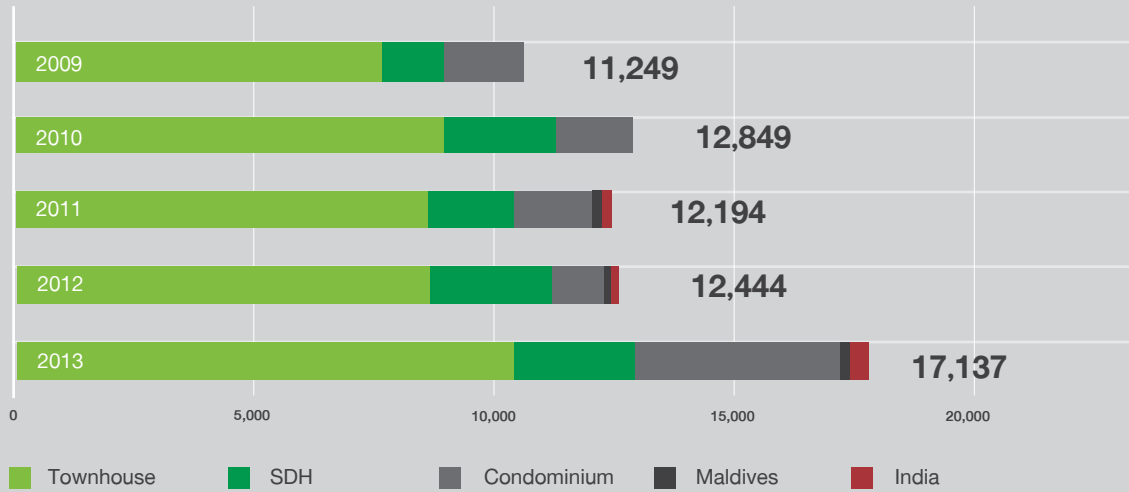
### RETURN & TURNOVER RATIOS



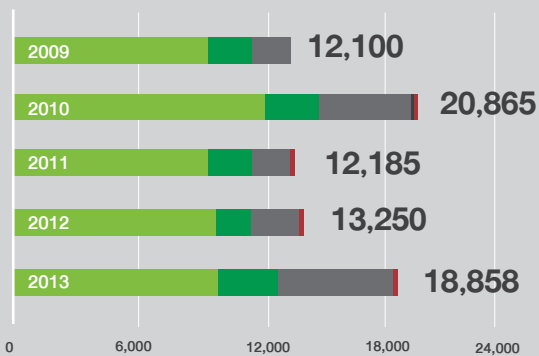
### TOTAL REVENUES (Bt m)



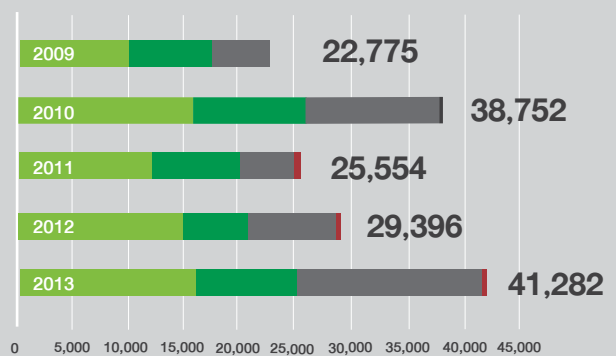
### UNITS TRANSFERED (units)



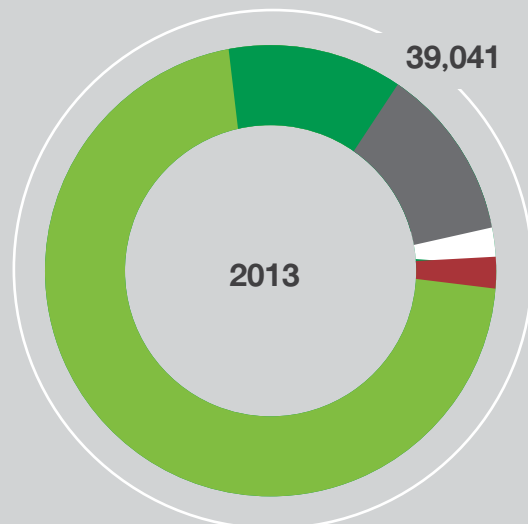
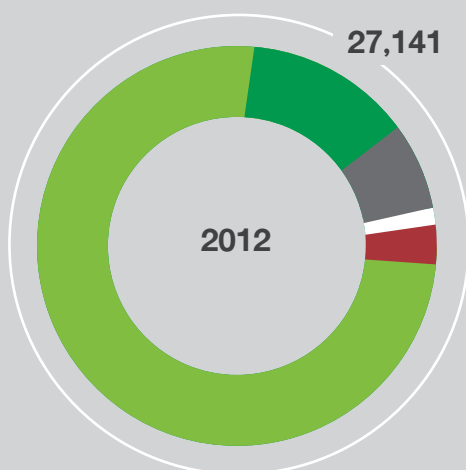
### PRESALES (units)



### PRESALES (Bt m)



### TOTAL REVENUES (Bt m)

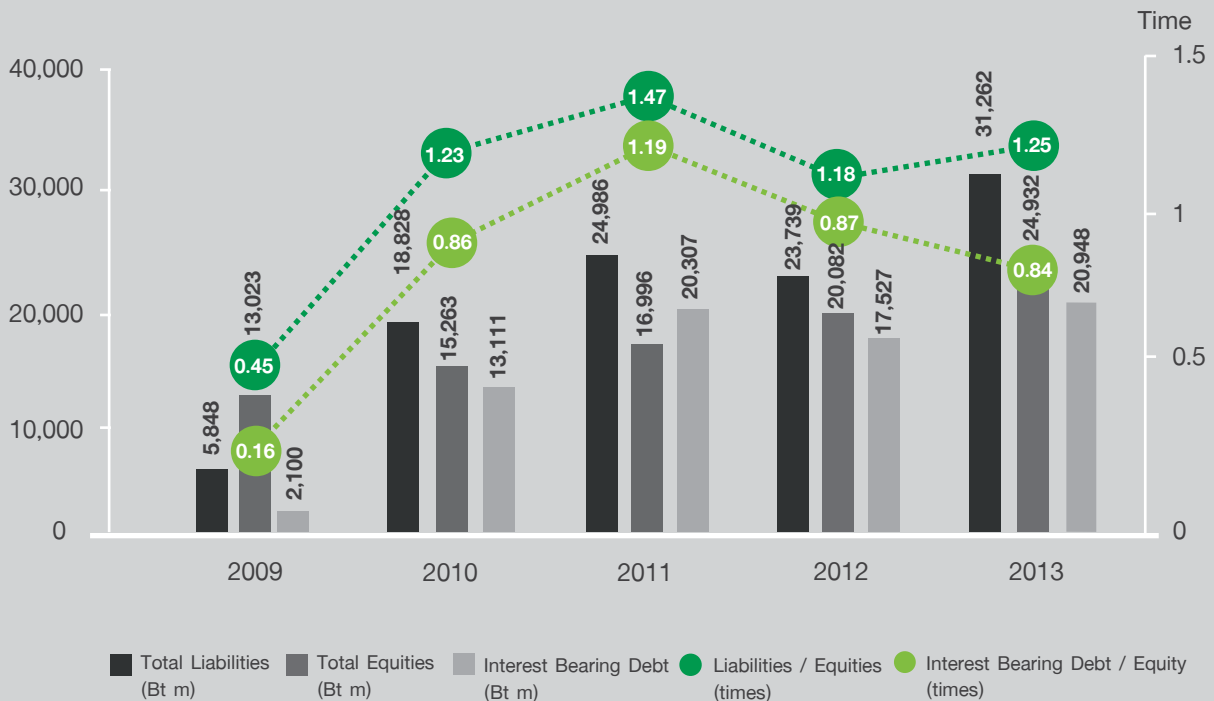


CONSOLIDATED ASSETS, TOTAL LIABILITIES, TOTAL EQUITIES (Bt m)

No. of share (m. share)

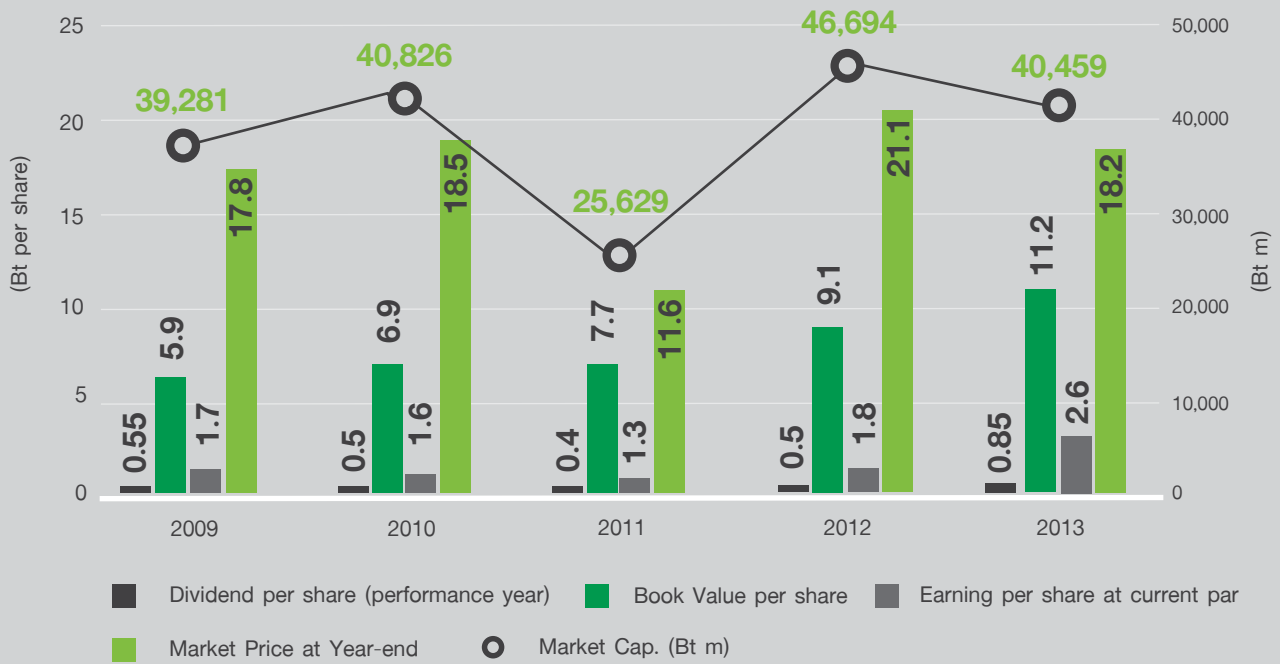


LIABILITES AND DEBT RATIOS





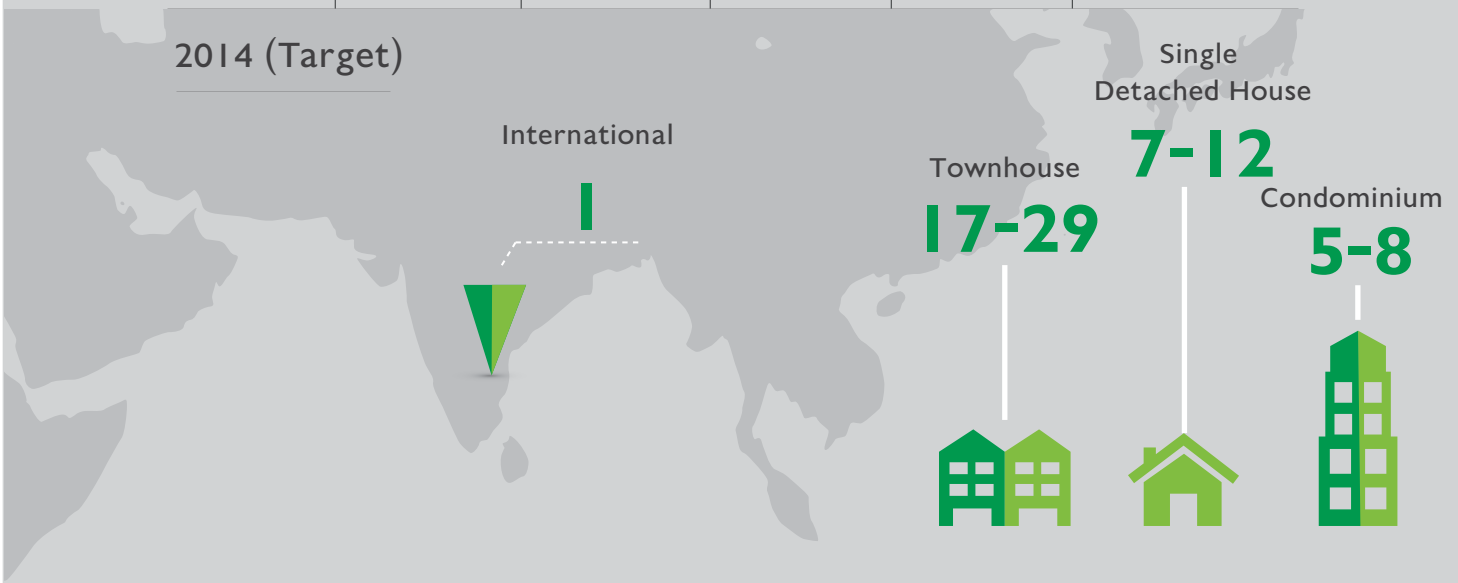
PER SHARE & RETURN PERFORMANCE



PROJECTS LAUNCH

| Year          | Townhouse | Single Detached House | Condominium | International | Total projects launch |
|---------------|-----------|-----------------------|-------------|---------------|-----------------------|
| 2010          | 44        | 15                    | 11          | 2             | 72                    |
| 2011          | 31        | 14                    | 5           | -             | 50                    |
| 2012          | 21        | 5                     | 4           | -             | 30                    |
| 2013          | 39        | 4                     | 17          | -             | 60                    |
| 2014 (Target) | 17-29     | 7-12                  | 5-8         | 1             | 30-50                 |

2014 (Target)





## MESSAGE FROM THE CHAIRMAN

In the 2013 overview of the real estate business in Thailand, a good growth rate was achieved, but for the latter part of the year, Thailand encountered some impact from political problems. As for Pruksa Real Estate Public Company Limited, the year 2013 saw several changes, including the announcement of new vision, rebranding, and restructuring of the organization in order to focus on the management of each group of business. Business plan was drafted with precaution and incorporated the readiness for a timely adaptation to different situations and uncertainties so as to achieve sustainability, continuous growth, and maintain a solid financial status. As a result, the 2013 performance of the Company exceeded its goals and was the highest in its history. This included both the presale achieved at Bt41.28bn, with the total revenue of Bt39.04bn, and net profit of Bt5.80bn.

Throughout the past period, Pruksa Real Estate Public Company Limited is a company with non-stop development which allowed the Company to overcome various problems and crises at both domestic and global levels. The creation of innovations in construction, modern ready-to-use system rendered the Company a model organization in the Thai real estate business, including the adherence to customers as center for research and development support in a continuous manner. The objective is to present innovated products and good service to truly respond to customer needs, support better living for the consumer. All these stem from every work process that emphasize value added, and lead to the development in terms of economic, social,

environmental, and social responsibility, and adherence to corporate governance. As a result, Pruksa Real Estate Public Company Limited became an outstanding real estate company that received several prizes subject of pride and prestige, such as “2013 Best CEO Award” which is a honorable award in the capital market for a listed company in the Stock Exchange of Thailand (SET). It is bestowed to the top Executive of the Company who is the best leader managing the organization to success, and adheres to the virtue and morale in managing the organization. The 2013 Best Company Performance Award was bestowed to Pruksa Real Estate Public Company Limited which is an award to a listed company as the Best Performer for both performance and good corporate governance, including the disclosure of information and the quality of the financial statement in the market-cap between Bt20bn to Bt50bn.

Furthermore, with respect to social responsibility, the Company also received 3 prizes during the year. Pruksa Real Estate Public Company Limited, is the only real estate developer in Thailand to receive the “Corporate Social Responsibility Award” which is a prize given to a listed company in the Stock Exchange of Thailand for outstanding business with social responsibility. In the “CSR Road Map for ASEAN” Conference, the “2013 Sustainability Report Award” was bestowed to the Company and represented another success level in making a performance report on social responsibility. And last but not least, the “CSRI Recognition Award” that announced the honor of the Company for being a good model to other listed companies and the public at large.

With respect to investments to support the Company’s expansion, the emphasis is put on good quality housing and friendly to environment. An investment of Bt2.1bn was therefore invested in constructing 2 new Pruksa precast factories to produce precast concrete which is most modern, and have the highest capacity of production in Thailand. These factories are expected to be completed by end of the 3rd quarter of 2014, and it is estimated that the Company will have a total production capacity of 1,120 units of housing per month.

The Company estimates that the real estate business trend in 2014 will be influenced by the world economies that are in the recovery trend, inflation rate and interest rate policy that are in the low range, including the launch of the ASEAN Economic Community (AEC) that will bring about the trade opportunities and investments in different provinces zones. Thus, if Thailand GDP expands at a rate of 2.5%-3.5%, the overall picture of the real estate business in 2014 will grow in a small range close to that of 2013 with market value around Bt650bn. However, if there is any impact from negative political factors that becomes violent, it is expected that there will be recession to -2%. As for the housing market in Bangkok and the surrounding areas in 2014, the market value is expected to be around Bt348bn. On the other hand, provincial and leading provincial markets are expected to expand at a higher rate.

The type of housing in 2014 tends to be condominium whose market share is still the largest portion at 55%. But the average price per unit will decline due to small size units. As for low rise housing, the average price will increase, subject to the cost of land which is increasing, especially for areas along the electric train line. Townhouses will penetrate more into the urban area, whereas single detached house in the range of Bt3.0m to Bt5.0m will have the highest demand. The development of such projects will be spread out to the sub urban areas. As for the housing market for higher price range, least impact will be seen as customers have stable income.

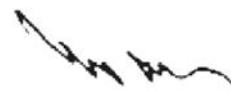
However, there are still several other risk factors that will impact the Thai economy and the real estate business in 2014, such as the domestic political stability, the expansion of the investment sector and the tourist sector, increasing trend of household debt, bank tightened measure of loan approval, and problems of labor and contractor shortage. All these factors will contribute to economic recession.

The Company Board of Directors would like to take this opportunity to thank the Shareholders, customers, employees, investors, trade counterparties, financial institutions, and all those concerned, who have contributed to the Company’s performance. Also, the Board of Directors would like to ensure that the Company will put all efforts and dedication to take precaution in business undertaking with transparency, will adhere to the good governance principles, and develop sustainably develop for the utmost benefits of all those concerned. The Company will grow according to the vision that “Pruksa is dedicated to become the No. 1 brand in the mind of the customers for real estate business in housing, and step up to be among the top ten real estate developers of Asia through offering residence of quality so that all household can touch happiness, coziness, and a better life each day.”



DR. PISIT LEEAHTAM

Chairman of the Board of Directors and  
Independent Director



MR. THONGMA VIJITPONGPUN

Executive Vice Chairman of the Board of  
Directors and Chief Executive Officer



## BOARD OF DIRECTORS



1. **DR. PISIT LEEAHTAM**  
Chairman of the Board of Directors /  
Member of Nomination and Remuneration Committee /  
Independent Director
2. **MR. THONGMA VIJITPONGPUN**  
Executive Vice Chairman of the Board of Directors /  
Chairman of Executive Committee / Member of Risk Management  
Committee / Member of Nomination and Remuneration Committee /  
Chief Executive Officer
3. **MR. LERSUK CHULADESA**  
Vice Chairman of Executive Committee /  
Member of the Risk Management Committee /  
Chief Operating Officer / Acting Managing Director - Supply Chain
4. **PROFESSOR EMERITUS DR. TRUNGJAI BURANASOMPPOP**  
Independent Director / Member of the Audit Committee /  
Chairman of Corporate Governance Committee





5. **MR. WEERACHAI NGAMDEEVILAISAK**  
Independent Director / Chairman of Risk Management Committee Member of the Audit Committee / Member of Nomination and Remuneration Committee
6. **MR. ADUL CHANDANACHULAKA**  
Independent Director / Member of the the Audit Committee / Member of Corporate Governance Committee
7. **MR. WISUDHI SRISUPHAN**  
Independent Director / Chairman of the Audit Committee / Chairman of Nomination and Remuneration Committee / Member of Corporate Governance Committee
8. **MR. PRASERT TAEDULLAYASATIT**  
Member of Executive Committee / Member of Risk Management Committee / Managing Director - Condominium
9. **MRS. RATTANA PROMSAWAD**  
Member of Corporate Governance Committee / Director of CEO Office
10. **MR. PIYA PRAYONG**  
Member of Executive Committee / Member of Risk Management Committee / Managing director - Townhouse
11. **MR. KANCHIT BUNAJINDA**  
Independent Director / Member of the Risk Management Committee
12. **MR. MAYTA CHANCHAMCHARAT**  
Member of Executive Committee / Managing Director - International Business
13. **MR. EDWARD JOSEPH COOPER, JR.**  
Member of Executive Committee / Member of Risk Management Committee / Chief Financial and Risk Officer



## AWARDS AND PRIDE

Pruksa Real Estate Public Company Limited is determined to develop dwellings in order to respond to the need of those who dream of having a house of their own. It is also determined to undertake business to support growth to the society and the nation. Under this philosophy, the Company is therefore well recognized by numerous customers, investors, educational institutions, and mass media, including business allies. With the performance clearly seen in the public eyes, Pruksa Real Estate Public Company Limited has been receiving awards of honor from various institutions and organizations which are reputable both domestically and internationally. All these serve as proof of success and determination of the Company in perpetually developing products of quality.

### 2013 BEST CEO AWARD

The Stock Exchange of Thailand has bestowed the “2013 Best CEO Award” to Mr. Thongma Vijitphongphanth, the CEO. The Award goes to the Executive possessing best charisma who is capable of leading the organization to success, and who adheres to moral in managing the organization, including vision and strategic ability, and good attention to customer relationship activities.

### 2013 BEST COMPANY PERFORMANCE AWARD

The Stock Exchange of Thailand (SET) has bestowed the “2013 Best Company Performance Award” to Pruksa Real Estate Public Company Limited. As a listed company in the Stock Exchange of Thailand, it accomplished the best performance in the group of companies with share value between Bt20bn to Bt50bn.

### OUTSTANDING CORPORATE SOCIAL RESPONSIBILITY AWARD

Pruksa Real Estate Public Company Limited was bestowed the “Outstanding Corporate Social Responsibility Award” for business undertaking with respect to social responsibility from the SET AWARDS 2013, organized by the Stock Exchange of Thailand for being a listed company outstanding in undertaking business with continuous social responsibility.

### 2013 SUSTAINABILITY REPORT AWARDS

The Association of Listed Companies bestowed the 2013 Sustainability Report Awards to Pruksa Real Estate Public Company Limited, which is an outstanding award, and the Company being the only one in the real estate business group to have received such award. This accounts for another benchmark of success pertaining to social responsibility of the Company.

### 2013 CSRI RECOGNITION

Pruksa Real Estate Public Company Limited was bestowed the “2013 CSRI Recognition” under the general category for the Stock Exchange of Thailand as being a good model company for the determination to develop business undertaking with regards to social responsibility.

### 2013 ASQ AWARD

Pruksa Real Estate Public Company Limited is the first company of Thailand that participated in the networking meeting of experts on quality from the United States of America or ASQ World Conference on Quality and Improvement. The Company submitted 2 projects outcome: Quality Improvement for Construction which received the “Silver-Level Award”.

The project was praised for creativity in problem solving. The second project was Valuable Design for Residential Product which was awarded the “Bronze-Level Award”. This project was additionally awarded the “Positive Impact on Society Project”.

The above-mentioned successes resulted from the fact that the Company has been emphasizing on the continual improvement of construction quality control for the last 3 years. Furthermore, other performances can be physically proven from the continuously improved quality of houses, also in compliance with the Company’s policy which emphasizes delivery of quality product and service for highest customer’s satisfaction.

### 2013 BCI ASIA TOP 10 DEVELOPERS AWARDS

Pruksa Real Estate is one of the Asian companies that were selected to receive BCI Asia Top 10 Developers Awards 2013 from BCI Asia. The awards are given to the project with outstanding quality, exceptional design, functionality and reasonable project value. Thirteen Pruksa projects were considered and entitled to the awards namely Pruksa Ville 55 Ring Road-Ram Intra, The Connect Chaengwattana, Pruksa Ville 52/2 Rassada-Lukkongsee (Phuket), Pruksa Ville 42 Terdthai-Kulapapruk, Pruksa Ville 48, Luksi-Don Muang, Pruksa Ville 54 Rama V, The Connect UP3, The Plant Nawamin, The Plant Resort Rama V-Kanjanaphisek, The Plant Pattanakarn, Patio Pattanakarn, Plum Condo Ladprao 101 and Condolette Dwell Sukhumvit 26. Pruksa Real Estate has received the awards for three years in a row.

### TOP 10 BEST MARKETING AWARDS 2012

Marketing Strategist Radio Program, No. 1 radio program from News Network Radio (FM 100.5 MHz), presented the Top 10 Marketing Award 2012 to Pruksa Real Estate to recognize the Company’s outstanding and successful marketing strategy. Pruksa Real Estate is the only real estate company which received this award.

### 2013 BEST REAL ESTATE DEVELOPER AWARD

Pruksa Real Estate Public Company Limited was honored to be bestowed the “2013 Best Real Estate Developer Award” by the Office of the Consumer Protection Board. Three projects received the prize: Pruksa Village Scenery Project at Rangsit Klong 2, Pruksa Ville Project at 31 Saimai, and Baan Pruksa Project at 52/1 Phaholyothin-Navanakorn.

### CERTIFICATE OF COMMON CLASS HONOR

Pruksa Real Estate Public Company Limited received the Certificate of Common Class Honor from H.R.H. Princess Soamsavali in honor of the Company for good cooperation with the National Blood Service Center of the Thai Red Cross through blood donation activities for humanitarian reason in a long and continuing period of time, with 2013 being the 8<sup>th</sup> consecutive year.



FUSE



PATIO



PASSORN



THE PLANT





THE TREE INTERCHANGE



BAAN PRUKSA



THE CONNECT  
UP3



PRUKSA VILLE



**Company Name**

Pruksa Real Estate Public Company Limited

**Head Quarter**

27<sup>th</sup> Floor, SM Tower, 979/83, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400, Thailand.

**Type of Business (Thailand and Overseas)**

Real estate developer for residential purposes : Townhouse (row house), Single Detached house and Condominium in Thailand and several countries in Asia (Maldives, India and Vietnam)

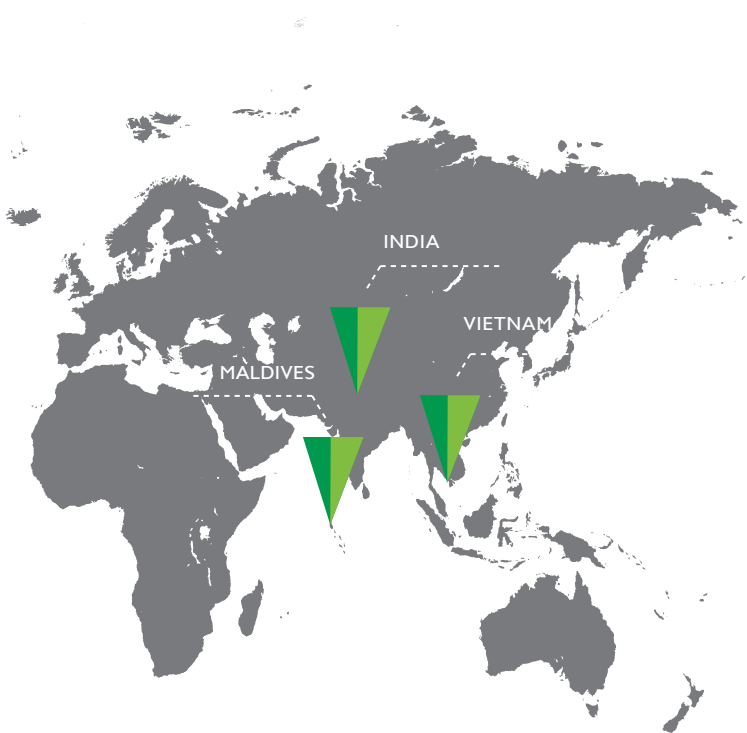
**Founder, Major Shareholder, and Chief Executive Officer**

Mr. Thongma Vijitpongpun

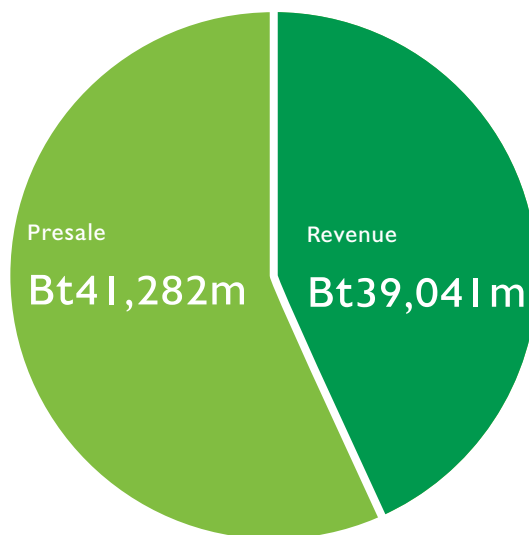
**Establishment / Status in Securities Exchange of Thailand (SET)**

Founded in 1993 / listed in SET since 2005 and is in SET 50

|  |                                     |
|--|-------------------------------------|
| <b>Company Registration</b>              | No. Bor. Mor. Jor.<br>0107548000307 |
| <b>Home Page</b>                         | www.pruksa.com                      |
| <b>Tel</b>                               | (66) 2298 0101                      |
| <b>Fax</b>                               | (66) 2298 0789                      |
| <b>Capital Registered (shares, Baht)</b> | 2,265,812,000                       |
| <b>Paid-up Capital</b>                   | 2,222,832,600                       |



Presale and Revenue in 2013



# BUSINESS OPERATION

## BACKGROUND

Pruksa Real Estate Public Company Limited was founded by Mr.Thongma Vijitpongpun on April 20, 1993 with the initial registered capital of Bt50m. It concentrates on developing projects for townhouses, single-detached houses and condominiums. Mr. Thongma Vijitpongpun, the founder brought his experience and expertise in construction from government and private projects into the business of the Company. Such factor together with professional management team, outsourcing consultants for continuous development of entire corporate operation process, appropriate business strategy resulted in net profit growth every year, since the inception even during flooding and economic downturn.

The Company focuses on residential houses located in various potential and high growth areas of Bangkok and its vicinities, including downtown Bangkok projects in Thailand and overseas are as follows:

### TOWNHOUSE / DUPLEX



Baan Pruksa

### SINGLE DETACHED HOUSE



Natura

### CONDOMINIUM



Citi Ville

|                   |                      |                            |
|-------------------|----------------------|----------------------------|
| Pruksa Ville      | The Season           | Be You                     |
| Pruksa Town       | Pruksa Village       | Plum Condo                 |
| We/2              | Pruksa Town Serenity | The Privacy                |
| The Reno          | Baan Pruksa Nara     | Condolette                 |
| The Connect       | Scenery              | Urbano Absolute            |
| Urbano Townhouse  | Pruksa Puri          | The Tree                   |
| Pruksa Town Next  | Passorn              | Chapter One                |
| Pruksa Lite       | The Gallery          | The Seed/Stylish Residence |
| Privet            | Delight              | Fuse                       |
| Privet Fidelio    | The Plant            | IVY                        |
| Villette Lite     | The Palm             | The Editor                 |
| Villette Townhome | Silvana (India)      | The Reserve                |
| The Plant Citi    |                      | Coral Ville (Maldives)     |
| Villette Citi     |                      |                            |
| Patio             |                      |                            |
| Silvana (India)   |                      |                            |

Unlike most other real estate developers who generally hire contractors to handle construction work for the entire project, the Company is a real estate developer that adopts modern construction technologies from foreign countries to construct low rise houses and manages the construction of projects itself. In operating a project, the Company sets up project specifications and detailed design. With respect to construction, the Company manages its own construction by dividing work into parts and hiring contractors to perform specific tasks such as constructing foundation, concrete work, building installation, tiling and roofing, whereas raw materials are bought in bulk by the Procurement department. Engineers and foremen oversee the construction work to ensure it is in compliance with the standards and specifications. With in-house construction management and adoption of such technologies, the Company can effectively control the quality, manage construction time and cost. As such, the Company becomes a low cost leader among real estate developers. Although the Company has 5 Precast Factories, for the future business expansion, the Company invested additional for Bt2.1billion to construct two new precast factories to produce the most advanced steel-reinforced concrete with the highest capacity in the Thailand. The construction is scheduled to be completed at the end of the third quarter of 2014. After these factories roll out, the Company will have the combined capacity to produce 1,120 units of residences per month.

As approved at the Extraordinary General Meeting of Shareholders on 22 April 2005, the Company then increased its registered capital by issuing 532.5 million new shares with par value of one baht. On 27 April 2005, the Company converted itself into a public company. Later on 6 December 2005, it started trading on the Stock Exchange of Thailand (SET) under the ticker "PS".

## MAJOR DEVELOPMENTS DURING THE PAST 5 YEARS

### YEAR 2009

- The Company officially launched 3 new brands : The Tree, the Plant Citi, and Be You.
- On 29 January 2009, the Company issued Bt1,500m debentures with 3 years tenor. The redemption date is 29 January 2012.

### YEAR 2010

- The Company's english name changed from "Preuksa Real Estate Pcl." to "Pruksa Real Estate Pcl.". The Company's brands also changed to reflect the new name and re-branding.
- After announcing 2009 audited financial statement, the Company became the largest residential developer in Thailand in term of revenue.
- The Company has started business in up-country projects in Ayutthaya and Chonburi provinces. The Company launched its first project in Ayutthaya province in June 2010.
- The Company officially launched several local condo brands : Chapter One, Condolette, Fuse, Urbano (Townhouse and Condo) and its first international brand "Coral Ville" in Maldives.
- In Hulhumale, Maldives, after signing the JV agreement with Housing Development Corporation (HDC), the Company launched low rise condominiums "Coral Ville" and achieved 93% sales.
- In Bangalore, India, the Company acquired its first land plot at Budigere. ~ 65 Rai (26 Acres), obtained all the licenses and approvals and started pre-launch of the first phase of row houses and Villas project.
- In Mumbai, India, the Company signed a Joint Venture Agreement with SOHAM Group of Companies to start developing the first project of row houses, twin homes and villas at Pimplas Thane.
- In Hai Phong, Vietnam, the Company signed a 85% Joint Venture Agreement with Hoang Huy Service Investment Co.
- On 24 June 2010, the Company issued and offered two tranches of debentures for sale with the total value of Bt2,500m. The first tranche is worth Bt1,500m with three year maturity and the second tranche is worth Bt1,000m with five-year maturity. The redemption is due in 2013 and 2015, respectively.



- On 10 November 2010, the Company issued and offered two tranches of debentures for sale with the total value of Bt5,000m. The first tranche is worth Bt3,000m, with three year maturity and the second tranche is worth Bt2,000m, with five-year maturity. The redemption is due in 2013 and 2015, respectively.
- Another two precast concrete factories, PCF 4 and PCF 5, were constructed. PCF 4 commenced the manufacturing in late 2010. Its capacity was 4,000 cubic metres monthly. PCF 5 started the manufacturing of precast concrete wall in the middle of December 2010. The factory using a robotic assembly line from Germany was the world's most advanced hi-tech factory with the capacity for producing a precast concrete wall for 400 houses a month. The investment of Bt1,050m was spent on PCF 4 and PCF 5. However, the total capacity for manufacturing a precast concrete wall of PCF 4 and PCF 5 became 640 houses monthly.

#### YEAR 2011

- In the middle of year 2011, the production capacity of PCF 4 and PCF 5 was utilized fully after the commencement of the production in late 2010.
- The Company newly launched the following brands
  - » Townhouse : Villette, The Reno and Patio to serve middle-to-high home buyers.
  - » Single Detached House : Natura and Pruksa Puri to serve middle-to-high home buyers.
  - » Condominium : Plum condo to serve middle-to-low income.
- New projects are expanded to other provinces such as Phuket (Pruksa Ville) and Khonkaen (Single Detached House/Duplex houses, under the brand of "Pruksa Nara".)
- In Bangalore, the Company transferred its very first low-rise unit from project "Pruksa Silvana" in December 2011. The total accumulated booking since 2010 reached Bt469m.
- In Maldives, the Company started to transfer condominium units in its first 2 building from 9 buildings from "Coral Ville" project on Hulumale, Maldives.
- In November 2011, Bangkok suburbs and its vicinity suffered from severe floods, which resulted in increased cancellation of booking and transfers. However, the Company still recorded the highest ownership transfer of Bt23,231m, which was the highest amongst the industry. In addition, the Company's presale of Bt25,554m ranked the second highest in its history. Due to the well-prepared flood protection plan, there was no flood in the areas of the main factories, PCF 4 and PCF 5, but the area around the factories was flooded. As a result, the factories were temporarily closed for 40 days. The production was resumed in December 2011.

#### YEAR 2012

- The Company has implemented a new construction technology called "Real Estate Manufacturing (REM)" in order to reduce not only dependence on labor and working hours but increase in productivity and quality. REM process is similar to car manufacturing process. During construction period, a contractor is assigned and responsible for only a job in which he is skilled. With this method, the average construction time of low rise project is estimated to reduce from 45 days to 21 days.
- Due to 2011 floods, the Company set necessary procedures, which help reduce risks and prepare for future floods, for every launched project such as soil modification at construction sites (low plains, slopping land, etc.), landfill at either main road level or past flooding level, improvement of drainage system and flood protection system of projects.
- On 21 September 2012, the Company issued and offered two tranches of debentures for sale with the total value of Bt5,000m. The first tranche is worth Bt3,000m with three and a half-year maturity and the second tranche is worth Bt2,000m with five-year maturity. The redemption is due in 2016 and 2017, respectively.

## YEAR 2013

- The Company announced a new vision “With building valuable dwellings for each family to perceive happiness, family warmth, and have a better daily life, Pruksa is determined to be ranked number one brand in customers’ minds for residential real estate business, and become one of the top ten real estate brands in Asia. Besides, reorganization was done in response to customers’ needs of each segment and each level. Managements’ responsibilities are divided into housing market segmentation with a focus on innovative construction, good quality houses, excellent service, and flexible management by being in line with a regular change in competitive real estate market.
- Prefabricated bathroom has been developed for a condominium project (starting the installation in 2014). As a result, beautiful models with higher quality are offered. In addition, after-use problems, labor shortage problem, and unskilled worker problem will be lowered and be able to transfer the new units faster.
- Fully Precast system is developed for constructing an eight-storey condominium project (low rise). The Fully Precast system which is Pruksa’s strong point not only has reduced the business period but also helped solve labor shortage and work quality at the sites, which is an improvement due to and the use of prefabricated materials. The Company is an expert in innovative construction using prefabricated materials which has been used for constructing both townhouse and single-detached house projects same time. Meanwhile, the Company is in the process of integrating REM system with the new construction technique. Moreover, Asian Institute of Technology (AIT) has been assigned to analyze earthquake-resistant structures.
- Building Information Management (BIM), which is officially known as Building Information Modeling, has helped improved three-dimensional construction drawing. BIM has also helped to reduce the conflicting drawing during the construction process. To aid the estimation of material quantities and to reduce the number of steps in working process, the computerized calculation system is used.
- In order to support the Company’s growth set in the business plan, the Company invested Bt2,100m, purchased 130 rai of land at Navanakorn Industrial Estate in Pathum Thani province for construct another two Precast Concrete factories (PCF 6 and PCF 7). PCF 6 will be a Carousel Plant which uses Fully Automated Carousel System and will become the factory having the highest capacity for producing bearing wall in the Thailand. The computer system is in control of every manufacturing process as follows :
  - » Shuttering and block out robot
  - » Automated mesh plant with mesh storage and handling system
  - » Automatic concrete pavers
  - » Automatic concrete polishing machine
  - » De shuttering robot
  - » Finished goods automatic storageIn addition, Concrete Recycling System technology will be used to clean wastewater and sort out scrap concrete so that both will be reused in the production process. This system is environmentally friendly because there is no unwanted material left over from the production process. The manufacturing process of PCF 6 and PCF 7 will be operated at the end of 3<sup>rd</sup> quarter of 2014.
- In 2013, the Company issued and offered two tranches of debentures for sale with the total value of Bt6,000m. The first tranche is worth Bt3,000m with three year and one month maturity and the second tranche is worth Bt3,000m with five-year maturity. The redemption is due in 2016 and 2018, respectively.

## THE COMPANY'S AFFILIATES STRUCTURE

The Company's affiliates both domestic and overseas which were already incorporated as on 31 December 2013.

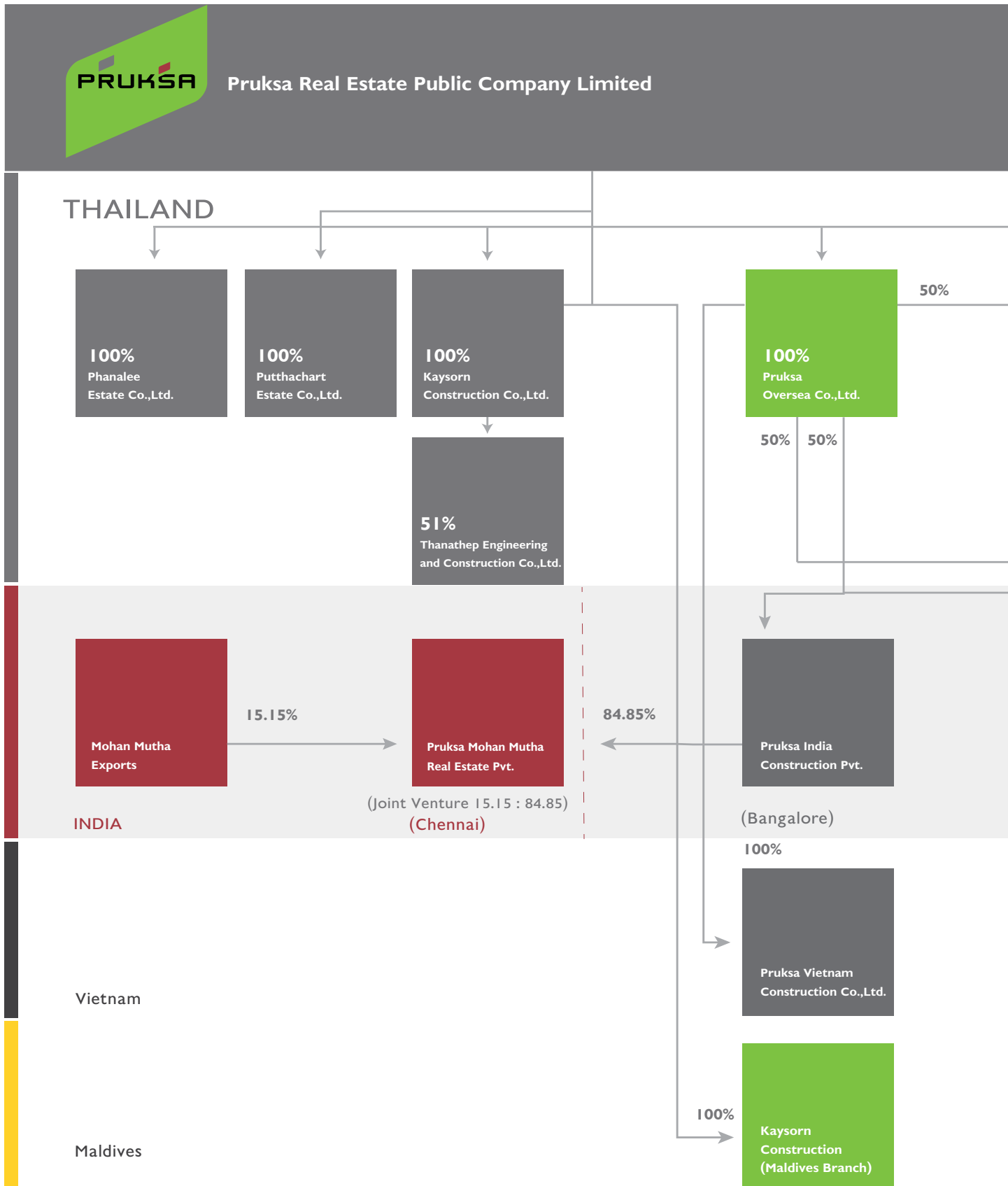
| No. | Founded | Name of affiliates  | Location           | Registered Capital     | Paid-up Capital                      | Share Premium                        | % Shareholding |
|-----|---------|---|--------------------|------------------------|--------------------------------------|--------------------------------------|----------------|
| 1   | 2005    | Kaysorn Construction Co., Ltd.                            | Bangkok            | Bt100m                 | Bt100m                               | -                                    | 100%           |
| 2   | 2006    | Putthachart Estate Co., Ltd.                              | Bangkok            | Bt1,000m               | Bt650m                               | -                                    | 100%           |
| 3   | 2006    | Phanalee Estate Co., Ltd.                                 | Bangkok            | Bt1,000m               | Bt650m                               | -                                    | 100%           |
| 4   | 2008    | Pruksa Overseas Co., Ltd.                                 | Bangkok            | Bt600m                 | Bt500m                               | -                                    | 100%           |
| 5   | 2009    | Pruksa International Co., Ltd.                            | Bangkok            | Bt1,000m               | Bt1,000m                             | -                                    | 100%           |
| 6   | 2009    | Pruksa India Housing Ltd.                                 | Bangalore, India   | Equivalent to USD0.6m  | Equivalent to USD0.2m <sup>(1)</sup> | Equivalent to USD9.8m <sup>(2)</sup> | 100%           |
| 7   | 2010    | Pruksa Overseas Services Co., Ltd.                        | Bangkok            | Bt10.0m                | Bt2.5m                               | -                                    | 100%           |
| 8   | 2010    | Pruksa India Construction Private Ltd.,                   | Bangalore, India   | Equivalent to USD0.03m | Equivalent to USD0.02m               | Equivalent to USD0.09m               | 100%           |
| 9   | 2010    | Pruksa Vietnam Construction Company Limited               | Haiphong, Vietnam  | Equivalent to USD1.5m  | Equivalent to USD1.5m                | -                                    | 100%           |
| 10  | 2010    | Pruksa-Luxora Housing Pvt.                                | Mumbai, India      | Equivalent to USD1.2m  | Equivalent to USD0.01m               | Equivalent to USD0.006m              | 50%            |
| 11  | 2010    | Pruksa-HDC Housing Private Ltd.                           | Maldives           | Equivalent to USD10.0m | Equivalent to USD5.0m                | -                                    | 80%            |
| 12  | 2010    | Kaysorn Construction Ltd., Maldives Branch <sup>(3)</sup> | Maldives           | -                      | -                                    | -                                    | 100%           |
| 13  | 2011    | Pruksa - Mohan Mutha Real Estate Pvt.                     | Chennai, India     | Equivalent to USD2.0m  | Equivalent to USD0.02m               | Equivalent to USD0.09m               | 84.85%         |
| 14  | 2013    | Pruksa Vietnam Co.,Ltd.                                   | Hai Phong, Vietnam | Equivalent to USD10.0m | Equivalent to USD3.56m               | -                                    | 85%            |
| 15  | 2014    | Thanathep Engineering & Construction Co., Ltd.            | Bangkok            | Bt5.0m                 | Bt5.0m                               | -                                    | 51%            |

**Remark:**

(1),(2) Paid up capital and share premium after successful allotted are equivalent to USD0.4m and USD19.6m respectively with expect to finish within Jan 2014.

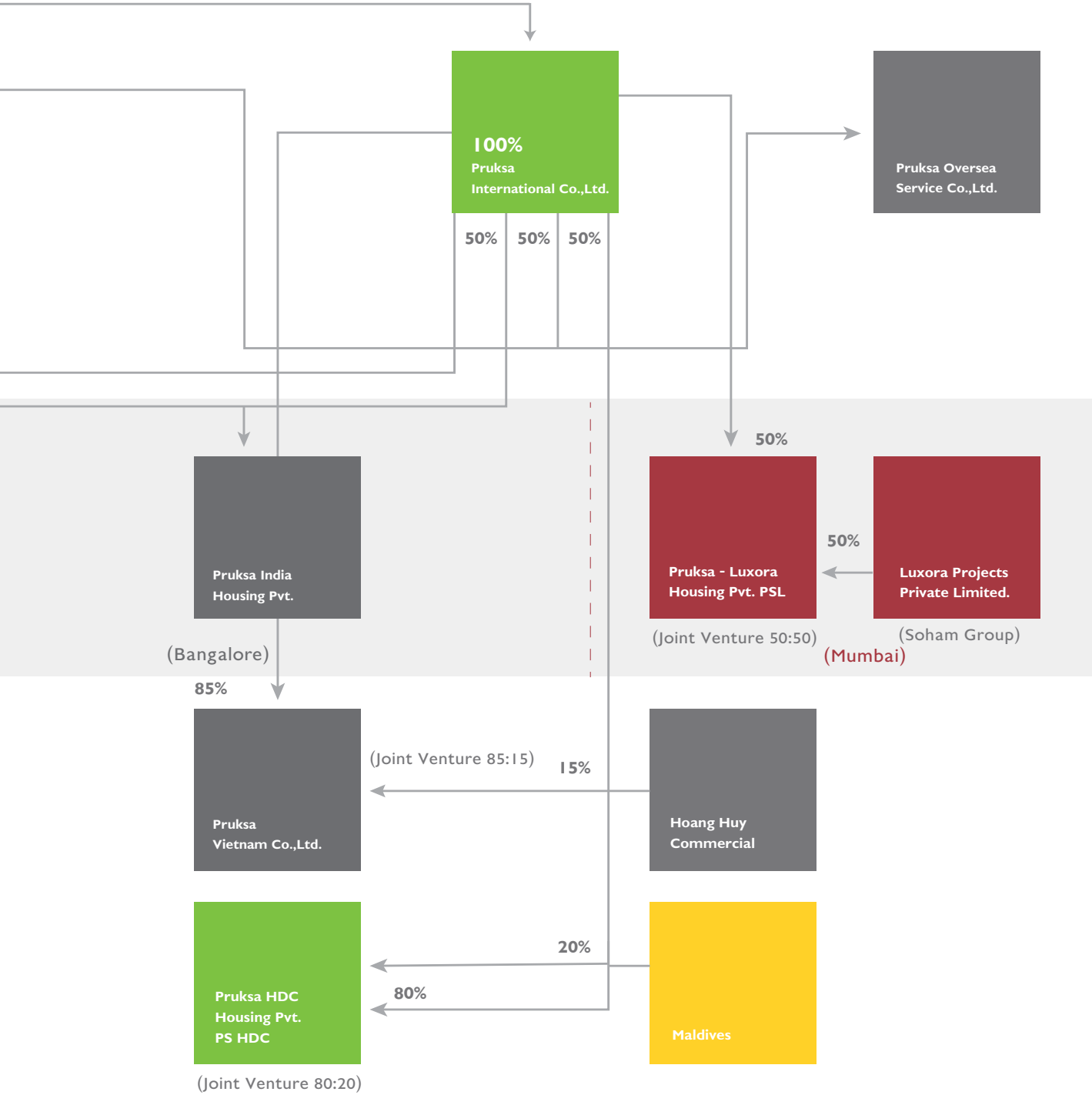
(3) It's a branch of Kaysorn Construction Co., Ltd.

SUBSIDIARIES' STRUCTURE





as of Dec 31, 2013



## NATURE OF BUSINESS

### REVENUE STRUCTURE

From 1993 to 31 December 2013, the Company has launched 388 residential housing projects. The revenues of the Company are divided as follows:

| Product types                    | For the year ended on 31 December 2013 |            |               |            |               |            |               |            |
|----------------------------------|--|------------|---------------|------------|---------------|------------|---------------|------------|
|                                  | 2010                                   |            | 2011          |            | 2012          |            | 2013          |            |
|                                  | Bt m                                   | %          | Bt m          | %          | Bt m          | %          | Bt m          | %          |
| Townhouse (Thailand)             | 11,948                                 | 51         | 11,504        | 49         | 14,908        | 55         | 20,669        | 53         |
| Single-detached house (Thailand) | 7,723                                  | 33         | 7,140         | 31         | 8,775         | 32         | 9,195         | 24         |
| Condominium (Thailand)           | 3,608                                  | 15         | 4,487         | 19         | 2,837         | 10         | 8,450         | 22         |
| Maldives (Condo)                 | -                                      |            | 77            | 0.3        | 178           | 1          | 121           | 0.4        |
| India (low rise project)         | -                                      |            | 4             | 0.0        | 252           | 1          | 376           | 1          |
| Other income                     | 128                                    | 1          | 210           | 1          | 192           | 1          | 230           | 0.6        |
| <b>Total revenue</b>             | <b>23,407</b>                          | <b>100</b> | <b>23,422</b> | <b>100</b> | <b>27,141</b> | <b>100</b> | <b>39,041</b> | <b>100</b> |

Existing residential housing projects as of 31 December 2013

| Active Project<br>As of 31 Dec 2013 | No. of<br>Project | Total Project Value |               | Sold          |               | Unsold        |               |
|-------------------------------------|-------------------|---------------------|---------------|---------------|---------------|---------------|---------------|
|                                     |                   | Units               | Bt m          | Units         | Bt m          | Units         | Bt m          |
| Baan Prukha                         | 27                | 10,579              | 15,310        | 4,979         | 7,034         | 5,600         | 8,276         |
| Prukha Ville                        | 23                | 7,786               | 15,754        | 4,082         | 8,310         | 3,704         | 7,444         |
| The Connect                         | 13                | 3,483               | 9,523         | 2,335         | 6,015         | 1,148         | 3,507         |
| The Plant CITI                      | 2                 | 763                 | 2,783         | 143           | 524           | 620           | 2,259         |
| Villette                            | 3                 | 1,192               | 3,674         | 567           | 1,675         | 625           | 2,000         |
| Prukha Lite                         | 5                 | 1,114               | 3,523         | 158           | 426           | 956           | 3,096         |
| Prukha Town                         | 15                | 3,691               | 8,672         | 2,223         | 4,858         | 1,468         | 3,813         |
| Patio                               | 3                 | 676                 | 2,793         | 298           | 1,245         | 378           | 1,549         |
| IVY Chinatown                       | 1                 | 19                  | 411           | 13            | 238           | 6             | 173           |
| <b>Total Townhouse</b>              | <b>92</b>         | <b>29,303</b>       | <b>62,443</b> | <b>14,798</b> | <b>30,325</b> | <b>14,505</b> | <b>32,118</b> |

| Active Project<br>As of 31 Dec 2013 | No. of<br>Project | Total Project Value |         | Sold   |        | Unsold |        |
|-------------------------------------|-------------------|---------------------|---------|--------|--------|--------|--------|
|                                     |                   | Units               | Bt m    | Units  | Bt m   | Units  | Bt m   |
| Pruksa Town                         | 6                 | 1,202               | 4,197   | 830    | 2,713  | 372    | 1,484  |
| Pruksa Village                      | 12                | 3,434               | 10,743  | 1,882  | 5,800  | 1,552  | 4,943  |
| Passorn                             | 8                 | 2,802               | 10,873  | 1,582  | 6,348  | 1,220  | 4,525  |
| Pruksa Nara                         | 4                 | 1,219               | 3,850   | 671    | 2,092  | 548    | 1,758  |
| Pruksa Puri                         | 3                 | 616                 | 2,307   | 408    | 1,506  | 208    | 801    |
| The Plant                           | 9                 | 2,243               | 11,097  | 1,586  | 8,310  | 657    | 2,787  |
| Total Single detached house         | 42                | 11,516              | 43,067  | 6,959  | 26,769 | 4,557  | 16,298 |
| Condolette                          | 5                 | 1,419               | 5,967   | 821    | 3,366  | 598    | 2,601  |
| Plum                                | 4                 | 7,942               | 7,821   | 5,153  | 5,083  | 2,789  | 2,737  |
| Fuse                                | 3                 | 3,441               | 8,388   | 2,468  | 5,664  | 973    | 2,725  |
| The Tree                            | 3                 | 2,836               | 6,643   | 2,608  | 5,997  | 228    | 646    |
| Stylish                             | 2                 | 512                 | 3,004   | 453    | 2,678  | 59     | 325    |
| IVY                                 | 1                 | 289                 | 1,806   | 245    | 1,432  | 44     | 374    |
| Chapter One                         | 2                 | 2,658               | 6,078   | 2,458  | 5,507  | 200    | 571    |
| Urbano Absolute                     | 1                 | 593                 | 2,688   | 582    | 2,500  | 11     | 188    |
| Privacy                             | 8                 | 619                 | 1,156   | 230    | 440    | 389    | 716    |
| Total Condominiums                  | 29                | 20,309              | 43,552  | 15,018 | 32,668 | 5,291  | 10,884 |
| Silvana Bangalore (India)           | 1                 | 401                 | 1,338   | 276    | 949    | 125    | 389    |
| Total                               | 164               | 61,529              | 150,400 | 37,051 | 90,711 | 24,478 | 59,689 |

## BUSINESS STRUCTURE

The Company has two business structures

1. Domestic real estate business
2. Overseas real estate business

For both domestic and overseas real estate business, the Company focuses its expertise in residential housing project development and conducts a business in which the Company has many years' experience and has competitive advantage.

### 1. DOMESTIC REAL ESTATE BUSINESS

The Company has been developing residential housing projects in 3 types which are single detached house, town house/ duplex house and condominium by focus on Bangkok and its vicinities. The Company focuses in BMR (Bangkok Metropolitan Region) which is a high growth potential area. In 2010, the Company launched its first upcountry projects in Nakornpatom, Chonburi and Phuket. The Company launched its first North-Eastern project in Khon Khan and more projects in Phuket in the following year. Launching new projects in upcountry is on-going strategy of the Company's business plan. In 2013, the Company re-organized the internal operation in various dimensions including the Company's new vision, rebranding and corporate reorganization in order to focus on the management in each business unit for sustainable business growth and also financial stability.

### 2. OVERSEAS REAL ESTATE BUSINESS

The Company's policy is to invest abroad. The first overseas project started in Maldives in 2010, followed by India and Vietnam. The Company is currently conducting the feasibility study for developing property projects in other countries such as Indonesia.

#### 2.1 Bangalore, the Republic of India

Focus on Townhouse/Single Detached House/Duplex in Bangalore, brand "Pruksa Silvana" (100% own by PS subsidiary). Total low rise 401 units (321 single detached houses and 80 townhouses) with a project value of Bt1,688m. The first unit was transferred in December 2011. The 2013 presale and transfer were Bt229m and Bt376m respectively. The accumulated presale and transfer were Bt949m and Bt631m respectively.

Now, land for the second project which has been planned to construct a condominium was bought. Additionally, the Company is planning to purchase another land for further expansion in the future.

#### 2.2 Hulhumale, the Republic of Maldives

Coral Ville Condominium which is a joint venture between the Company holding 80% shares and Housing Development Corporation is the first phase of property development project in Hulhumale. The project, which is worth Bt440m, consists of nine 5-storey buildings, amounting to 180 units. Both construction work and the transfer of ownership were completed. However, the Company has to review the investment plan whether the Company should continue with the second phase because of inhospitable investment situation such as a small market, economic vulnerability, and a shortage of foreign currency in the banking system.

#### 2.3 Haiphong, the Democratic Republic of Vietnam

The project is a joint venture between the Company holding 85% share and Hoang Huy Service Investment Co., local investor. The investment license for residential development projects was obtained in January 2013. The Company is planning to build a small condominium project. The land expropriation is in progress, approximately over 80% of the project area.

PRODUCT TYPES

I. TOWNHOUSES

The townhouse commercial buildings and duplex houses’ market is around 23% of total housing market by newly registered housing units in Bangkok and its vicinities registered in 2013. It accounted for 53% of the Company’s real estate revenue. In 2013, the Company launched totally 39 new townhouse projects.

| Ownership Transfer  | 2011   | 2012   | 2013   |
|---|--------|--------|--------|
| Total units of townhouse projects   | 8,384  | 9,140  | 10,941 |
| Revenues from sales of townhouses (Bt m)  | 11,504 | 14,908 | 20,669 |
| Total registered townhouses, commercial buildings, and duplex houses in Bangkok Metropolis and its suburbs* (units) | 12,995 | 12,287 | 23,746 |

\* Source from REIC : the Real Estate Information Center (built by developers)



The Company develops many brands of townhouses with various models. It set prices ranging from Bt1.0-5.0m. The latest brands launched in 2013 were “Pruksa Lite” and “Villette Lite”. The Company’s market share in townhouse-unit-transfer has been No. 1 amongst Thailand residential developers for several consecutive years.

The Company focuses on low to middle income customers and expands to high income customers who desire to have their own houses and are not buying for speculation. The Company has constructed townhouses under the concept “The possible happiness (better living/real living)” in order to respond to basic needs of customers for housing of comparable quality but lower prices.

When compared to other developers’ housing of similar designs, sizes, and locations. Generally, the Company’s sale prices for townhouses are 10%-15% lower than those offered by other developers. This is because the Company manages the construction itself and, as a result, it can efficiently control the costs of construction and shorten the construction period including high quality materials comparing to other developers at the same price range.

The Company endeavors grow its share in townhouses as planned. It also conducts research to find customers’ needs and adopt such need into its design and features. Thus, the market share of the Company is successfully as high as 60%-70% in townhouse. As townhouses show short cash business cycle, including government’s stimulus measures to boost the property sector through tax incentives, low housing loan interest rates, assistance to affected residential areas in the form of either low interest rates of long-term loan, the Company then focuses on the continuous improvement of its townhouse projects so that house buyers can receive such advantages.

In 2010, the Company further expanded to townhouse development under the existing brands to new market areas covering both Bangkok areas and its vicinities, including the continuity of service and product improvement. The new brand of townhouse, Urbano, has been introduced in town area. In addition, townhouse projects under the brand “Pruksa Nara” has been developed in Ayutthaya, Chon Buri and Khonkaen while “The Connect” has been expanded into new city areas of Bangkok, which have no Pruksa’s projects yet. Besides, “Pruksa Ville” has been expanded into provinces such as Phuket.

The Company has launched townhome style with larger areas in its three or four stories such as “Villette”, “Patio”, “We/2” and “The Connect UP3” brands targeting on middle to high income customers and located closer to town with higher selling price. The projects are in Muang Thong Thani, Chaeng Wattana zone and Pattakarn Soi 38 zone in which are close to prime



area with no flooding and are sold at attractive price. Moreover, there are few developers selling low rise houses in the neighborhood at present as most of them rather offer condominium. The Company has competitive land cost from the auction sale by Thai Asset Management Corporation (TAMC). Therefore, the Company can sell low rise houses with attractive price starting from Bt2.5m.

#### Future Plan – Townhouses

The Company's business plan in 2014 is targeting to launch 17-29 townhouse projects located in Bangkok and its vicinities and up country, with the presale target at Bt22,140-24,300m or 54% of total presale.

## 2. SINGLE-DETACHED HOUSE

The single-detached house market is around 24% of total housing market by newly registered housing units in Bangkok and vicinities registered in 2013 and is around to 24% of the Company's real estate revenue. In 2013, the Company launched totally 4 new single-detached house projects.

| Ownership Transfer   | 2011   | 2012   | 2013   |
|--|--------|--------|--------|
| Total units of single-detached house projects  | 2,085  | 2,213  | 2,228  |
| Revenues from sales of single-detached house projects (Bt m)                           | 7,140  | 8,775  | 9,195  |
| Total registered single-detached houses in Bangkok Metropolis and its suburbs* (units) | 13,999 | 10,887 | 13,484 |



\* Source from REIC : the Real Estate Information Center (built by developers)

Due to the Company's penetration and marketing strategy in single detached house market for many years, the market share of the Company in single detached house market is higher. The Company's single-detached house brands are "Passorn", "Pruksa Village" and "The Plant".

In order to increase the single-detached house market share, the Company has developed single-detached houses located near urban areas to supply middle and high income earners at launching prices from Bt4.0m to Bt10.0m. Since 2012, the Company has fully developed two large land plots which are in Pattanakarn Soi 38 zone and Chaeng Wattana zone because the Company estimates its new single-detached house projects are in high demand for both places due to its close to the prime area with no flooding and are sold at attractive price starting at Bt5.0m. Moreover, there are few developers selling low rise houses in the neighborhood at present. Therefore, both projects will be source of revenues for the Company in the future.

The Company has launched new brand or series at higher price products, i.e. "The Palm", and "Passorn" Prestige. Apart from quality of products, the Company still focuses on concept and apparent style of projects to create competitive advantage. The Company plans to open more in town or prime upcountry projects such as Chonburi, Khonkaen, Phuket, Chiang Mai, Samutsakorn, Ayutthaya, Nakhon Pathom etc. In 2013, the Company launched Passorn project in Phuket. However, the revenue and presale generating from upcountry in 2013 is approximately 9-10% and will gradually increase going forward.

In the long run, it is believed that most home buyers will buy and transfer ownership of houses which were flooded as they are close to work places and industrial estates. After 2011 inundation, the Company has developed its low rise design for 2012 both in overall project and house re-design to be more capable during flooding. For example, the landfill level and first floor are lifted up to avoid flooding level in the past. In addition, housing fence is made of water proof material. Sanitation is re-arranged to avoid flood.

### Future Plan – Single-Detached Houses

The Company's business plan in 2014 is targeting to launch 7-12 projects in Bangkok and its vicinities and up country with the presale target of Bt11,480-12,600m or 28% of total presale.

### 3. CONDOMINIUM

The condominium market is around 53% of total housing market by newly registered housing units in Bangkok and vicinities registered in 2013 and is said to amount to 22% of the Company's real estate revenue. In 2013, the Company launched totally 17 new condominium projects.

| Ownership Transfer   | 2011   | 2012   | 2013   |
|--|--------|--------|--------|
| Total units of condominium projects  | 1,686  | 930    | 3,800  |
| Revenues from sales of condominium projects (Bt m)                           | 4,487  | 2,837  | 8,450  |
| Total registered condominiums in Bangkok Metropolis and its suburbs* (units) | 34,734 | 78,391 | 69,532 |



\* Source from REIC : the Real Estate Information Center (built by developers)

The Company has adjusted its marketing strategy and revenue structure due to dramatic change in housing demand in Bangkok and its vicinities. In addition, the development of public mass transit such as BTS and MRT has caused high demand for condominium along both elevated and underground trains since 2007.

In 2009, the Company developed a new market by constructing boutique condominium using "The Seed Theme" as its brand. "The Seed Musee Sukhumvit 26" and "The Seed Memory Siam" were such successful projects that not only both high-end condominiums were rapidly sold out but Pruksa was also known and accepted by high-income buyers. Moreover, the Company has been developing further condominium projects to serve the promotion privileges granted by the Board of Investment (BOI) aiming at low and middle income residents with selling prices of not over Bt1.0m together with utility space of not less than 28 square meters. In the same year, the Company has penetrated into condominium markets for low and middle income residents called "BOI condominium market" using "The Tree" and "BE YOU" as its brands. "The Tree Ladprao" was the first project which was very successful.

In 2010, the Company dramatically continued expanding the existing condominium market and found a new business model in various segments of middle and low income market or BOI condominium market.

The new brands launched in 2010 are "Condolette", "Chapter One", "Fuse", "Urbano", and "Coral Ville (Maldives)". Due to the four-year consecutive success, the Company recorded Bt12,910m in presale which was the highest value in the industry.

In late 2010, condominium market showed sign of a slowdown due to an oversupply and strengthen loan to value (LTV) criteria. Therefore, the Company did not focus on condominium much in 2011. Only one new brand, "The Plum" was introduced in the market serving mid-to-low income earners at selling price around Bt1.0-2.0m.

Throughout the year 2011, there were many factors discouraging condominium sellers such as oversupply and delayed with rather ambiguous government incentive for home buyers. Such hesitation diminished condominium presale as foreseen by the Company. Therefore, the Company kept focusing on transferring the existing condominium and received very high success.

The recovery sign in condominium market was seen in 2012 because of the economic recovery following the 2011 floods, demand for condominiums located along the current or new extension to the mass transit lines as the second home and desire for reducing the commuting time to work help pushed demand higher. As a result, the total presale and ownership transferred achieved its target.

The growth of condominium market rose continually in 2012 and will likely continue to increase. In 2013, condominium projects such as “Fuse” and “Condolette”, which are existing brands, including new brands such as “The Reserve” and “The Editor” have been launched. Such condominium projects which target middle-end and high-end customers are located in either downtown or along BTS or MRT lines such as Sathorn, Saphankwai, and Kasetsart University etc. Moreover, an upward trend in condominiums with selling prices of both less than Bt1.0m and Bt1.0-2.0m are likely to grow continually at higher rates. Consequently, a condominium project such as “Plum Phahonyothin 89” located in the suburbs of Bangkok has been launched to meet the demands. The Company has penetrated further into such market segmentation and achieve high volume of sales in 2013. The Company has also launched “The Privacy” of which selling points focus on small space condominium, fast construction, and location being in a Soi.

#### Future Plan – Condominiums

The Company’s business plan in 2014 is targeting to launch 5-8 condominium projects in Bangkok and its vicinities and one in upcountry with the presale target of Bt6,970-7,650m or 17% of total presale. The Company has emphasized the penetration of inexpensive condominium market, which is under brand “Plum”. Precast construction technology and new construction technology which are the Company’s competitive advantages are applied to some parts of low-priced condominium project so that handover of new units with good quality can be done quickly.

## PRODUCTION MANAGEMENT

### I. CONSTRUCTION MANAGEMENT - TOWNHOUSES

The Company organizes construction management into two departments as follows:

#### I.1 Construction Management Department

This department supervises and implements the construction of all projects under the agreed plans and models. It manages the construction costs within the budget and coordinates with the Company’s Budget Department.

#### I.2 Quality Assurance Department

This department inspects the quality of each individual housing unit to ensure that it is up to the standards required. The Company has central departments to support construction management for both townhouse and single detached house projects. The support departments are as follows:

- Contractor Recruiting Department: This department recruits specialized contractors and laborers for each project as required
- Purchasing Department: This department is responsible for purchases materials for use in construction and makes construction management more flexible and more efficiency
- Research and Development Department: This department utilizes appropriate technologies for application in design and construction work
- Engineering Department: This department is responsible for designs and solving technical problems.
- Project Development Department: This department serves as the coordinator and participates in the development of housing designs

In a townhouse construction project, the Company divides the work into production lines, each of which is able to build about 40 townhouse units per month. In each project, there may be more than one production line, depending on the project size. The Company assigns about 10 staff members to supervise the construction work at each production line, with the project manager being the project supervisor, and project engineers, field engineers, and foremen supervising construction work at each stage and specialized contractors hired to carry out detailed work, such as foundation work, masonry, parts installation, floor tiling, and roofing. The Company hires specialized contractors and laborers at appropriate numbers for each production line. During the construction period, the Company's quality assurance department inspects the house quality periodically and the overall quality after completion of the house construction, prior to sale or delivery to the customer.

The Company is able to build this type of house with comparable quality and more useable area and with similar designs, sizes and locations, at a cost lower than those of other operators. In addition to the ability to manage construction work by itself, the Company has another advantage, i.e. it employs production technologies to reduce the construction period. This can save costs and labor expenses, while maintaining work quality. The Company uses the Cast-In Situ Load Bearing Wall Structure system in the construction of Baan Pruksa projects and the RC Load Bearing Wall Prefabrication system in the construction of single-detached houses in the "Pruksa Ville" and "The Connect" projects.

#### The Cast-In Situ Load Bearing Wall Structure system

The Company purchased this technology from France. This system uses walls to bear the weight in place of pillars and beams, skipping the step of cement pouring for pillars and beams. The walls are assembled and installed at the construction site. Then the walls are tied with a steel structure into which cement is poured. The steel frame is subsequently removed and a bearing wall is created. By this method, the work is done more quickly. The Company was among the first few developers which employed this system in the construction of one-story townhouses which required about 30 days from the commencing date to complete the construction of a house, which is more efficient than the conventional method of construction which require about 180 days. The Company had used the conventional method in the construction of early townhouse projects such as "Baan Pruksa 1" and "Baan Pruksa 2".

Later, the Company has developed new construction technologies to boost house construction efficiency. It has employed the Tunnel Technology in the construction of two-story townhouses. The construction starts with the fitting of steel-framed walls and the upper floor at the same time, followed by structure steel bar wire tying and concrete pouring for the lower walls and the upper floor, also in one step. Then the upper walls and roof frames are fitted in. By this method, the outside working period is much shorter than the conventional method and a solid, strong and beautiful house is obtained. By using Tunnel Technology in construction, a house is completed in about 60-80 days. This method is much quicker, compared with the conventional method, which requires about 180 days. The Company has used this technology in the construction of Baan Pruksa 3 project and the subsequent projects. In addition to the construction of townhouses, this technology can be used in the construction of 8-storey condominiums.

The advantages of this technology are as follows:

1. The house structure is solid and strong because the pre-cast steel-reinforced concrete walls are longer lasting than conventional brick walls.
2. Easier quality control as the system has a firmly established procedure.
3. The construction period can be easily controlled as unnecessary construction steps are skipped, thus requiring shorter time for construction than the conventional method.
4. It is appropriate for major products which have the same models.
5. It depends less on skilled labor, which is an important part of the construction cost.
6. Bricklaying and masonry on walls is omitted in addition to concrete pouring for beams and pillars.
7. The problem on wastes from work, which is a major problem in construction, is reduced, resulting in cost saving and an orderly working condition in the construction site.



RC Load Bearing Wall Prefabrication, it can be seen in topic 'Construction Management – Single Detached House'

The Company has a factory which uses a battery mold system to produce precast fences and pillars for single-detached houses and townhouses ("Pruksa Ville" and "The Connect" projects). Therefore, the Company is able to build townhouses in mass to meet market demands and in effect to manage construction costs efficiently, thus achieving the economies of scale.

## 2. CONSTRUCTION MANAGEMENT – SINGLE DETACHED HOUSE

Managing a single-detached house project is similar to managing a townhouse construction project. However, for the construction of each project, the Company assigns staff by project rather than by product line, as the number of housing units in each single-detached house project is smaller than that of a townhouse project. About 30-40 staff members are assigned to supervise the construction of each project and specialized contractors and daily-wage workers are hired for each project as appropriate.

RC Load Bearing Wall Prefabrication: At the beginning, the Company cooperated with the Asian Institute of Technology (AIT) in developing the RC Load Bearing Wall Prefabrication technology (or "precast wall technology" as it is often referred to) for its construction work at each site. Later, in 2004, the Company built its own Precast Concrete Factory by purchasing the technology from Germany, which uses the Semi-Automated Pallet Circulating System, the most advanced system in Thailand. The Company has used this construction technology with two-story single-detached house projects as single-detached houses have diverse wall designs. Each house has 30-60 parts, which under this technology are precast in the factory and delivered to the construction site for assembly.

This technology not only has the similar advantages to those of Cast-In Situ Load Bearing Wall Structure but it also has other major advantages including more useable area rather than a space for beams and pillars. Moreover, the walls are better fire-proof, heat insulating, sound-opaque, and water-proof than those built by light weight bricks. In addition, houses built under this technology require low maintenance as it has a precast structure and the insurance premium is low as a precast structure house is better fire resistant, more solid and more durable. Pruksa and the Asian Institute of Technology (AIT) jointly studied and developed this construction technology and have been able to construct houses which can withstand an earthquake measuring up to 6 on the Richter scale.

Under this technology, the construction period is about 75-90 days for a house, compared with approximately 180 days required for constructing a house by a conventional method. However, in the early stage of using this technology, each part was cast on the construction site and not all of the parts were able to be cast. Therefore, the early housing projects had to use parts produced under this technology and those produced under conventional methods (except for single detached houses under Passorn 11 projects, which were entirely built under conventional methods). The Company build the Precast Concrete Factory by using this technology in producing the parts. The factory, built in 2004 and completed in January 2005, has a capacity to build parts for up to 3,600 single detached houses per year. It has started production of parts and the production increased from 60% to 80% of the total capacity in June 2006.

The Company also has a factory to produce finished fences and pillars by using the Battery Mold system. In the production process, steel molds are placed and removed by a hydraulic control system to ensure the exact distance required between the molds before cement pouring. The factory has a total capacity to produce fences and pillars for 12 houses per day. At present, production of pillars fences for single-detached house projects and townhouse projects, and decoration pillars and townhouse parapets has been successfully increased.

When the Company entered into the condominium market in 2007, PCF 3 (Precast Concrete Factory No. 3) was built to produce external walls. The existing construction method was applied for internal walls and the main structure. In 2010, the Company applied the fully precast construction method for condominium. In order to support this plan, PCF 3 was modified to produce Pre-stress slabs.

In 2010, the PCF 4 and PCF 5 were constructed with the investment of Bt1,050m and began to test-run at the middle of December 2010. The total nameplate capacity of PCF 1 and PCF 5 were 640 houses per month. The nameplate capacity of PCF 5 was 400 houses a month.

In the middle of 2011 the PCF 4 and PCF 5 which test-run began at the end of 2010 were made ready for its possible full capacity. However, there was a severe inundation in October 2011 attacking Bangkok and its vicinities. All plants needed to stop producing because of transportation problem. Then, the plants can be able to resume the producing at its possible nameplate capacities in the middle of January.

In 2013, the construction technology used for constructing townhouse project was changed from Cast-In Situ Load Bearing Wall Structure to RC Load Bearing Wall Prefabrication. Besides, the rise in the Company's market share of single-detached house resulted in over 100% capacity utilization at PCF 1-PCF 5 in the second half of the year 2013. Therefore, the Company has planned to construct another two Precast Concrete factories (PCF 6 and PCF 7) and the manufacturing process will be operated in third Quarter of 2014. The Company has purchased 130 rai of land next to Navanakorn Industrial Estate in Tambon Khlong Nueng, Amphoe Khlong Luang, Pathum Thani. The investment in the new factories is approximately Bt2,100m.

The new Pruksa Precast factories will use the world's most advanced hi-technology and machine from Germany. The computer system is in control of every manufacturing process, so the quality of product is higher than the standard. In addition, a robotic assembly line is used to reduce workforce. Furthermore, Concrete Recycling System technology will be used to clean wastewater and sort out scrap concrete so that both will be re-used in the production process. This system is environmentally friendly because there is no unwanted material left over from the production process. It will also be the first "Green Factory" in Thailand which uses Concrete Recycling System in the Precast Concrete industry.

#### Summary of Existing plants and new plants

| Factory                | Production System                   | Product                                | Nameplate Capacity/<br>month                                   | Actual   |
|------------------------|-------------------------------------|--|--|--|
| PCF1<br>(Carrousel I)  | Semi Automated<br>Carrousel System  | Bearing Wall                           | 90,000 sqm.<br>(gross area) or<br>300 houses                   | 72,000 sqm.<br>(gross area) or<br>240 houses                   |
| PCF2                   | Battery Mold System                 | House/TH Fence                         | 130 fences for SDH<br>1,800 fences for TH                      | 100 fences for SDH<br>1,400 fences for TH                      |
| PCF3                   | Pre-stressed Long<br>Line System    | - Slab & Beam House                    | 700 Slabs<br>700 Beam Houses                                   | 550 Slabs<br>550 Beam Houses                                   |
| PCF4                   | Fixed Mold System                   | - Condo/TH Facade<br>- Special Element | 25,000 sqm. Of<br>facade 800 unit/month<br>for special Element | 20,000 sqm. of<br>facade 640 unit/month<br>for special Element |
| PCF5<br>(Carrousel II) | Fully Automated<br>Carrousel System | Bearing Wall                           | 150,000 sqm.<br>(gross area) or<br>500 houses                  | 120,000 sqm.<br>(gross area) or<br>400 houses                  |

## MARKETING MANAGEMENT

### DISTRIBUTION AND CHANNELS OF DISTRIBUTION OF ALL PRODUCTS

The Company has strategies to promote its products as follows:

#### Product strategies

In 2007, the Company developed a number of new products and expanded coverage areas with the objective of being the leader in middle-to-low income market in all products covering of the whole Bangkok Metropolis, its vicinities and also commercial centre areas. Now the Company has expanded target groups to cover middle to low and upcountry for fulfill countrywide customer. The Company has consistently sought more efficient construction technologies in order to fulfill homebuyers' requirements. This partly explains its ability to complete the construction quickly, to achieve good quality and to deliver houses to customers as scheduled. The Company also has inventory management methods to maintain the inventory level appropriate to the sales of housing units.

#### Pricing strategies

The Company has focused on a niche in the real estate market for low-to-middle income earners. The Company's construction costs are also lower than those of other developers as it manages construction work itself and uses advanced and efficient construction technologies. It is therefore able to maintain low production costs and shorten the construction time. Therefore, it is able to offer prices lower than those of other developers by 10%-15% for townhouses and single-detached houses. And since its main objective is to build housing units for low income earners, in order to help society, it is one of the very few real estate developers granted BOI promotional privileges, with corporate income tax exemption for income from sales of housing units with a price not exceeding Bt1.2m each.

#### Public relation and advertisement strategy

For the past 20 years, the Company has been expanding its business to cover both products and client groups with various needs. Building up a brand is one of the Company's strategies, and thus an emphasis has been put on how to get Pruksa Brand on the consumer's mind as a real estate developer who aims at creating values in life. In September 2013, a campaign under the concept of "Mind Beyond Invention" was presented to consumers. It was the very first time that the concept was translated into a filmed advertisement broadcasted on television and digital media. Furthermore, the Company's products were presented through publication, advertising board, LED advertising board, in order to maintain the original level base of acknowledgment, and to leverage the accessibility to consumers at a larger scale.

For marketing purpose and communication about every project on single house, townhouse, and condominium, a variety of means have been used to reflect the lifestyle of consumers. Particularly, the digital media and the on-line social media provide direct communication and can present information quickly and are cost-effective with regards to advertisement. Therefore, the Company has been developing the website application for smart phone.

For other marketing activities, the Company continuously performs activities especially those for promoting relationship with the dwellers, community, and environment. For instance, the Pruksa Fund has been launched for over 12 years to provide opportunities to the children of Pruksa dwellers, in both primary and secondary schools. The Pruksa Arsa slogan focuses on "good green and good lifestyle" to create a pleasant community, promote a complete dwelling system to the dwellers by bringing back local plants to their original habitat. In addition, Pruksa sets the priority for every life with Pruksa Green Living Healthy project that provides free health mobile service to the dwellers as well as the public. Also, the Company offers the so-called sacred young plants for growing in order to increase the green zone to the house and community. This includes the Pruksa Ruam Jai Rak Pakdee project for blood donation in honor of the Father of the Kingdom, as it is considered that blood donation means life giving which is a great deed.

#### Distribution Strategies

The Company has a direct channel of distribution, mainly through its sales offices, in addition to sales offered at housing fairs. It offers the sales of new housing projects to expand the customer base by various means, such as the "Members Get Members" project, where the customer who introduces new customers to the Company are entitled to referral fees. Currently, the Company has a customer base of over 80,000 households.

## PROCUREMENT OF NEW PRODUCTS AND SERVICES

### 1. Land Purchase

The Company has no policy to hold land bank. If it is interested in developing a real estate in a certain area, it will conduct a project feasibility study, and market condition and competition surveys, including the customer demand in the target location. Then it will negotiate the land purchase directly with the land owner or broker, comparing the proposed price with the official appraisal price or market price, to ensure that the land prices are not unreasonably high.

### 2. Construction Materials

Since the Company manages construction work itself, it is the direct buyer of construction materials. After the Purchasing Department is informed of the material requirements in detail, it will contact each material producer directly to compare prices. Generally, the Company is given a considerable discount as its purchases are of high volumes. After the Company has agreed with the producer on the material quantities and prices, it will order the materials through the producer's agent for delivery to the project sites. The Company has a credit term of 30-60 days. Since 2006, it made change to the procurement of major construction materials, such as cement, steel, and tiles, by inviting tenders and entering into long-term price agreements; e.g., one year or 3-6 months. These methods have reduced the risks of price fluctuations. Having good relationship with many suppliers, the Company is able to obtain construction materials at a desired quantity and has never suffered a shortage of construction materials. However, it does not rely on any one supplier of construction materials. The Company has created the planning system which selecting the material for usage in accordance with expanding business plan in order that the Company can make the sufficient material for works and recruit major and minor contractor efficiently

### 3. Construction Contractors

The Company is one of the very few real estate developers who manage construction work themselves. In running a project, it determines the project concept and details of the design. For project construction, it manages the construction work by dividing it into parts such as foundation work, masonry, parts installation, floor tiling, and roofing. It hires specialized contractors to implement the work and supervises the implementation by assigning its engineers and foremen to work at the project site to ensure that construction specifications and standards are met. The Company is also able to manage construction costs efficiently as it procures construction materials itself.

Nevertheless, in order to better manage the construction capacity, the Company has begun to hire outside contractors for construction of condominiums, starting with the Ivy Thonglor project as well as increase number of contractors for condominiums project. In addition, the Company has established joint venture Company, Thanathep Engineering and Construction Co., Ltd to support condominium construction with rapidly expanding.

### 4. Production Technologies

The Company utilizes several technologies in building townhouses, single detached houses and condominiums. For 2-storey townhouses, the Tunnel Technology is implemented. Single detached houses are built with RC Load Bearing Wall which is constructed by precast concrete sheets. The precast sheets are also used for condominium walls and ornaments.

For small condominium, the Company has improved construction process by applying precast technology for fully construction as the strengths of the Company. Productions from Precast factory are modern and high quality in both beauty and strength. Furthermore, it also provide fast process and precise construction as well reduce any error caused by skilled workers and shortage of skilled labor in the market.

In order to continually improve Real Estate Manufacturing (REM), started in 2011, and traditional construction, the supply chain namely property search, designing, budget, procurement, transportation, manpower management and quality control, has to operate harmoniously. As a result, productivity can be achieved and leads to the efficiency of cost, time and quality control.

Furthermore, Prefabricated bathroom has been developed for a condominium project (starting the installation in 2014) which is expected to shorten construction time by one month. Furthermore, the quality of condominium is higher and customers can be get more satisfaction because it is directly produced from factory and units can be done quickly.

## 5. Environmental Impact

The project's housing and utilities constructions are subject to the Ministry of Natural Resources and Environment's Notification on the Criteria, Methods, Procedures, and Guidelines on the Preparation of the Report on Environmental Impact Analysis issued by virtue of the Environment Quality Promotion and Maintenance Act B.E.2535 (1992). The notification requires companies engaged in land development for housing or commercial purpose in a plot divided into 500 or more sub-plots or in a plot of over 100 rais to submit a report on the Environment Impact Analysis (EIA) together with the application for land development under the land development law. Prior to the project construction, the Company must also submit the EIA report to the Office of Natural Resources and Environment Plans and Policy. On this matter, the Company has the required EIA report prepared by outside experts.

In housing construction, especially in a single-detached house project, there may be environment impact from waste water. The Company therefore has provided waste water treatment system for each individual house and set up a central waste water treatment system for each project, so as to avoid any impact on public water sources.

As for the Company's Precast Concrete Factory, which is subject to the provisions of the Factory Act B.E. 2535 (1992), the Company has established standards and methods to control the release of pollutants or any substances that may impact the environment as a result of the factory's operations. To ensure that the Company operates with responsibility for environmental impact, its three pollution control measures are:

- (a) Water pollution control measure-waste water from concrete production process is controlled to flow to water sediment ponds. Sorted stones and sand are brought back to production as well as water. None of waste of water is released to community areas or public streams.
- (b) Air pollution control measure-to prevent dust in the adjacent community and the factory, water spray nozzles are arranged at the concrete mixing plant during piling up sand and stones and hauling them into the concrete mixing process. In addition, dust collectors are installed in the production process as well as floor scrubbers are used to reduce dust left in the building. Before roads in the factory areas are cleaned, water sprays are applied to prevent the spread of dust.
- (c) Noise pollution control measure-since noise resulting from the production process is mainly caused by concrete compression machines, noise barrier was installed in 2008. Later, new concrete compression machines with shaking system were bought to replace the original ones with vibrating system. This can reduce sound intensity very much. Moreover, decibel level at the factory areas and adjacent community is inspected yearly.

### Investment Promotion Policy announced by BOI-Townhouse and Condominium

| Previous Investment Promotion Policy  | Amendment of Investment Promotion Policy for BOI Bt1.0m (Condominium)   | Amendment of Investment Promotion Policy for BOI Bt1.2m (Townhouse or Single house)  |
|---|---|--|
| Projects must comprise a minimum of 150 residential units in Zone 1 and 75 residential units in Zone 2 and Zone 3 | Projects must comprise a minimum of 50 residential units in every location  | Projects must comprise a minimum of 50 residential units in every location   |
| For any residential project, area per unit must not be less than 31 square meters                                 | For Zone 1, a minimum area per unit must not be less than 28 square meters and for Zone 2 and Zone 3, a minimum area per unit must not be less than 31 squaremeters | For Zone 1, a minimum area per unit must not be less than 70 square meters   |
| Its sale price per unit must not exceed Bt600,000 (including land cost)   | Its sale price per unit must not exceed Bt1.0m (including land cost) for Zone 1 and not exceed Bt600,000 for Zone 2 and Zone 3                                      | Its sale price per unit must not exceed Bt1.2m (including land cost) for Zone 1 and not exceed Bt600,000 for Zone 2 and Zone 3 |
| Projects must obtain building permits under the Building Control Act or other related laws                        | Projects must obtain building permits under the Building Control Act or other related laws  | Projects must obtain building permits under the Building Control Act or other related laws                                     |

#### Notes:

Zone 1 comprise 6 provinces such as Bangkok, Samutprakan, Samutsakhon, Pathumthani, Nonthaburi and Nakhonpathom

Zone 2 comprise 10 provinces such as Chonburi, Chachoengsao, Samutsongkhram, Nakhonnayok, Saraburi, Ayutthaya, Ratchaburi, Angthong, Suphanburi and Kancharaburi

Zone 3 encompasses the remaining 60 provinces and Laemchabang Industrial Park



## BUSINESS TRENDS AND IMPACTING FACTORS

### I. ECONOMIC TRENDS FOR 2014

Thailand economic trends during 2013-2014

| Main economic data for Thailand                             | 2007   | 2008    | 2009    | 2010    | 2011    | 2012    | 2013F   | 2014F       |
|---|--------|---------|---------|---------|---------|---------|---------|-------------|
| GDP growth rate (YoY%)                                      | 5.0    | 2.5     | -2.3    | 7.8     | 0.1     | 6.5     | 2.9     | 2.5 – 3.5   |
| Current year GDP (Bt trillion)                              | 8.52   | 9.08    | 9.04    | 10.10   | 10.54   | 11.37   | 11.89   | 12.59       |
| Average inflation rate (%)                                  | 2.24   | 5.47    | -0.81   | 3.28    | 3.81    | 3.02    | 2.18    | 2.0 – 3.0   |
| Policy rate (%)   | 3.25   | 2.75    | 1.25    | 2.0     | 3.25    | 2.75    | 2.25    | 2.0         |
| One-year bank deposit rate, averaged from 4 large banks (%) | 2.31   | 1.75    | 0.70    | 1.49    | 2.74    | 2.43    | 2.21    | 2.2 – 2.5   |
| Averaged MLR from 4 large bank (%)                          | 6.87   | 6.75    | 5.86    | 6.12    | 7.25    | 7.0     | 6.84    | 6.8 – 7.2   |
| Baht exchange rate (Bt against USD)                         | 34.50  | 33.36   | 34.32   | 31.70   | 30.48   | 31.07   | 30.72   | 32.0 – 33.0 |
| International reserves (USD million)                        | 87,600 | 110,900 | 137,800 | 172,130 | 175,120 | 181,640 | 167,230 | 167,125     |

**Sources:**

World Bank, Bloomberg, Office of the National Economics and Social Development Board, Bank of Thailand, research from economists.

An overview of the Thai economy in 2013 according to the economists from the Office of the National Economics and Social Development Board, and the Bank of Thailand (BOT), forecast a growth of 2.9%, lower than estimated in early 2013. Delay in investments is seen in the governmental sector; the private sector trust starts to show signs of worries over controversies and political stability; a slowdown is in every sector including household consumption, investments in both private and governmental sectors, and the export sector. The policy rate in 2013 showed a decline in interest rate to 2.25%. The annual average inflation rate is estimated at 2.18% for 2013. The average Thai Baht value is estimated at Bt30.72 per one US dollar.

For the Thai economy in 2014, the economists from the Office of the National Economics and Social Development Board (NESDB) and from the Bank of Thailand (BOT) have forecasted that the economy will grow at 2.5%-3.5%. They view that the recovery of the export sector and the investments from the governmental sector would be the main factors for Thailand economic expansion. The annual inflation rate for 2014 is estimated to be in the range of 2.0%-3.0%, which is considered to be in the low range and is continuously slowing down, favoring the support of recovery and domestic demand expansion. In early 2014, the policy rate was reduced to 2.0% on 12 March from 2.25% due to political disturbances in the country and it may remain at this level for the rest of the year. This also implies the adjustment of policy rate to correspond to the economy which is in a weaker trend, while the average Thai Baht exchange rate for 2013 tends to be around Bt 32.0-33.0 per one US dollar. The Thai Baht exchange rate may fluctuate in the short term from adjusting down the QE size.

**Supporting factors for the Thai economy in 2014**

1. The global economic trend gearing towards recovery, especially the United States and China economies will help the export sector of Thailand to expand;
2. The fundamental structure of the economy is still strong;
3. The inflation and the policy rate are still at the low range due to the relaxed monetary policy which is favorable to the recovery of the Thai economy; and,
4. The household consumption and investments of the private sector are predicted to expand based on the perceived investments of the governmental sector if politics become stable.

**Risk factors that may impact the Thai economy in 2014**

1. Problem of public debt ceiling of the United States may lead to crisis and once again impact the world economy.
2. There are still limitations on the expansion of household consumption due to the debt situation of the household sector that increased largely, rendering financial institutions to tighten their credit approval measures. These in turn may impact domestic consumption.
3. Investment expansion of the private sector is facing some limitations from the slowdown of investment decision in view of direction on the government sector as well as the slowdown of investment decision in view of direction for support under new investment support strategy from the new government.
4. The export sector still runs the risk of lower expansion rate than estimated due to the decreased competitiveness in price and cost of production.
5. Risks from the controversy and stability of domestic politics are impacting the investment and tourist sector growth which are sensitive to political situation. These risks are essential to economic growth.
6. Political uncertainty with Anti-government rallying around the city of Bangkok.

Group of countries where the Company has investments

**Economic trends in India**

|                                       | 2012      | 2013F     | 2014F       |
|---------------------------------------|-----------|-----------|-------------|
| GDP growth rate (YoY%)                | 5.0       | 4.5-4.6   | 5.0-5.4     |
| GDP (USD million)                     | 1,841,717 | 1,926,435 | 2,018,904   |
| Average inflation rate (%)            | 10.4      | 10.1      | 8.9         |
| Policy rate (%)                       | 8.00      | 7.75      | 8.5         |
| Averaged Rupee FX rate (Rupee to USD) | 53.47     | 58.60     | 62.0 – 63.0 |
| International reserve (USD million)   | 296,620   | 291,301   | 280,231     |

**Sources:**

IMF, World Bank, Bloomberg

According to the economists from IMF, the Indian economy in 2014 is expected to expand in the range of 5.0% – 5.4% from the expansion of household consumption and the expansion of investments in both the governmental and private sectors. The average annual inflation rate for 2014 is forecasted to be at 8.9%, decreased from 2013 as a result of the Central Bank of India adopting a strict monetary policy in order to control inflation and the Rupee exchange rate to be in an appropriate range. This has resulted in the policy rate of 2014 to be adjusted to 8.5 percent. As for the annual average Rupee value for 2014, it will be in the range of Rupee 62.0-63.0 per one US dollar.

The real estate sector of India in 2014 is forecasted to be in recession as a result of the Central Bank of India imposing a strict policy for commercial bank regarding credit line approval, whereas most of the Indian real estate companies are facing delay in housing delivery from construction that cannot meet the schedule.

#### Economic trends in Indonesia

|   | 2012    | 2013F   | 2014F         |
|---|---------|---------|---------------|
| GDP growth rate (YoY%)                  | 6.2     | 5.8     | 5.7–5.8       |
| GDP (USD million)                       | 878,043 | 924,579 | 975,431       |
| Average inflation rate (%)              | 4.3     | 7.0     | 7.5           |
| Policy rate (%)                         | 5.75    | 7.50    | 7.50          |
| Averaged Rupiah FX rate (Rupiah to USD) | 9,388   | 10,440  | 11,000–11,500 |
| International reserve (USD million)     | 112,781 | 96,960  | 93,954        |

#### Sources:

IMF, World Bank, Bloomberg

According to the economists from IMF, the Indonesian economy in 2014 is expected to expand in the range of 5.7% – 5.8% with supporting growth factors being mainly the accelerated investments in the governmental sector. The average annual inflation rate for 2014 is forecasted to be at 7.5%, increased from 2013 from the acceleration of the food and energy sectors. In 2013 the Central Bank of Indonesia adopted a strict monetary policy, revised the interest rates for 5 times from 5.75% to now 7.5% in order to control inflation and the Rupiah exchange rate to be in an appropriate range. It also controlled the outflow of capital funds due to the FED to decrease the size of QE. Regarding the policy rate of 2014 it is expected to remain at 7.5%, but the Central Bank of Indonesia is probably to maintain strict monetary policy, whereas the annual average Rupiah value for 2014 will be in the range of Rupiah 11,000-11,500 per one US dollar.

Regarding the real estate sector of Indonesia in 2014, the Central Bank of Indonesia adopted a strict monetary policy for housing loan by establishing the LTV for second house not to exceed 60%, while first house will sustain higher growth, especially for apartment and condominium housing. The main purchasing power will come from the population aging between 25-30 years who total as many as 100 people.

#### Economic trends in Vietnam

|                                     | 2012    | 2013F   | 2014F           |
|-------------------------------------|---------|---------|-----------------|
| GDP growth rate (YoY%)              | 5.2     | 5.1     | 5.1 – 5.2       |
| GDP (USD million)                   | 141,669 | 149,177 | 157,233         |
| Average inflation rate (%)          | 9.1     | 8.8     | 7.4             |
| Policy rate (%)                     | 9.0     | 9.0     | 9.0             |
| Averaged Dong FX rate (Dong to USD) | 20,873  | 21,030  | 21,000 – 21,500 |
| International reserve (USD million) | 10,831  | 27,831  | 28,749          |

#### Sources :

IMF, World Bank, Bloomberg

According to the economists from IMF, the Vietnamese economy in 2014 is expected to expand in the range of 5.1% - 5.2% with direct investments from abroad being the main supporting factor of the production sector, resulting in very large expansion of the export sector. The average annual inflation rate for 2014 is forecasted to be at 7.4%, continuously declining as a result of the Central Bank of Vietnam setting the priority and controlling the inflation rate to be at a low range. In this regard, the target inflation rate is set lower than 5.0% by 2015. The policy rate of 2014 is expected to be at 9.0%, whereas the annual average Dong value for 2014 will be in the range of Dong 21,000 – 21,500 per one US dollar.

Regarding the real estate sector of Vietnam in 2014, the real estate market is still in the excess supply state, consumer demand has decreased. As for lower level housing price, pricing has continuously been in the downtrend, especially low-rise housing. The Central Bank of Vietnam had issued special loan in order to stimulate the real estate market, but the latter did not much improve. The Central Bank of Vietnam therefore has further amended the law on foreign holding of housing in order to attract foreigners to invest in Vietnam.

## 2. OVERVIEW OF THE HOUSING MARKET SITUATION IN 2013

In 2013 the Thai housing market expanded continuously from 2012 with the main factor stemming from the economic growth, investment expansion from the governmental policy, and household income increase coupled with entrepreneurs in Bangkok having expanded their developments to other provinces. This resulted in further growth of the housing market in provinces, especially in large provinces. As for markets in Bangkok and surrounding areas, despite negative economic factors, the consumer purchasing power and the political crisis in the 4<sup>th</sup> quarter, but a good growth rate is still seen in the overall picture.

The Thai housing market value in 2013 amounted to about Bt 650,297m with Bangkok and its vicinities encompassing the largest percentage of 54.0%, the eastern part of 14.0%, the southern part at 11.0%, the central part at 10.0%, the northeastern part at 8.0%, and the northern part at 3.0% respectively.

**Table 1 : Representing the housing market value of Thailand classified according to the geographical parts in 2013**

|                     | Northern Part <sup>P</sup> | Northeastern Part <sup>P</sup> | Central Part <sup>P</sup> | Eastern Part <sup>P</sup> | Southern Part <sup>P</sup> | Bangkok and vicinities | Total   |
|---------------------|----------------------------|--------------------------------|---------------------------|---------------------------|----------------------------|------------------------|---------|
| Market Value (Bt m) | 22,950                     | 55,667                         | 63,891                    | 88,344                    | 70,909                     | 348,536                | 650,297 |
| Percentage          | 3                          | 8                              | 10                        | 14                        | 11                         | 54                     | 100     |

**Remark :**

**P :** Market value from research by Consumer & Marketing Intelligence Division, Pruksa Real Estate Public Company Limited

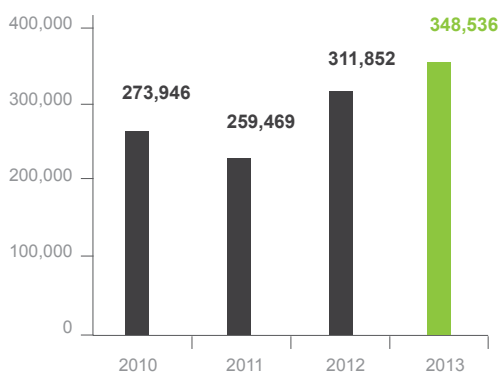
**Sources:** Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

### Housing market situation in Bangkok and its vicinities

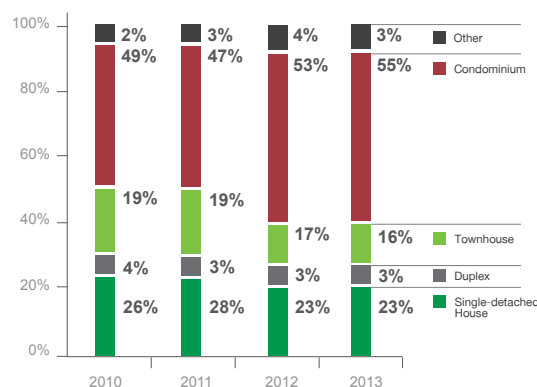
The housing market in Bangkok and vicinities in 2013 have a growth rate of 12.0% from 2012 because Bangkok is the economic center, sources of jobs, and sources for large educational facilities. Therefore, the demand for housing is high, coupled with the development of electric mass transportation system network for Bangkok and its vicinities areas. The opening of electric train in interchange route has contributed to the development of electric rail project which is under construction, and future projects which have already been approved by the Parliament. These lead to the further expansion into sub-urban areas and will result in the increase of housing demand in the areas as well.

The housing market structure of Bangkok and its vicinities areas in 2013 showed that the main housing ratio remained condominium like in 2012 which increased by 55.0%, followed by single houses at 23.0%, townhouses at 16.0%, and duplexes at 3.0% respectively.

**Chart 1: Representing the market value of housing in Bangkok and its vicinities during 2010-2013.**



**Chart 2: Representing the ratio of housing product types for Bangkok and its vicinities from 2010 to 2013**



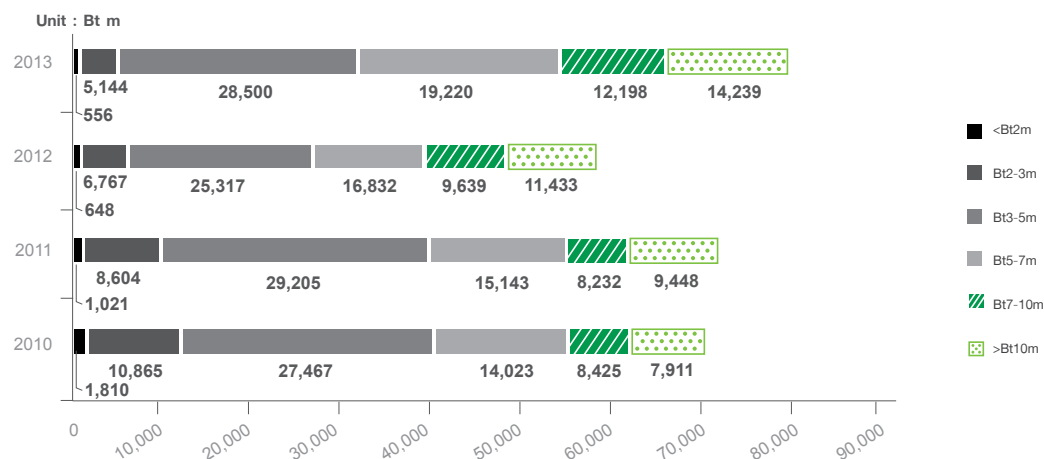
**Sources:**

Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

### The single house market situation in Bangkok and its vicinities

The market value of single houses in Bangkok and its vicinities amounted to Bt79,856m, an increase of 13.0% from 2012. The price range between Bt7-10m represents the highest growth rate at 27.0%, while the price range between Bt3-5m still represents the highest market share at 36.0% of the total single house market value.

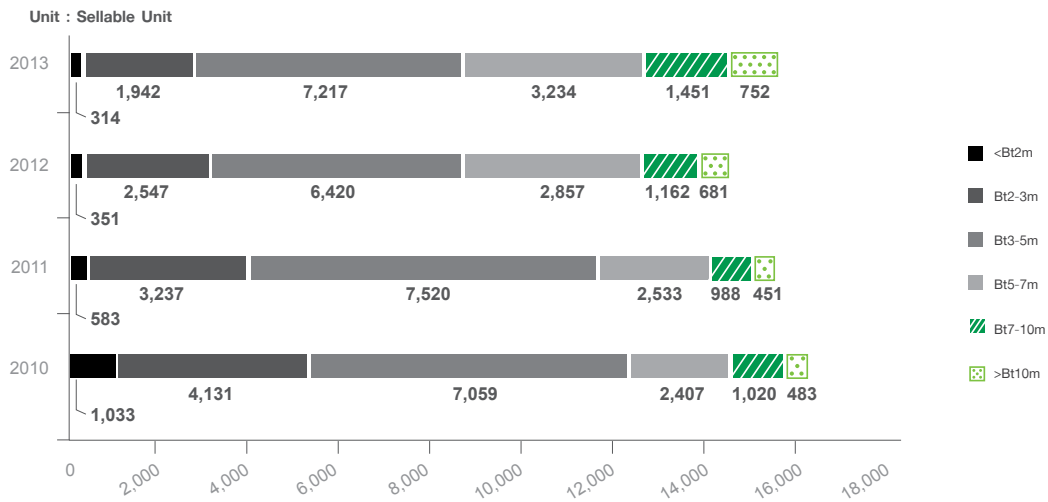
**Charts 3: Representing the market value and the number of sellable units that were sold for single houses in Bangkok and its vicinities from 2010-2013**



**Sources:**

Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited





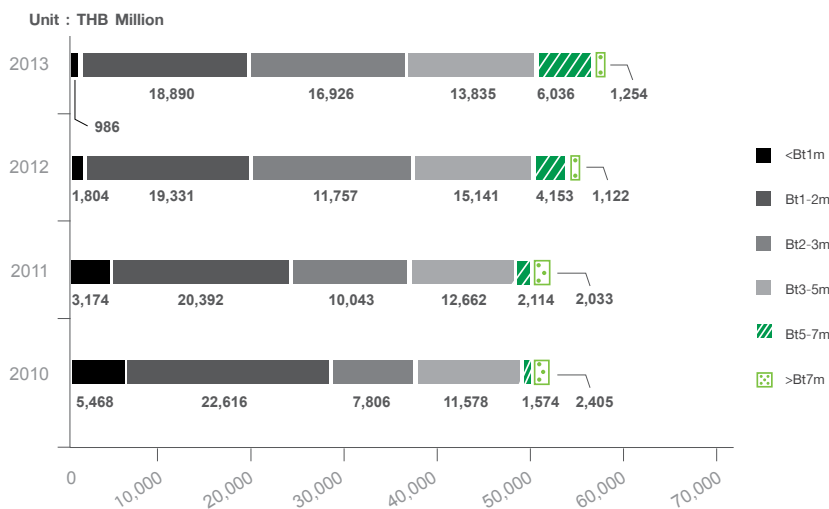
Sources:  
Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

A comparison is made between the number of sellable units that were sold and the average price with those of 2012. It is found that the sellable units that were sold have increased by 6.0%. The average price was Bt5.36m or an increase of 6.0% (in 2012 the average price was Bt5.04m million) due to the price of the new single house project has increased.

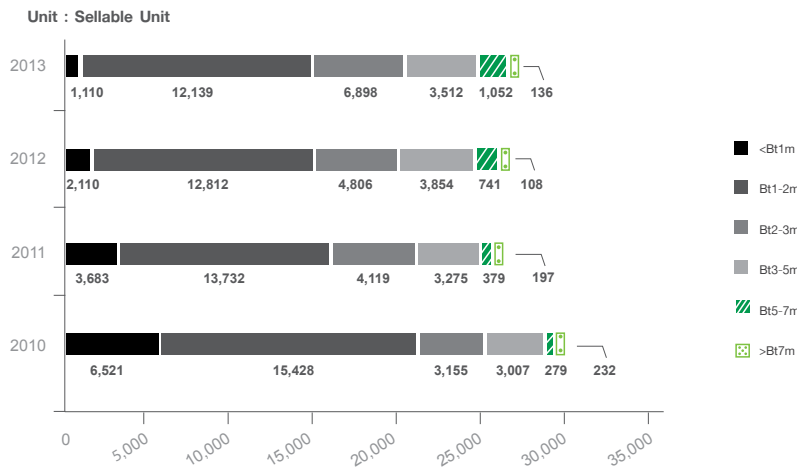
The townhouse market situation in Bangkok and its vicinities

The market value of townhouse in Bangkok and its vicinities in 2013 was approximately Bt57,927m with an increase of 9.0% from 2012. Pruksa Real Estate Public Company Limited, has a higher market share at 28.0% (in 2012 the market share was 27.0%) and still maintains the highest market share as it can keep its original market share base for the price level of Bt1-2m with the highest market share (33.0%), and has higher market share for the price level of Bt2-3m and Bt3-5m.

Charts 4: Representing the market value and the number of sellable units for townhouses in Bangkok and its vicinities between 2010 and 2013



Sources:  
Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited



Sources:  
Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

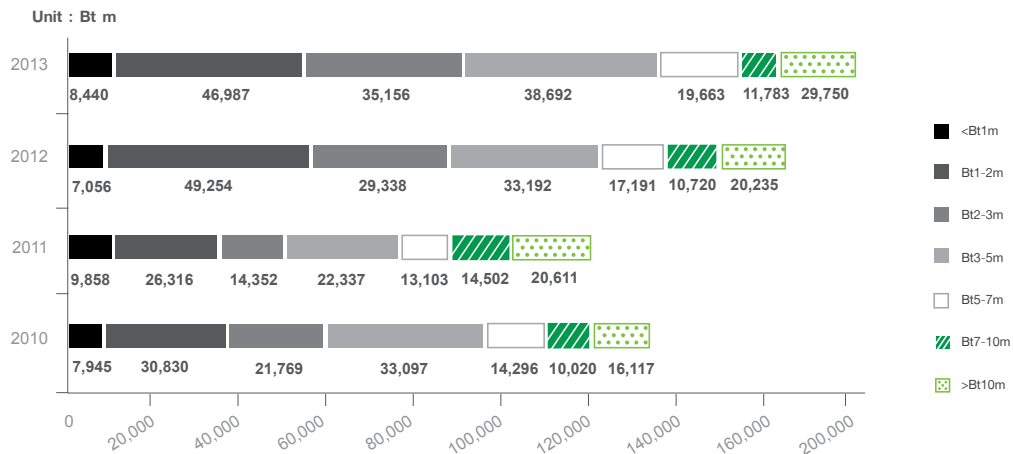
A comparison is made between the number of sellable units that were sold and the average price with those of 2012, it is found that the sellable units that were sold have increased by 2.0%. The average price was Bt2.33m or an increase of 7.0% (in 2012 the average price was Bt2.18m) due to the price of the townhouse project has increased.

The condominium market situation in Bangkok and its vicinities

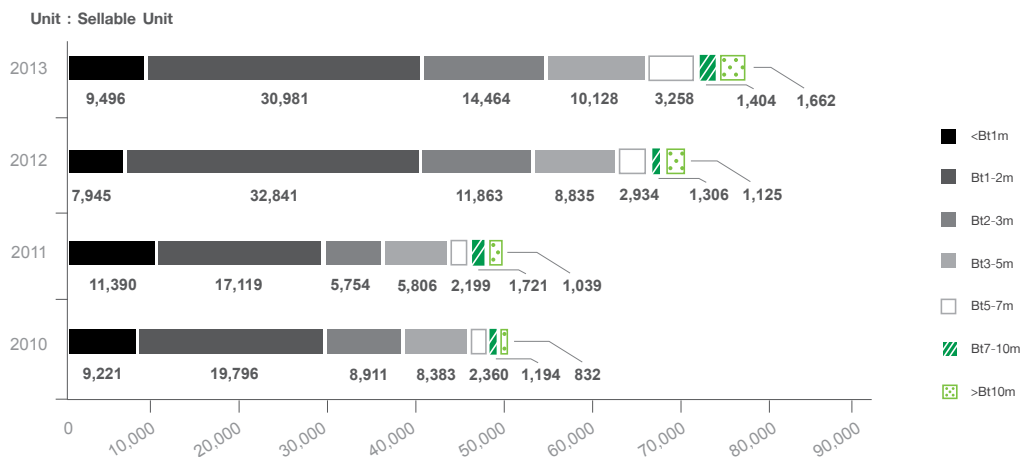
Due to the high housing demand in the suburban areas and the areas adjacent, coupled with the price increase for the low-rise housing and the more convenient travelling to the heart of the city, all these have contributed to the increased market value of the condominium in Bangkok and surrounding areas in 2013 to increased by 14.0% from 2012 at Bt190,471m. Pruksa Real Estate Public Company Limited., has continuously developed condominium projects in sub-urban areas and in heat of the city to supply the market. In turn, this resulted in higher market share to 8.0% (in 2012 the market share was 4.0%) and also encompasses the highest marker share.

The market structure of condominium in 2013 has a price level at Bt1-2m, with the highest market share at 25.0% for houses lower than Bt1m in sub-urban areas; and a price level at Bt2-3m in areas close to the sky train interchange stations which enjoy continuous popularity. As a result, condominium with price range lower than Bt1m and price range at Bt2-3m has an increased market value equally at 20.0%.

Charts 5 : Representing the market value and the number of sellable units for condominium in Bangkok and its vicinities in 2010 - 2013



Sources:  
Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited



**Sources:**

Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

A comparison is made between the number of sellable units that were sold and the average price with those of 2012, it is found that the sellable units that were sold have increased by 7.0%. The average price was Bt2.67m or an increase of 7.0% (in 2012 the average price was Bt2.50m) due to the price of new condominium projects has increased, coupled with the launch of condominium with the price range higher than Bt10m are supplied in higher quantity to the market.

**The housing market situations in provinces.**

In 2013 the housing market in provinces had a lower growth rate due to the entrepreneurs in Bangkok had introduced a large number of condominium to the provincial markets between 2011 and 2012. This resulted in the high growth rate in provinces throughout the past 2 years. There is a high demand in housing need in leading economic provinces of each zone while the demand keeps growing. However, there might be some provinces where demand is declining. On the other hand, low rise housing continues to grow. The market value for provinces is approximately Bt301,761m with a ratio of 46.0% of the total national market value.

**Housing market trend for the year 2014**

Although in 2014 there will be some negative factors that will impact the housing market, such as economic and political factors, consumers' trust, including increased household debts. The said factors only make those who desire to have a dwelling slow down their purchases. As the need for housing remains, the said impact does not affect every group of consumers. Some groups of consumers do not have worry or just have slight worry. If the said problems can be remedied quickly without being dragged along, it is estimated that the housing market in 2014 will grow within a narrow framework, similar to that of 2013, with a market share of approximately Bt650,512m. But if the said problems intensify, it is estimated that the market will turn into recession at -2.0%.

As for provincial housing markets, provinces that have economic development and have city-like status such as Chonburi, Phuket and Condominium and townhouse projects will have higher demand there than in other provinces due to the expansion of job offerings and of families. Provinces that are the center of public administration and that are likely to become the center of transportation such as Khon kaen which has expanded the communication channels, thereby allowing for city expansion and in turn, the expansion of low-rise housing market. Provinces that are the center of economics close to the border, such as Udonthani and Songkhra, tend to develop into the gates to Thailand. It is expected that purchase for both low-rise and high-rise residents for investments will expand. However, Thai people's housing need is still single house and land in some provinces can still be developed into low-rise residential areas. Therefore, single-detached house is still the most popular.

The housing markets in Bangkok and surrounding areas in 2014 are expected to have a market value of about Bt348,000m, close to that of 2013. Low-rise residents will have higher average price, subject to land and construction cost increase. Condominium still has the largest market share at 55.0%.

**Table 2: Representing the housing market value of Thailand classified according to the geographical parts in 2014**

|                     | Northern Part | Northeastern Part | Central Part | Eastern Part | Southern Part | Bangkok and Surrounding Areas | Total   |
|---------------------|---------------|-------------------|--------------|--------------|---------------|-------------------------------|---------|
| Market Value (Bt m) | 23,964        | 55,752            | 63,252       | 89,353       | 70,200        | 348,000                       | 650,521 |
| Percentage          | 4             | 8                 | 10           | 14           | 11            | 53                            | 100     |

**Sources:**

Consumer & Market Intelligence Division, Corporate Marketing, Pruksa Real Estate Public Company Limited

It is forecasted that housing markets in leading economic provinces will still have good growth rate under good economic growth due to the growth in export, retail and wholesale business sectors, and tourism in 2014.

## RISK FACTORS

### I. LOCAL RISK FACTORS

#### I.1 RISKS RESULTING FROM CHANGES OF LOAN APPROVAL POLICY OF COMMERCIAL BANKS

Summary: Table from the Bank of Thailand news release no. 55/2553 and no. 51/2554 imposed on commercial banks:

| Existing regulations              | Risk weighted assets required for commercial banks |
|-----------------------------------|--|
| <b>For loan amount &gt; Bt10m</b> |  |
| Loan < 80% of house price         | At least 35%                                       |
| Loan > 80% of house price         | At least 75%                                       |

| New regulations<br>(additional to existing regulations) | Risk weighted assets required<br>for commercial banks | Effective for contract dated<br>on/onwards |
|---|---|--|
| <b>For loan amount &gt; Bt10m</b>                       |   |  |
| Condominium loan < 90% of house price                   | At least 35%  | 1 January 2011                             |
| Condominium loan > 90% of house price                   | At least 75%  | 1 January 2011                             |
| Low-rise house < 95% of house price                     | At least 35%  | 1 January 2013                             |
| Low-rise house > 95% of house price                     | At least 75%  | 1 January 2013                             |

| 1st Housing<br>scheme      | Loan Submission<br>Period        | Date of house<br>transfer       | Interest benefit                | Tax benefit                |
|----------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------|
|                            |                                  |                                 |                                 | ( 5 years )                |
| Not more than<br>Bt100,000 | within 29 March 2013<br>(update) | within 28 June 2013<br>(update) | GHB 0% for the first 3<br>years | Not more than<br>Bt100,000 |

For low-rise house, the Company requires buyers to make at least 5% down payment. For condominium already sold, the Company requires buyers to make at least 10% down payment, whereas those sold since the last two years are subject to a down payment of 12%–15%.

Among all the housing projects of the Company, there are only 4 projects that offer housing units with prices higher than Bt10m, which are “Ivy Chinatown Townhouses”, “Urbano Sathorn”, “The Plant Pattanakarn” and “The Reserve Condominium”. The Average selling price per unit transferred is about Bt2.26m in 2013.

As more than 90% of the Company customers apply mortgage loan financing to buy house and land, commercial banks or the Government Housing Bank therefore do not set out any policy on loan expansion nor want to control loan measures. This will impact customers as more sources of funds could not be found to support housing loans, and thus will limit customers’ purchasing power, which in turn will impact the Company’s revenues directly.

In this regard, the Company has required its sales staff to fill out a form initially on important information of home buyers when they show the intention to book for a house and apply for mortgage, through submission to the bank. The bank will return a pre-approved form within 7 working days stating whether a loan can be granted or not, in order to mitigate risks for both the buyers and the Company. In addition, the Company provides housing units with a rather large number of medium to low price ranges for selection. Customers thus can opt for a lower price house in accordance with the stricter regulations or policy.



Furthermore, the Company has set up a working team to regularly monitor the economic situations and the formulation of various bank policies that may impact the performance of the Company. The Company's strategy will be adjusted in accordance with the changes and situations including discussions with commercial banks and the Government Housing Bank (GHB) in facilitating the customers' application for loan, and setting up measures to help customers obtain a loan quickly.

According to the Company's long-term plan, the Company intends to support customers to get the highest home loans approval in accordance with each customer's ability to repay. As a result, the Company has discussed and worked in partnership with many commercial banks in order to increase the efficiency of the working process such as loan application process, credit support team, including information technology system.

## 1.2 RISKS FROM CONSTRUCTION COSTS AND CONSTRUCTION MATERIALS SHORTAGE

Most of the Company's sales are made prior to the construction. The Company has set the selling price on a cost-plus basis. Thus, if there are any changes in the construction material prices or change in wages after the Company has set up the selling price and those customers have already booked for the housing units, the Company's costs will increase, and thereby lowering the initial profit margin.

Construction materials are considered major costs of construction. The price of construction materials and oil price have been increasing from higher demand in the real estate sector and various large infrastructure projects that have impacted the costs of construction and transportation, and finally have driven the Company to higher costs. The Company may not be able to adjust the selling price spontaneously, or in case the Company can adjust the price up in accordance with the said higher costs, this may impact the sales volume, and as such will impact the financial position and the performance of the Company.

Furthermore, the fact that there are more construction projects may cause construction material shortage vis-a-vis of the demand. If such shortage occurs and the Company may have to pay higher price or wait for the materials to the point that it cannot proceed to complete the housing construction within the required timeframe, it will as well impact the business, financial position, and the performance of the Company.

But the fact that the Company has acquired a quick construction process, it can construct townhouses and low-rise houses within 45 and 70 days respectively, and can thereby reduce the risk to a certain degree. The Company can therefore set the cost for construction materials that will be used in the next few months. The setting of selling prices is adjusted according to the said costs. In addition, the Company has policy to sell house during construction in order to reduce risk of built to order house's costs that might fluctuate for built to order house. With regards to the condominium units, the Company is still at risk because of the longer construction period. However, in order to mitigate risk, since 2006 the Company has been using the selection strategy for main suppliers of construction materials by bidding practice among groups of all suppliers of construction materials. This measure allows the Company to maintain consistent costs throughout the year.

In order to prevent a lack of construction materials, especially the main ones, the Company has adopted a policy on building business partnerships aiming at setting the selection process, assessment and clear operating guidelines. Furthermore, the Company has been organizing monthly meeting on changes of major construction materials, while considering the impact on selling costs in order to consider price adjustment or other materials for substitution.

## 1.3 RISK FROM SHORTAGE OF WORKFORCE

The problem of construction worker shortage will remain a big problem for the real estate sector for at least another couple of years. Currently, there are a number of construction projects, including several large infrastructure projects. These may lead to the shortage of contractors and skilled workers in some specialized areas. If the Company cannot find specialized contractors to undertake the Company's projects, constructions of the Company may be delayed, and thus the transfer of housing units to the buyers cannot be made within the scheduled time.

Based on the construction method for low-rise houses designed for assembly at construction sites, precast concrete panel is used as the main construction structure. Also, the Company manages the main construction by itself for its various projects, by having its own engineers and foremen to supervise and oversee the construction work. Therefore, the Company only hires specialized contractors or labor contractors to undertake each part

of the construction work, such as laying foundation, installing building parts, tiling, roofing, and painting, which are supervised and overseen by the engineers who are in turn controlled by the Company's staff. Regarding condominium units, since 2009 the Company has been hiring for a turn-key construction of high-rise buildings or condominium for the first time including build affiliate contractors who has outstanding performance and high quality in order to mitigate risk in the expansion of production capacity or construction to support the Company's leap expansion in the future.

In order to reduce dependency on labor, working hours, and to use the existing limited labor for the utmost benefits, the Company has introduced a construction technology called Real Estate Manufacturing (REM). This is to supervise the construction of low-rise house in a sequential process during construction so as to attain quality house. REM represents a system that uses the work force effectively by having the contractors work only on their areas of expertise, such as tiling by tiling workers only, or painting by painters only. Thus, the production process is similar to car manufacturing. It is expected to reduce the construction period to 21 days only from the average construction period of 45 days.

In addition, new innovation such as technology, new construction management or prefabricated materials (prefabricated bathroom) has been developed. This has helped the Company not only reduce dependency on labor and construction duration but also enhance the quality of construction work.

#### **I.4 RISK FROM SHORTAGE OF KNOWLEDGEABLE AND EXPERIENCED STAFF TO PERFORM THE WORK.**

The housing construction process of the Company is the construction that uses Cast-Institu Load Structure with tunnel-like technology or Tunnel Technology and RC Load Bearing Wall Fabrication Technology. These are new construction systems, therefore the Company must rely on experienced, knowledgeable, capable, and skillful staff, especially engineers and foremen. Transfer of such engineers or foremen may negatively impact the continuity of the business, which in turn will negatively and substantially impact the financial position and performance of the Company.

The Company has therefore set up a training policy to enhance know-how and competency of the staff in a consistent manner. Training programs are in place to strengthen capabilities according to the positions of the employees. The training programs are developed such that the employees can immediately apply to their jobs, i.e., trainings in the area of Construction in Practice where Prukha School has signed a Memorandum of Understanding with the Faculty of Engineering, King Mongkut's University of Technology Thonburi, in a joint-development program for developing employees in the positions of Foreman, Site Engineer, Project Engineer, and Project Manager. Trainings are also provided in the areas of Functional in Practice for employees in different positions. Also, a training program on Technical Learning is organized, such as Skilled Worker Carrier, brick foundation dinging and rendering, water-proof tiling, and painting. These will enhance the readiness for contractors at sites, including staff in the precast factory. In addition, the Company has coordinated with some educational institutions in order to accept students for internship and provide knowledge in construction work supervising and overseeing in the new aspect to cope with future expansion of the Company.

The Company has also established fair hiring rules and fringe benefits. Labor relationship activities have been organized so as to create a continuous hiring for those knowledgeable, skilled and experienced to remain with the Company.

#### **I.5 RISK FROM THE ACQUISITION OF LAND FOR DEVELOPMENT.**

The Company has no policy in stocking Land bank for various projects in the future. This is in view that the Company purchasing land without any obvious construction planning will cause a financial burden that may lead to problems of liquidity for the Company. In the past, the Company would buy land only when it wants to develop such land within four months. When the Company wants to buy land in the area desired, the Company may have to buy land at higher prices than it has envisaged, or may not be able to buy as many plots of land as desired, or may not be able to buy any plots of land at all. In such case, this will impact the Company for higher cost of construction because the fixed cost of precast wall from manufacturing factory will become

higher if construction amount is less than forecasted, or may not be able to start any projects at all. This will also impact the performance based on the business plan, the financial position and the performance of the Company.

Regarding land procurement in the past, the Company purchased land from several agents at the appropriate market prices. Thereafter, the Company would start developing the land at a lower cost of production than many other developers. Therefore, the land bought at the market price would reflect in the selling price of housing units of the Company, which would be lower than the general market price. Thus, the Company has more opportunities for selling than other developers. As the Company has more opportunities to buy plots of land than other developers, coupled with its greater purchasing power than medium to small developers, and the on-time payment of land purchased, the land agencies are thus more willing to offer the land to the Company. Currently, there are over 800 agencies offering land plots. The Company has worked in partnership with many agents and has continued making direct purchase from land owners. Moreover, the management of land information has been developed efficiently so that related units can access to the information and choose land which is most consistent with the development plan of each business unit.

In addition, the Company set a framework for considering a purchase of land which is in line with each business unit's capabilities in each period. In order to achieve the future income target, the plan of advance land purchase is frequently reviewed and analyzed so that suitable land can be obtained in each period.

Also, the Company has increased the development for a variety of housing models and prices, allowing it to have more flexibility in considering land purchase to suit each diversified project.

#### 1.6 RISK FROM UNDERTAKING BUSINESS UNDER STRINGENT LAWS AND REGULATIONS

The business of the Company pertains to housing construction and is therefore under stringent laws and regulations such as obtaining land appropriation permission, land trading permission and construction permission from the relevant government authorities.

In case of sizeable projects, the Company must submit the Environmental Impact Assessment (EIA) report to the Office of Natural Resources and Environment Plans and Policy. If the concerned governmental authorities do not issue the relevant permits in timely manner or disapprove, it may result in implementation delays, or the Company may not be able to undertake the projects, which will significantly affect the Company's business, financial position, and performance.

Therefore, any enactment or amendments of laws, regulations or policies, will impact the Company. For example, the governmental requirement for implementing the law governing escrow account is being reviewed by the Juridical Council Office, for enactment. The said law will require real estate developers not to use down payments or installment payments they receive from buyers as capital funds, but must maintain such payments in a separate escrow account. This will require the developers to have sufficient working capital or have sufficient funding sources to complete construction. If the Company cannot find sufficient funding sources to be used for working capital, or the loans bear high interest rates, this may be substantially impact the Company's financial position and performance.

In this regards, the Company has set up a working team to study related laws and amendments. The working team meets regularly for updates and to improve the working process, especially on the Escrow Account law which has limited impact on the Company. This is because for products like townhouses and low-rise houses, the Company requires down payments within a short period of only 3-4 months for low-rise houses and in rather low ratio. The Company relies largely on its own funding with a debt ratio lower than other developers in the same industry. For condominium projects, down payment terms are much longer. The Company follows the policy of self-funding management and seeks other funding sources at lower costs than borrowing from financial institutions.

In addition, the impact from the 2011 severe inundation may lead to major changes in laws and regulations of the industry, such as Bangkok's city plan, which has been changed in 2013, has impacted to land price and selection project to be developed in Townhouse, Single Detached House and Condominium for target group.

## 2. RISKS FROM BUSINESS UNDERTAKINGS ABROAD

In 2013, the Company has continued developing overseas projects in three countries: 1) Bangalore of the Republic of India 2) Hulhumale of the Republic of Maldives and 3) Haiphong of the Socialist Republic of Vietnam.

However, the joint-venture business in Mumbai and Chennai of the Republic of India has not made any progress in housing development projects because proper land has not been supplied by local partners yet.

Substantial risks in undertaking Business abroad are classified as follows:

### 2.1 RISKS CAUSED BY ECONOMIC SITUATION AND MARKET SITUATION IN EACH COUNTRY

The Company has been monitoring economic indicators, data on property development business, and market competition in each country in order that marketing strategies can be employed to satisfy consumers' needs as well as compete with other local developers.

In the event that the Company considers increasing investment in each city, economic situation and market situation will be closely monitored. Therefore, the use of resources will be efficient and effective, and subject to circumstances at that time.

### 2.2 RISK FROM LAND ALLOCATION IN PRIME AREAS AT PRODUCTS REASONABLE PRICES

The Company realizes the weakness of lacking understanding and experience in negotiating for the purchase of land. As a result, the Company has urgently built a network with local real estate agents, real estate consulting companies, and financial institutions for providing advice and coordinating with interested land sellers, and acquiring desired size of land plots required by the Company. At the present, land acquisition is not much issue.

### 2.3 RISKS CAUSED BY A SHORTAGE OF CONSTRUCTION CRAFTSMEN AND WORKERS

The Company's construction policy is to use Precast Concrete Wall construction method which helps speed up construction work with good quality. Nowadays, local construction workers in India are getting used to the mentioned method, so risks involved with the construction are likely to decrease. However, the Company has not only continued closely controlling the quality of construction work but only increased training for both new staff and construction workers. This will help support the opening of new project in Bangalore.

### 2.4 RISKS CAUSED BY APPLICABLE BUSINESS LAWS AND REGULATIONS, APPLICATION FOR LICENSES

The Company's policy is to strictly operate its business in compliance with each country's business laws and regulations. For joint ventures, the Company has required its partners to coordinate with government agencies and to provide support regarding a request for various permits related to project development. This starts on land acquisition, other investments, a request for a construction permit, and a transfer of registered units to customers. All support is required, especially during the beginning of project development, to help manage project time efficiently.

### 2.5 RISKS CAUSED BY THE FLUCTUATION OF FOREIGN EXCHANGE RATE

As of 31 December 2013, Pruksa International Company Limited and Pruksa Overseas Company Limited have totally authorized share capital of Bt1,600m, which partly was invested in the affiliating companies in foreign countries with the payment of Bt938.9m or 1.67% of total assets from the consolidated financial statement of Pruksa Real Estate Public Company Limited. Also the Company has received the revenue from overseas residential transferring equivalent to Bt496.7m or 1.28% of total transferring.

Hedging policy for the Risk from fluctuation of the Foreign Exchange Rate that the Company has continued has been controlled and managed by the Committee of Foreign Investment and the Committee of Compliance every month. Moreover, the Company set up foreign exchange policy which indicated approval financial instrument to mitigate its foreign currency exposure through a natural hedging approach by accommodating Foreign Forward Contracts, Options and Swaps, for example.

For overseas project development, including an expansion, the Company's policy is to increase a proportion of local funds in each country and local currency loans. In the event of further investment in the same city or investment in a new country, the Company will closely monitor currency and economic trends of each country, so investment can be managed in the right timing and a risk of loss due to currency fluctuations will be reduced.

## OTHER RISK FACTORS

### 3.1 RISK FROM THE COMPANY'S PERFORMANCE BEING UNDER THE CONTROL OF MAJOR SHAREHOLDERS

As at 30 December 2013, the largest group of shareholders is Mr. Thongma Vjittpongpun's Group, who hold 1,543,086,100 shares, or 69.42% of the total paid-up capital of the Company. Therefore, the Group is able to control shareholders' resolutions in relation to major matters, which are required by the laws or Articles of Association of the Company to be passed by a majority vote of shareholders with voting rights being present at the meetings. Moreover, Mr. Thongma Vjittpongpun, a major shareholder of the Company by holding 1,208,257,500 shares or 54.36% of the paid up capital of the Company, will remain the Chairman of the Executive Committee, Chief Executive Officer and Authorized Director of the Company. Therefore, other shareholders may not be able to obtain sufficient votes to counter check or provide equilibrium among major shareholders.

### 3.2 RISKS FROM IMPACT ON SHARE PRICE AND CONTROLLING POWER IN EXERCISING THE RIGHTS AS PER WARRANTS OF THE COMPANY CAPITAL INCREASE

The Company had issued warrants to buy ordinary shares of the Company to Directors and Executives and/or subsidiaries for 3 types that were PS-WC, PS-WD and PS-WE (please see more detail of warrant in topic "Capital Structure"). However the Company still has risks from impact on share price and controlling power in exercising the rights as per warrants of the Company capital increase.



## GENERAL INFORMATION

### CORPORATE INFORMATION

|  |  |
|--|--|
| <b>Name</b>  | Pruksa Real Estate Public Company Limited  |
| <b>Current Type of Business</b>                              | Real estate developer for residential purposes, including townhouses, single-detached houses, and condominiums |
| <b>Head Office</b>   | 27 <sup>th</sup> Floor, SM Tower, 979/83, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400               |
| <b>PS Precast Factory</b>                                    | 54/1 Moo 4, Lamlookka Road, Tambon Ladsawai, Amphur Lamlookka, Pathumthani                                     |
| <b>Registration No.</b>                                      | Bor. Mor. Jor. 0107548000307   |
| <b>Home Page</b>   | <a href="http://www.pruksa.com">www.pruksa.com</a>   |
| <b>Telephone</b>   | 0-2298-0101  |
| <b>Facsimile</b>   | 0-2298-0102  |
| <b>Ordinary Shares and Registered Capital (shares, baht)</b> | 2,265,812,000  |
| <b>Ordinary Shares and Paid-up Capital (shares, baht)</b>    | 2,222,832,600  |
| <b>Purpose</b>   | Investment in Property Development   |

## THE COMPANY AND SUBSIDIARIES' INFORMATION

|    | Name   | Address  | Business Type  | Registration No.                | Contact  |
|----|--|--|--|---------------------------------|--|
| 1. | <b>Pruksa Real Estate Public Company Limited</b>             | <b>Head Office Address</b><br>27 <sup>th</sup> Floor, SM Tower, 979/83,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Real estate developer for residential purposes, including townhouses, single-detached houses, and condominiums | Bor. Mor. Jor.<br>0107548000307 | Telephone<br>0-2298-0101<br>Fax<br>0-2298-0102<br>www.pruksa.com |
| 2. | <b>PS Precast Factory</b>                                    | <b>Head Factory Address</b><br>54/1 Moo 4, Lamlookka Road,<br>Tambon Ladsawai, Amphur<br>Lamlookka, Pathumthani                      | Precast concrete factory and Precast fence and pillar factory  | -                               | Telephone<br>0-2532-8124-32<br>Fax<br>0-2532-8123                |
| 3. | <b>Kaysorn Construction Co., Ltd.</b><br><i>(Subsidiary)</i> | <b>Head Office Address</b><br>29 <sup>th</sup> Floor, SM Tower, 979/95,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Contractor for housing decoration  | -                               | Telephone<br>0-2298-0101<br>Extension 172                        |
| 4. | <b>Putthachart Estate Co., Ltd.</b><br><i>(Subsidiary)</i>   | <b>Head Office Address</b><br>30 <sup>th</sup> Floor, SM Tower, 979/99,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Real estate developer  | -                               | Telephone<br>0-2298-0820   |
| 5. | <b>Phanalee Estate Co., Ltd.</b><br><i>(Subsidiary)</i>      | <b>Head Office Address</b><br>30 <sup>th</sup> Floor, SM Tower, 979/97,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Real estate developer  | -                               | Telephone<br>0-2298-0010   |
| 6. | <b>Pruksa Overseas Co., Ltd.</b><br><i>(Subsidiary)</i>      | <b>Head Office Address</b><br>30 <sup>th</sup> Floor, SM Tower, 979/99,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Real estate developer in other countries   | -                               | Telephone<br>0-2298-0101<br>Fax<br>0-2298-1000                   |
| 7. | <b>Pruksa International Co., Ltd.</b><br><i>(Subsidiary)</i> | <b>Head Office Address</b><br>30 <sup>th</sup> Floor, SM Tower, 979/98,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400 | Real estate developer in other countries   | -                               | Telephone<br>0-2298-0101<br>Fax<br>0-2298-1000                   |

|     | <b>Name</b>  | <b>Address</b>   | <b>Business Type</b>                   | <b>Registration No.</b> | <b>Contact</b>              |
|-----|--|--|--|-------------------------|-----------------------------|
| 8.  | <b>Pruksa Overseas Services Co., Ltd.</b><br><i>(Subsidiary)</i>   | <b>Head Office Address</b><br>27 <sup>th</sup> Floor, SM Tower, 979/84,<br>Phaholyothin Road, Samsennai,<br>Phayathai, Bangkok 10400   | Regional Operating supports & services | -                       | Telephone<br>0-2298-0101    |
| 9.  | <b>Pruksa India Housing Private Limited</b><br><i>(Subsidiary)</i>   | <b>Head Office Address</b><br>Ferns Icon, Unit No. 28,<br>1 <sup>st</sup> Floor, Daddanekundi<br>Village, Next to Akme Ballet,<br>Marathahalli Outer Ring Road,<br>Bangalore-560 037 Karnataka,<br>India | Real estate developer in India         | -                       | Telephone<br>+91 9632707654 |
| 10. | <b>Pruksa India Construction Private Limited</b><br><i>(Subsidiary)</i>  | <b>Head Office Address</b><br>Ferns Icon, Unit No. 28,<br>1 <sup>st</sup> Floor, Daddanekundi<br>Village, Next to Akme Ballet,<br>Marathahalli Outer Ring Road,<br>Bangalore-560 037 Karnataka,<br>India | Construction contractor in India       | -                       | Telephone<br>+91 9632707654 |
| 11. | <b>Pruksa-Mohan Mutha Real Estate Private Limited</b><br><i>(Joint Venture Company)</i>                            | <b>Head Office Address</b><br>Brooklyn Business Centre,<br>6 <sup>th</sup> Floor West Wing, 103-<br>105, Poonamallee High Road,<br>Chennai-600085 Tamil Nadu,<br>India                                   | Real estate developer in India         | -                       | -                           |
| 12. | <b>Pruksa-Luxora Housing Private Limited</b><br><i>(Joint Venture Company)</i>                                     | <b>Head Office Address</b><br>Soham House, Hari Om Nagar,<br>Off. Eastern Express Highway,<br>Mulund (East), Mumbai –<br>400081 Maharashtra, India   | Real estate developer in India         | -                       | -                           |
| 13. | <b>Pruksa Vietnam Company Limited</b><br><i>(Joint Venture Company)</i><br><i>(Incorporated on 2 January 2013)</i> | <b>Head Office Address</b><br>Unit A, 8 <sup>th</sup> Floor, No. 116<br>Nguyen Duc Canh, Cat Dai<br>Ward, Le Chan District, Hai<br>Phong, Vietnam  | Real estate developer in Vietnam       | -                       | -                           |

|     | Name   | Address   | Business Type                                    | Registration No. | Contact |
|-----|--|---|--|------------------|---------|
| 14. | <b>Pruksa Vietnam Construction Co., Ltd</b><br><i>(Subsidiary)</i>             | <b>Head Office Address</b><br>Unit B, 8 <sup>th</sup> Floor, No. 116<br>Nguyen Duc Canh, Cat Dai<br>Ward, Le Chan District, Hai<br>Phong, Vietnam | Construction contractor<br>in Vietnam            | -                | -       |
| 15. | <b>Pruksa-HDC Housing Private Limited</b><br><i>(Joint Venture Company)</i>    | <b>Head Office Address</b><br>Second Floor, HDC Building,<br>Hulhumale, Republic of<br>Maldives   | Real estate developer in<br>Maldives             | -                | -       |
| 16. | <b>Kaysorn Construction Limited, Maldives Branch</b><br><i>(Subsidiary)</i>    | <b>Head Office Address</b><br>Second Floor, HDC Building,<br>Hulhumale, Republic of<br>Maldives   | Contractor for housing<br>decoration in Maldives | -                | -       |
| 17. | <b>Thanatthep Engineering and Construction Co., Ltd</b><br><i>(Subsidiary)</i> | <b>Head Office Address</b><br>37/1, 3 <sup>rd</sup> Floor, Limcharoen<br>Building 2, Vibhavadi Road,<br>Phayathai, Bangkok 10400                  | Construction contractor                          | -                | -       |

## SECURITY REGISTRAR

**Name**

THAILAND SECURITIES  
DEPOSITORY CO.,LTD.

**Head Office**

62 The Stock Exchange of Thailand, Ratchadapisek Road, Klong Toey,  
Bangkok 10110

**Telephone** 0-2229-2800

## DEBENTURE NO. I / 2009 REGISTRAR

**Name**

KASIKORNBANK PUBLIC  
COMPANY LIMITED

**Head Office**

1 Soi Kasikornthai, Rajburana Road, Rajburana, Bangkok

**Telephone** 0-2222-0000, 0-2888-8888

## DEBENTURE NO. I / 2010 REGISTRAR

**Name**

CIMB THAI BANK PUBLIC  
COMPANY LIMITED

**Head Office**

44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330

**Telephone** 0-2626-7000

## AUDITOR

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|                           |  |
|---------------------------|--|
| Miss Vipavan Pattavanvive | Certified Public Accountant Registration No. 4795 and/or |
|---------------------------|--|

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|                            |  |
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| Miss Somboon Supasiripinyo | Certified Public Accountant Registration No. 3731 and/or |
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|                       |  |
|-----------------------|--|
| Mr. Supot Singhasaneh | Certified Public Accountant Registration No. 2826 and/or |
|-----------------------|--|

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|                                 |  |
|---------------------------------|--|
| Miss Wanaporn Jongpeeradechanon | Certified Public Accountant Registration No. 4098 and/or |
|---------------------------------|--|

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|                           |   |
|---------------------------|---|
| Mr. Charoen Phosamritlert | Certified Public Accountant Registration No. 4068 |
|---------------------------|---|

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**KPMG POOMCHAI AUDIT LTD.****Head Office**195 Empire Tower, 22<sup>nd</sup> Floor, South Sathon Road, Yannawa, Sathon,  
Bangkok 10120**Telephone** 0-2677-2000

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**LEGAL ADVISOR****BAKER&MCKENZIE LTD.****Head Office**

25 Fl., Abdulrahim Place, 990 Rama 4 Road, Bangkok 10500

**Telephone** 0-2636-2000

Investors may obtain further information on the Company's annual registration statement (56-1 Form) at [www.sec.co.th](http://www.sec.co.th) or the Company website <http://ps-th.listedcompany.com>



## CAPITAL STRUCTURE

### I. COMPANY'S SECURITIES:

#### I.1 COMMON SHARES

As on 4 December 2013, Pruksa Real Estate Public Company Limited had registered capital of Bt2,265,812,000 (2,265,812,000 ordinary shares with one baht par value) with issued and paid-up share capital of Bt2,222,832,600 (2,222,832,600 ordinary shares with one baht par value).

After the ordinary shares started trading in Securities Exchange of Thailand (SET), there have been chronological changes as follows:

| Date      | Capital Registered (Bt) | Warrants exercised (Unit)                          | Shares Purchased from warrants exercised (Bt Share) | Registration at Ministry of Commerce | Paid-Up Capital (Bt) |
|-----------|-------------------------|--|---|--------------------------------------|----------------------|
| 30 Jun 06 | 2,232,500,000           | 6,992,400  | 6,992,400   | 5 Jul 06                             | 2,166,745,800        |
| 31 Jan 07 | 2,232,500,000           | 7,104,600  | 7,104,600   | Feb 07                               | 2,173,850,400        |
| 20 Apr 07 | 2,224,753,400           | Decrease Registered Capital                        | -   | 20 Apr 07                            | 2,173,850,400        |
| 23 Jun 07 | 2,255,753,400           | Increase Registered Capital to serve ESOP          | -   | 23 Jun 07                            | 2,173,850,400        |
| 31 Jul 07 | 2,255,753,400           | 6,327,800  | 6,327,800   | 9 Aug 07                             | 2,180,178,200        |
| 31 Jan 08 | 2,255,753,400           | 5,774,500  | 5,774,500   | 6 Feb 08                             | 2,185,952,700        |
| 31 Jul 08 | 2,255,753,400           | 5,441,500  | 5,441,500   | 8 Aug 08                             | 2,191,394,200        |
| 30 Jan 09 | 2,255,753,400           | 5,169,900  | 5,169,900   | 5 Feb 09                             | 2,196,564,100        |
| 23 Apr 09 | 2,224,753,400           | Decrease Registered Capital by cutting unused ESOP | -   | 23 Apr 09                            | 2,196,564,100        |
| 31 Jul 09 | 2,224,753,400           | 5,086,500  | 5,086,500   | 7 Aug 09                             | 2,201,650,600        |
| 30 Nov 09 | 2,224,753,400           | 5,161,400  | 5,161,400   | 4 Dec 09                             | 2,206,812,000        |
| 3 May 10  | 2,206,812,000           | Decrease Registered Capital by cutting unused ESOP | -   | 3 May 10                             | 2,206,812,000        |

| <b>Date</b> | <b>Capital Registered (Bt)</b> | <b>Warrants exercised (Unit)</b>          | <b>Shares Purchased from warrants exercised (Bt Share)</b> | <b>Registration at Ministry of Commerce</b> | <b>Paid-Up Capital (Bt)</b> |
|-------------|--------------------------------|---|--|---|-----------------------------|
| 6 May 10    | 2,228,812,000                  | Increase Registered Capital to serve ESOP | -  | 6 May 10                                    | 2,206,812,000               |
| 28 Feb 11   | 2,228,812,000                  | 667,700                                   | 667,700  | 7 Mar 11                                    | 2,207,479,700               |
| 3 May 11    | 2,250,812,000                  | Increase Registered Capital to serve ESOP | -  | 3 May 11                                    | 2,207,479,700               |
| 31 May 11   | 2,250,812,000                  | 947,900                                   | 947,900  | 6 Jun 11                                    | 2,208,427,600               |
| 31 Aug 11   | 2,250,812,000                  | 979,600                                   | 979,600  | 8 Sep 11                                    | 2,209,407,200               |
| 31 Aug 12   | 2,250,812,000                  | 1,275,500                                 | 1,275,500  | 11 Sep 12                                   | 2,210,682,700               |
| 31 Aug 12   | 2,250,812,000                  | 509,200                                   | 509,200  | 11 Sep 12                                   | 2,211,191,900               |
| 30 Nov 12   | 2,250,812,000                  | 1,475,000                                 | 1,475,000  | 13 Dec 12                                   | 2,212,666,900               |
| 30 Nov 12   | 2,250,812,000                  | 555,100                                   | 555,100  | 13 Dec 12                                   | 2,213,222,000               |
| 28 Feb 13   | 2,250,812,000                  | 8,126,900                                 | 8,126,900  | 5 Mar' 13                                   | 2,221,348,900               |
| 9 May 13    | 2,265,812,000                  | Increase Registered Capital to serve ESOP | -  | 9 May 13                                    | 2,221,348,900               |
| 29 May 13   | 2,265,812,000                  | 1,103,000                                 | 1,103,000  | 7 Jun 13                                    | 2,222,451,900               |
| 30 Aug 13   | 2,265,812,000                  | 57,400                                    | 57,400   | 6 Sept 13                                   | 2,222,509,300               |
| 29 Nov 13   | 2,265,812,000                  | 323,300                                   | 323,300  | 4 Dec 13                                    | 2,222,832,600               |

## I.2. WARRANTS

The Company has issued a number of warrants to the Company's directors, management, employees, advisors and/or the subsidiaries as per the following details:

|                                  |  |
|----------------------------------|--|
| <b>Name</b>                      | Warrants to purchase the ordinary shares of Pruksa Real Estate Public Company Limited (PS-WC)  |
| <b>Number of Warrants Issued</b> | 22,000,000   |
| <b>Offering Price Per Unit</b>   | -0-  |
| <b>Exercise Price Per Unit</b>   | Bt14.35  |
| <b>Term of Warrants</b>          | Three years from the date of issuance  |
| <b>Exercise Ratio</b>            | 1 : 1 (One Warrant per one ordinary share)   |
| <b>Offering Period</b>           | Within a year as of the approval of the shareholder meeting  |
| <b>Exercise Period</b>           | 4 times per year (February, May, August and November of each year)   |
| <b>Control Dilution</b>          | The effect to the profit sharing or voting right of existing shareholders (control dilution) is decreased by 0.99% (22,000,000/2,228,812,000 shares) |

|                                  |  |
|----------------------------------|--|
| <b>Name</b>                      | Warrants to purchase the ordinary shares of Pruksa Real Estate Public Company Limited (PS-WD)  |
| <b>Number of Warrants Issued</b> | 22,000,000   |
| <b>Offering Price Per Unit</b>   | -0-  |
| <b>Exercise Price Per Unit</b>   | Bt15.30  |
| <b>Term of Warrants</b>          | Four years from the date of issuance   |
| <b>Exercise Ratio</b>            | 1 : 1 (One Warrant per one ordinary share)   |
| <b>Offering Period</b>           | Within a year as of the approval of the shareholder meeting  |
| <b>Exercise Period</b>           | 4 times per year (February, May, August and November of each year)   |
| <b>Control Dilution</b>          | The effect to the profit sharing or voting right of existing shareholders (control dilution) is decreased by 0.99% (22,000,000/2,228,812,000 shares) |

|                                  |  |
|----------------------------------|--|
| <b>Name</b>                      | Warrants to purchase the ordinary shares of Pruksa Real Estate Public Company Limited (PS-WE) <sup>(1)</sup>   |
| <b>Number of Warrants Issued</b> | 15,000,000   |
| <b>Offering Price Per Unit</b>   | -0-  |
| <b>Exercise Price Per Unit</b>   | Bt28.19  |
| <b>Term of Warrants</b>          | Four years from the date of issuance   |
| <b>Exercise Ratio</b>            | 1 : 1 (One Warrant per one ordinary share)   |
| <b>Offering Period</b>           | Within a year as of the approval of the shareholder meeting  |
| <b>Exercise Period</b>           | 4 times per year (February, May, August and November of each year)   |
| <b>Control Dilution</b>          | The effect to the profit sharing or voting right of existing shareholders (control dilution) is decreased by 0.67% (15,000,000/2,228,222,000 shares) |

**Remark :**

(1) Warrant (PS-WE) has not been allotted to the Management of the Company and/or its subsidiary

## 2. SHAREHOLDER STRUCTURE

### MAJOR SHAREHOLDERS

As reported in the latest Ministry of Commerce's certification dated 4 December 2013, Pruksa Real Estate Public Company Limited had registered capital of Bt2,265,812,000 comprising 2,265,812,000 ordinary shares at one baht par value with issued and paid-up share capital of Bt2,222,832,600 comprising 2,222,832,600 ordinary shares at one baht par value.

The top ten shareholders of the Company as of the latest share register book closing, on 27 December 2013, are as follows:

|    | Shareholders (a)                     | Shares held             | Percentage    |
|----|--------------------------------------|-------------------------|---------------|
| 1  | Vijitpongpun Group                   | 1,543,086,100.00        | 69.42         |
|    | Mr.Thongma Vijitpongpun              | 1,208,257,500.00        | 54.36         |
|    | Mrs.Tipsuda Vijitpongpun             | 85,000,000.00           | 3.82          |
|    | Ms.Chanya Vijitpongpun               | 85,000,000.00           | 3.82          |
|    | Miss Malinee Vijitpongpun            | 85,000,000.00           | 3.82          |
|    | Mrs.Rattana Promsawad                | 79,078,600.00           | 3.56          |
|    | Mr.Chamlong Promsawad                | 600,000.00              | 0.03          |
|    | Mrs. Patcha Vijitpongpun             | 150,000.00              | 0.01          |
| 2  | UBS AG Singapore Branch              | 100,077,500.00          | 4.50          |
| 3  | Thai NVDR Co.,Ltd.                   | 72,341,451.00           | 3.25          |
| 4  | Chase Nominees Limited 28            | 62,878,509.00           | 2.83          |
| 5  | State Street Bank Europe Limited     | 34,085,854.00           | 1.53          |
| 6  | Social Security Office (2 cases)     | 24,848,000.00           | 1.12          |
| 7  | State Street Bank and Trust Co.,Ltd. | 16,310,451.00           | 0.73          |
| 8  | HSBC (Singapore) Nominees Pte.Ltd.   | 16,233,560.00           | 0.73          |
| 9  | Government Pension Fund (EQ-TH)      | 12,806,600.00           | 0.58          |
| 10 | Chase Nominees Limited 50            | 12,516,400.00           | 0.56          |
|    | <b>Total Top 10 Shareholders</b>     | <b>1,895,184,425.00</b> | <b>85.26</b>  |
|    | <b>Top paid-up share capital</b>     | <b>2,222,832,600.00</b> | <b>100.00</b> |

### RESTRICTION ON FOREIGNERS' SHAREHOLDING

The foreign shareholders are able to hold in an aggregate portion of no more than 40.0% of the Company's total issued and paid-up shares. As of 27 December 2013, foreign shareholders held approximately 16% of the Company's issued and paid-up capital.

### 3. DEBENTURE

As on 31 December 2013, there was Bt14,000m outstanding which can be divided into four tranches as follows:

| Name of Debentures of Pruksa Real Estate Public Company Limited | No.1/2010 Due 2015   | No. 2/2010 Due 2015  | No. 1/2012 Due 2016 and 2017            | No.1/2013 Due 2016 and 2018                   |
|---|--|--|---|---|
| Type of Debentures  | Name Registered Debenture                                      |  |   |   |
| Status  | Unsubordinated and unsecured                                   |  |   |   |
| Lead Underwriter Registrar and Paying Agent                     | Bangkok Bank Plc.<br>Kasikorn Bank Plc.<br>CIMB Thai Bank Plc. | Bangkok Bank Plc.<br>Kasikorn Bank Plc.<br>CIMB Thai Bank Plc. | Bangkok Bank Plc.<br>Kasikorn Bank Plc. | Kasikorn Bank Plc., Siam Commercial Bank Plc. |
| Par Value   | Bt1,000  |  |   |   |
| Issue Price   | Bt1,000  |  |   |   |
| Issue Size  | Bt1,000,000,000  | Bt2,000,000,000  | Bt5,000,000,000                         | Bt6,000,000,000                               |
| No. of Debenture  | 1,000,000 units  | 2,000,000 units  | 5,000,000 units                         | 6,000,000 units                               |
| Duration  | 5 years from issuing date                                      | 5 years from issuing date                                      | 3.6 years and 5 years from issuing date | 3.1 years and 5 years from issuing date       |
| Issuing Date  | 24 June 2010   | 10 November 2010   | 21 September 2012                       | 15 May 2013                                   |
| Maturity Date   | <b>Series 2 :</b><br>24 June 2013                              | <b>Series 2 :</b><br>10 November 2015                          | <b>Series 1 :</b><br>21 March 2016      | <b>Series 1 :</b><br>15 June 2016             |
|   |  |  | <b>Series 2 :</b><br>21 September 2017  | <b>Series 2 :</b><br>15 May 2018              |
|   |  |  | <b>Series 3 :</b><br>21 March 2016      |   |
|   |  |  | <b>Series 4 :</b><br>21 September 2017  |   |



| Name of Debentures of Prukha Real Estate Public Company Limited | No.1/2010 Due 2015  | No. 2/2010 Due 2015  | No. 1/2012 Due 2016 and 2017                               | No.1/2013 Due 2016 and 2018                                |
|---|---|--|--|--|
| Coupon Rate   | <b>Series 2 :</b><br>3.75% per annum of<br>Bt1,000,000,000  | <b>Series 2 :</b><br>3.75% per annum of<br>Bt2,000,000,000 | <b>Series 1 :</b><br>4.22% per annum of<br>Bt600,000,000   | <b>ชุดที่ 1 :</b><br>3.58% per annum of<br>Bt3,000,000,000 |
|   |   |  | <b>Series 2 :</b><br>4.50% per annum of<br>Bt600,000,000   | <b>Series 2 :</b><br>3.99% per annum of<br>Bt3,000,000,000 |
|   |   |  | <b>Series 3:</b><br>4.22% per annum of<br>Bt2,400,000,000  |  |
|   |   |  | <b>Series 4 :</b><br>4.50% per annum of<br>Bt1,400,000,000 |  |
| Coupon Payment Date   | Quarterly   | Quarterly  | Quarterly  | Quarterly  |
| Redemption  | The issuer shall redeem the debentures with the single payment of principal and the final unpaid interest (if any) at maturity. |  |  |  |
| Repurchase of Debenture   | The issuer is entitled to repurchase the debentures from the secondary market or otherwise at any time.                         |  |  |  |
| Credit Rating by TRIS   | "A" as issued on<br>7 May 2010  | "A" as issued on<br>7 May 2010                             | "A" as issued on<br>14 August 2012                         | "A" as issued on<br>20 March 2013                          |

## DIVIDEND PAYMENT POLICY & INFORMATION

The Company's Board of Directors may consider paying annual dividends, subject to approval by a shareholders meeting. However, due to the fact that Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" under which FAP announcement No. 26/2006 requires a parent company has to record investments in a subsidiaries and associates with the cost method instead of the equity method. By this respect the Company has adopted the accounting change according to foregoing announcement since 1 January 2007, which resulted that the net profit amount shown in the Company's Consolidated Financial Statements are not equivalent to the Company's Separate Financial Statements. In order to ensure the same understanding between the Company and its shareholders and investors, the Board of Directors at the meeting No.5/2007 on 7 August 2007 has approved the Company's dividend payment policy of making annual dividend payment to its shareholders at a rate of not less than 30.0% of the Company's net profit after deduction of all legal reserves, however, are subject to change depending on the Company's investment plans, necessities as well as other justifications and considerations that the Board of Directors deems appropriate.

In respect of dividend payment policy by the subsidiaries, such subsidiaries will pay dividends to the Company from their net profits. The dividend payment is, however, subject to many factors such as their financial condition and results of operations, liquidity, business expansion and factors related to the operation of their business.

Moreover, dividends from net profits from the businesses with BOI privileges are exempted from income tax and the Company is not obligated to deduct withholding tax from such dividend payments.

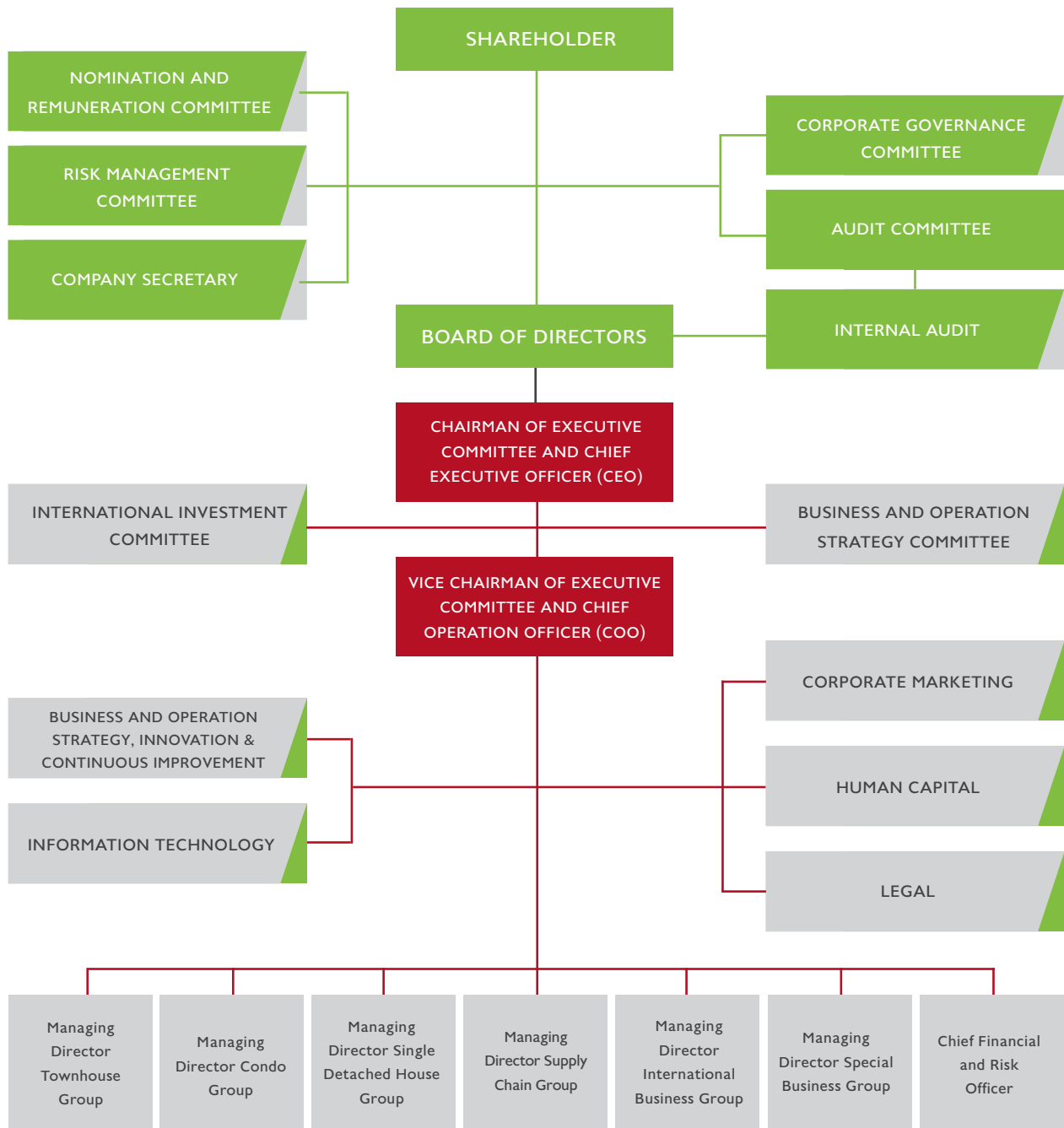
The following are dividends that the Company paid to its shareholders as follow:

| Performance Year | Consolidated net profit (Bt m) | Company's Net Profit (Bt m) | Earning per share (Bt) | Dividend per share (Bt) | Dividend Payout Ratio from Separate FS (%) | Dividend Payment Date |
|------------------|--------------------------------|-----------------------------|------------------------|-------------------------|--|-----------------------|
| 2012             | 3,898.00                       | 3,266.80                    | 1.76                   | 0.50                    | 33.8                                       | 17 May 2012           |
| 2011             | 2,834.82                       | 2,844.30                    | 1.28                   | 0.40                    | 31.0                                       | 17 May 2011           |
| 2010             | 3,488.15                       | 3,545.83                    | 1.58                   | 0.50                    | 31.1                                       | 13 May 2010           |
| 2009             | 3,621.83                       | 3,341.16                    | 1.65                   | 0.55                    | 36.2                                       | 13 May 2009           |
| 2008             | 2,373.37                       | 1,978.33                    | 1.08                   | 0.33                    | 36.7                                       | 23 April 2008         |

# MANAGEMENT STRUCTURE

## I. ORGANIZATION CHART

Management structure of the company as of 30 December 2013 as follow



## 2. MANAGEMENT STRUCTURE

Management structure of the Company consists of the Board of Directors and 5 of subcommittees which are Audit Committee, Risk Management Committee, Corporate Governance Committee, Nomination and Remuneration Committee and Executive Committee.

### 2.1 THE BOARD OF DIRECTORS

According to the Articles of Association of the Company, the Board of Directors shall consist of not less than five Directors. Not less than one half of the total number of Directors shall have domicile in the Kingdom. The directors are integral part of corporate governance. They must provide unbiased views and opinions to the Board of Directors and protect the mutual interest of all shareholders. The Directors must foster accountability and integrity. As reported in the latest Ministry of Commerce's certification dated 4th December 2013, the Board of Directors of Pruksa Real Estate Public Company Limited, who possessed qualifications in accordance with Section 68 the Public Company Act B.E.2535 (1992) and the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), consists of 13 members as follows:

| Name   | Position                          |
|--|-----------------------------------|
| 1. Dr. Pisit Leeahtam                              | Chairman and Independent Director |
| 2. Mr. Thongma Vijitpongpun                        | Executive Vice Chairman           |
| 3. Mr. Wisudhi Srisuphan                           | Independent Director              |
| 4. Professor Emeritus<br>Dr.Trungjai Buranasomphop | Independent Director              |
| 5. Mr. Weerachai Ngamdeevilaisak                   | Independent Director              |
| 6. Mr. Adul Chandanachulaka                        | Independent Director              |
| 7. Mr. Kanchit Bunajinda <sup>(1)</sup>            | Independent Director              |
| 8. Mr. Lersuk Chuladesa <sup>(2)</sup>             | Director                          |
| 9. Mr. Prasert Taedullayasatit                     | Director                          |

| Name                              | Position |
|-----------------------------------|----------|
| 10. Mrs. Ratana Promsawad         | Director |
| 11. Mr. Piya Prayong              | Director |
| 12. Mr. Mayta Chanchamchara       | Director |
| 13. Mr. Edward Joseph Cooper, Jr. | Director |

#### Remark -

- (1) Mr. Kanchit Bunajinda was appointed by Annual General Shareholders' Meeting 2013 on 22 April 2013 as director and independent Director
- (2) Mr. Lersuk Chuladesa was appointed by Board of Directors' meeting No.1/2013 on 22 February 2013 as Director and independent Director and be effective on 22 February 2013. Then he was appointed by Executive Committees' Meeting No. 3/2013 on 12 July 2013 as Chief Operating Officer as a result he was not independent director in the notification of SEC.

#### Authorized Directors who can sign on behalf of the Company

Authorized Directors who can jointly sign and bind the Company are either Mr. Thongma Vijitpongpun or Mr. Lersuk Chuladesa or Mr. Mayta Chanchamcharat, signing with Mr. Piya Prayong or Mr. Prasert Taedullayasatit or Mr. Edward Joseph Cooper, Jr. or Mrs. Ratana Promsawad, a total is two directors with the Company's seal affixed jointly.

#### Separation of Function Roles

The Chairman is not an Executive Director, and has no relations with the management team. The roles of making Director Policies and management of the Company are clearly defined.

#### Roles and duties of the Chairman

The Chairman has the role of the leader and presides over the Board of Directors' Meeting to ensure effectiveness and efficiency by encouraging all the directors to participate in the meeting, helping, advising and supporting to ensure smooth operation of the management. The Chairman also has the freedom to propose agendas for the meetings, provide opinions on the Company's operation in various ways, conducts himself with integrity and avoids conflict of interests for rightness and transparency.

#### Scope of powers and duties of the Board of Directors

1. The Board of Directors shall perform with responsibility, caution, and faithfulness and conduct the Company's business according to the laws, Company's objectives, Articles of Association, and resolutions of the shareholders' meeting, except for matters required by law to be approved at shareholders' meetings, entering into connected transactions, and any purchase or sale of material assets pursuant to the regulations of the SET or those prescribed by other government authorities.
2. To oversee the corporate governance with ethic for example making Code of Business Conduct for Directors, Management and employees of the Company as well as acknowledge rules and follow up on the implementation.
3. To consider approval of the business policies, targets, operation plans, business strategies and annual budgets of the Company.
4. To consider appointment of a person who possesses qualifications and does not possess any characteristics prohibited under the Public Company Act B.E. 2535 (1992) and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be Director in case there is a vacancy due to a cause other than retirement by rotation.
5. To consider appointment of Independent Directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchanges, notifications of the Capital Market Supervisory Board, including relevant rules, regulations and/or notifications of the Capital Market Supervisory Board SET or propose to a shareholders' meeting for such appointment.
6. To consider appointment of Audit Committee members who have qualifications under the laws governing securities and exchange notifications of the Capital Market Supervisory Board, including rules, regulations and/or notifications of the SET.
7. To consider appointment of Executive Directors from among the directors or the management of the Company and prescribe their roles, powers, duties and responsibilities.
8. To consider appointment of sub-committee to assist in the operation according to the Board of Director's responsibilities.
9. To appoint and change the names of Directors who can have the power to sign to bind the Company.
10. The Board of Directors may nominate other person to manage the operations of the Company under the control of the Board or authorize the person to have power for the time period, as the Board deems appropriate. The Board may remove or change the power of the person.
11. To consider approval of transactions relating to acquisition or disposition of assets, except where such transactions require approval by a shareholders' meeting. Such approval must be in compliance with the notifications of the Capital Market Supervisory Board, and/or SET's relevant rules, regulations and/or notifications.
12. To consider approval of connected transactions, except where such transactions require approval from a shareholders' meeting. Such approval must be in compliance with the Capital Market Supervisory Board and/or SET's relevant rules, regulations and/or notifications.
13. To consider approval for interim dividend payment when it considers that the Company has sufficient profits to do so and to report such payment to the following shareholders' meeting.

The Board of Directors shall elect a Director to be the Chairman. If it is deemed appropriate, the Board of Directors may consider electing one or many directors to be Vice Chairman, who shall be assigned by the Chairman to perform duties to conduct the Company's business according to the Articles of Association. The Board of Directors shall meet at least once every three months.

However, in granting of powers, duties and responsibilities, the Board of Directors shall not be granted power, or sub-grant powers to a grantee to approve transactions in which the Board of Directors, or any person who may have any conflict of interest (as defined in the notification of the SEC), have a vested interest, or may have any other conflict of interest with the Company or its subsidiaries, except where the approval of such transaction is consistent with the policy and criteria approved by the meeting of shareholders or of the Board of Directors.

#### Structure and Appointment of the Board of Directors

The structure of the Board of Directors and appointment, removal or release of Directors as stipulated in the Company's Articles of Association can be summarized as follows:

1. The Company shall consist of not less than five Directors. Not less than one half of the total number of Directors shall have domicile in the Kingdom.



2. The election of Directors by the shareholders' meeting shall be in accordance with the following rules and procedures:
    - (2.1) Each shareholder shall have one vote per share.
    - (2.2) Each shareholder shall use all his or her votes under (2.1) To elect one or several persons as a Director. However, he or she may not divide his or her votes among the candidates.
    - (2.3) The persons who received the highest number of votes in their respective order of the votes in a number not exceeding the number of directors to be elected at that meeting, shall be appointed as directors. In the event of equal votes for the last person, the Chairman of the meeting shall exercise a casting vote.
  3. At the Annual General Meeting, the Directors shall retire by one-third. If the number of Directors is not divisible by three, it has to be the nearest one-third. Directors to be retired from their office in the first and second year after the registration of the Company, they shall be retired by drawing. After that, the Directors who have stayed in the office longest shall be retired. Directors who retired may be re-elected.
  4. A Director may resign from office by submitting a resignation letter to the Company. The resignation shall become effective from the day the resignation letter arrives at the Company.
  5. A resolution for any Director to leave office prior to the expiration of his term requires the votes of at least three-fourths of the number of the shareholders attending the meeting and having voting rights and holding in aggregate shares amounting to not less than half of the number of shares held by shareholders who attend the meeting and have voting rights.
1. Holding not more than 1.0% of the total voting shares of the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, with the number of shares held by the director's related persons being counted.
  2. Being a director who is not or has never been an executive director, employee, staff member, salaried advisor, or controlling person of the Company, its subsidiary, associated company, same-level subsidiary, juristic persons with potential of conflict of interest, major shareholder, or controlling person, unless such characteristics have lapsed for at least two years before being appointed.
  3. Being a director who has no relationship by blood or by legal registration under the status of father, mother, spouse, sibling, and child, including the child's spouse, of other directors, executives, major shareholders, controlling persons, or persons who are being nominated for appointment as directors, executives, or controlling persons of the Company or its subsidiary.
  4. Being a director who does not have or has never had a business relationship with the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person in a manner that may hinder the exercise of his/her independent judgment, and not being a person who is or has been a significant shareholder, or controlling person, or a person with a business relationship with the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, unless such characteristics have lapsed for at least two years before being appointed.

#### Independent Directors

The current Board of Directors consists of six independent Directors who do not participate in the management of the company and are free and clear of the control of the Company's management and shareholders, including not having any business relation with the Company which makes him/her incapable of expressing independent opinions which is in accordance with the regulation issued by Capital Market Supervisory Board, SEC and SET. The regulation states that not less than one-third of all of the directors of the Company must be independent directors, and it shall not be less than three. The Board of Directors determined the qualifications of the independent directors, as regulated by the SEC, as follows:

The business relationship in paragraph one includes normal trading transactions for the purpose of business operations, rental or lease of immovable property, transaction related to assets or services, or granting or receiving financial assistance by receiving or giving loans, guarantee, using assets as debt collateral, including other similar acts that result in the Company or the party thereof being liable to pay the other at an amount of 3% or more of the net tangible asset or Bt20m or more, whichever is smaller. The calculation of such liabilities shall be in accordance with the method of connected transaction calculation specified in the Capital Market Supervisory Board's Notification: Re Criteria on Undertaking Connected Transactions, mutatis mutandis, with the liabilities occurring during the one-year period

prior to the date of business relationship with the same person being included.

5. Being a director who is not or has never been an external auditor of the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, and not a significant shareholder, controlling person, or partner of an audit firm to which an external auditor of the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person belongs, except in case such characteristics have lapsed for at least two years before being appointed.
6. Being a director who is not or has never been a provider of any professional service including legal advisory service or financial advisory service with the service fee thereof exceeding Bt2m per year from the Company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, and not a significant shareholder, controlling person, or partner of the provider of such professional service, except in case such characteristics have lapsed for at least two years before being appointed.
7. Being a director who is not appointed as representative of a director, major shareholder or shareholder with a relationship to a major shareholder of the Company.
8. Not undertaking a business of the same nature and in significant competition with those of the Company or its subsidiary, nor being a significant partner of a partnership or an executive director, employee, staff member, salaried advisor, or shareholder with over 1.0% of the total voting shares of another company undertaking a business of the same nature and in significant competition with those of the Company or its subsidiary.
9. Not having any other characteristic that may hinder the exercise of his/her independent judgment about the Company's business operations.

After having been appointed as independent director with characteristics under items 1-9, the independent director may be assigned by the Board of Directors to make decision on operations of the Company, its subsidiary, associated company, same-level subsidiary, juristic persons with potential of conflict of interest, major shareholder, or controlling person, in the form of collective decision.

## 2.2 SUB-COMMITTEE

### Audit Committee

The Company's Audit Committee consists of Independent Directors with qualifications in accordance with Section 68 the Public Company Act B.E. 1992, the Announcements of the Capital Market Supervisory Board and the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Committee must consist of at least 3 members, with at least one who is qualified in accounting or finance and has adequate experience to ascertain the integrity of the financial statements of the Company. The current Audit Committee comprises of 4 Independent Directors as follows:

| Name  | Position                        |
|---|---------------------------------|
| 1. Mr. Wisudhi Srisuphan <sup>(1)</sup>             | Chairman of the Audit Committee |
| 2. Professor Emeritus<br>Dr. Trungjai Buranasomphop | Member                          |
| 3. Mr. Adul Chandanachulaka                         | Member                          |
| 4. Mr. Weerachai Ngamdeevilaisak                    | Member                          |

#### Remark -

(1) Mr. Wisudhi Srisuphan was appointed as Chairman of Audit Committee on 12 July 2013

### Scope of Powers, Duties and Responsibilities of the Audit Committee

1. To review the Charter of the Audit Committee at least once a year and make adjustments as deemed necessary and appropriate.
2. To conduct reviews of financial reports and disclosure of financial statements in accordance with accounting standards stipulated by laws in a transparent, accurate and sufficient manner.
3. To consider and approve any changes in significant accounting principles or procedures as proposed by management of the Company.

4. To conduct reviews to ensure that the Company has appropriate and effective internal control and an internal audit system in accordance with generally accepted procedures and standards.
5. To review the independency of the Internal Audit Unit and to give consent to the appointment, transfer and termination of the Vice President, Internal Audit.
6. To review Internal Audit reports submitted to management and to review management's action plan to correct the internal audit finding.
7. To have unrestricted access to management and employees and relevant information.
8. To conduct reviews with relevant units (such as Legal) to ensure that the Company complies with laws related to securities and the Stock Exchange of Thailand and any other laws related to the Company's business.
9. To select and nominate independent persons to act as External Auditors of the Company and propose their remuneration.
10. To have at least one meeting a year with External Auditors without management's presence.
11. To review any connected transactions or any transactions with potential conflict of interest for compliance with the laws and requirements of the Stock Exchange of Thailand in order to ensure that the transactions are reasonable and most beneficial to the Company.
12. To prepare a report of the Audit Committee for disclosure in the Company's annual report. The report, which is to be signed by the Chairman of the Audit Committee, shall include at least the following information;
  - (12.1) An opinion regarding accuracy, completeness and integrity of the Company's financial reports.
  - (12.2) An opinion regarding adequacy of the internal control system of the Company.
  - (12.3) An opinion regarding compliance with the laws relevant to securities and the stock market, the requirements of the Stock Exchange of Thailand or the laws related to the business of the Company.
  - (12.4) An opinion regarding the suitability of the auditors.
  - (12.5) An opinion regarding transactions which may have conflict of interest.
  - (12.6) The number of Audit Committee's meetings and the attendance of each member of the Audit Committee.
  - (12.7) An opinion or an observation of the Audit Committee drawn from the performance of their duties according to the Charter.
  - (12.8) Any other matters within the scope of duties and responsibilities specified by the Company's Board of Directors which the shareholders and general investors should know.
13. To perform other tasks within the scope of its duties and responsibilities stipulated in its Charter, including any tasks as may be assigned by the Board of Directors upon which the Audit Committee agrees.
14. In performing the duties, if the Audit Committee finds or suspects that there is a transactions with conflict of interest, a fraud case, an irregularity, or deficiency of a significant magnitude in the internal audit system or any violation of laws and regulations related to securities or the Stock Exchange of Thailand or any laws related to the business of the Company which may significantly affect the financial position and the performance of the Company, the Audit Committee is required to submit a report to the Board of Directors for improvement or correction within a timeframe considered appropriate by the Audit Committee.

#### Selection of the Audit Committee

The Board of Directors shall appoint at least 3 Audit Committee members from the Independent Directors of the Company who have qualifications as stipulated by the laws governing securities and exchange and the announcements of the Capital Market Supervisory Board, including the notifications rules, and/or regulations of the Stock Exchange of Thailand governing qualifications and the scope of power and duties of the Audit Committee. At least one member of the Audit Committee must be qualified in accounting or finance and has adequate experience to ascertain the integrity of the financial statements of the Company. The term of each member of the Audit Committee shall be 3 years and shall terminate upon the directors' retirement by rotation.

### 2.3 RISK MANAGEMENT COMMITTEE

The Board of Directors appointed the Risk Management Committee which is tasked with ensuring that the Company's risks are managed appropriately and efficiently. The current Risk Management Committee consists of 7 members as follows:

| Name                                    | Position                                  |
|---|---|
| 1. Mr. Weerachai Ngamdeevilaiak         | Chairman of the Risk Management Committee |
| 2. Mr. Thongma Vijitpongpun             | Member                                    |
| 3. Mr. Prasert Taedullayasatit          | Member                                    |
| 4. Mr. Edward Joseph Cooper, Jr.        | Member                                    |
| 5. Mr. Kanchit Bunajinda <sup>(1)</sup> | Member                                    |
| 6. Mr. Lersuk Chuladesa <sup>(2)</sup>  | Member                                    |
| 7. Mr. Piya Prayong <sup>(3)</sup>      | Member                                    |

**Remark -**

- (1) Mr. Kanchit Bunajinda was appointed as member of Risk management committee on 12 July 2013
- (2) Mr. Lersuk Chuladesa was appointed as member of Risk management committee on 12 July 2013
- (3) Mr. Piya Prayong was appointed as member of Risk management committee on 12 July 2013

#### Scope of Powers, Duties and Responsibilities of the Risk Management Committee

- To acknowledge and make recommendations on policy, strategy, and enterprise risk management.
- To verify risk management plans of management division, including the organization's overall risk management process.
- To be informed of significant risks and consider whether management division responds to them properly.
- To monitor and ensure full compliance with the framework of the implementation of enterprise risk management.
- To carry out other duties as assigned by the Board of Directors.

### 2.4 CORPORATE GOVERNANCE COMMITTEE

To comply with the principles of corporate governance and the code of conduct of directors of listed companies, the Board of Directors appointed the Corporate Governance Committee on 22 February 2006. The Corporate Governance Committee consists of 4 members as follows

| Name   | Position                                       |
|--|--|
| 1. Professor Emeritus Dr.Trungjai Buranasomphop <sup>(1)</sup> | Chairman of the Corporate Governance Committee |
| 2. Mr. Thongma Vijitpongpun <sup>(2)</sup>                     | Member   |
| 3. Mr. Adul Chandanachulaka                                    | Member   |
| 4. Mr. Wisudhi Srisuphan <sup>(3)</sup>                        | Member   |
| 5. Mrs. Ratana Promsawad <sup>(4)</sup>                        | Member   |
| 6. Mr. Prasert Taedullayasati <sup>(5)</sup>                   | Member   |
| 7. Mr. Wirasak Kaewnoo <sup>(6)</sup>                          | Member   |

**Remarks -**

- (1) Professor Emeritus Dr.Trungjai Buranasomphop was appointed on 12 July 2013
- (2) Mr. Thongma Vijitpongpun resigned on 12 July 2013
- (3) Mr. Wisudhi Srisuphan was appointed on 12 July 2013
- (4) Mrs. Ratana Promsawad was appointed on 12 July 2013
- (5) Mr. Prasert Taedullayasati resigned on 12 July 2013
- (6) Mr. Wirasak Kaewnoo resigned on 12 July 2013

#### Scope of Powers, Duties and Responsibilities of the Corporate Governance Committee

- To consider, review, and present the following policies for the Board of Directors' approval. Such policies are Corporate Governance Policy, Code of Conduct, Corporate Social and Environmental Responsibility Policy, Sustainable Development Policy, and any practice for supporting the Company's operation in compliance with corporate governance, transparency, fairness, and sustainable growth.

2. To supervise and ensure that the aforementioned policies/practices are continually executed by the Management and the aforementioned policies/practices must be appropriate and consonant with the Company's business, recommendations of regulatory unit or relevant unit, and international standards.
3. To monitor, review and ensure that systems in the organization comply with code of conduct and best practices as defined.
4. To monitor and command in the event that management division or employees do not comply with policies and practices as defined.
5. To monitor and report the organization's performance as said in Corporate Governance Policy and relevant policies to the Board of Directors and external organizations as appropriate.
6. To carry out other duties as assigned by the Board of Directors.

## 2.5 NOMINATION AND REMUNERATION COMMITTEE

To comply with the principles of corporate governance and the code of conduct of directors of listed companies, the Board of Directors appointed a Nomination and Remuneration Committee on 28 December 2005. The committee consists of four members as follows:

| Name                                    | Position  |
|---|---|
| 1. Mr. Wisudhi Srisuphan <sup>(1)</sup> | Chairman of the Nomination and Remuneration Committee |
| 2. Dr. Pisit Leeahtam                   | Member  |
| 3. Mr. Thongma Vijitpongpun             | Member  |
| 4. Mr. Weerachai Ngamdeevilaisak        | Member  |
| 5. Mr. Wirasak Kaewnoo <sup>(2)</sup>   | Member  |

### Remarks -

(1) Mr. Wisudhi Srisuphan was appointed on 12 July 2013

(2) Mr. Weerachai Ngamdeevilaisak resigned on 12 July 2013

## Scope of Powers, Duties and Responsibilities of the Nomination and Remuneration Committee

1. To set up the policy and selection criteria for the Board of Directors, Sub-Committee, President, Director, and Managing Director.
2. To select the Board of Directors, Sub-Committee, President, Director, and Managing Director and propose the Board of Directors and/or shareholders for their approval, as the case may be.
3. To set up the policy and remuneration payment criteria for the Board of Directors, Sub-Committee, President, Director and Managing Director and propose the Board of Directors and/or shareholders for their approval, as the case may be.
4. To determine necessary and appropriate remuneration, both cash and non-cash payments, in order to attract and keep the Board of Directors, Sub-Committee, President, Director and Managing Director committed to the Company.
5. To set up criteria and methods for appraising the performance of the Board of Directors, Sub-Committee, President, Director and Managing Director.
6. To review the selection criteria and policy as well as the system and payment of remuneration in compliance with responsibilities, the Company's performance, and market situation by taking account of making the most of the Company benefits.
7. To carry out other duties as assigned by the Board of Directors.

## 2.6 EXECUTIVE COMMITTEE

For the best management serving the Company's policies, objectives to achieve long term goal, stability and sustainable business growth, Executive Committee, with qualifications in accordance with the Public Company Act B.E.2535 and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, to control and responsible on their job assignment by Board of Directors. All the currently consists of 6 members as follows:

| Name                                   | Position                          |
|--|-----------------------------------|
| 1. Mr. Thongma Vjittpongpun            | Chairman of Executive Committee   |
| 2. Mr. Lersuk Chuladesa <sup>(1)</sup> | Vice Chairman Executive Committee |
| 3. Mr. Prasert Taedullayasatit         | Executive Committee               |
| 4. Mr. Mayta Chanchamcharat            | Executive Committee               |
| 5. Mr. Piya Prayong                    | Executive Committee               |
| 6. Mr. Wirasak Kaewnoo <sup>(2)</sup>  | Executive Committee               |
| 7. Mr. Edward Joseph Cooper, Jr.       | Executive Committee               |

**Remarks -**

(1) Mr. Lersuk Chuladesa was appointed on 12 July 2013

(2) Mr. Wirasak Kaewnoo resigned on 12 July 2013

**Scope of Powers and Duties of Executive Committee**

- To set up business plan, targets, strategies, operations plans, annual budget and administrative powers to propose to the Board of Directors for approval.
- To oversee business performance operation according to the policies of the Company, targets, business strategy, and budget as approved by the Board of Directors in an efficient manner and corresponding to the condition of the business as well as provide consultant, recommendation, management to Executive committee.
- To consider and approve capital expenditure or financial transaction with financial institutions for open account, borrowing or seeking credit facilities, mortgage, loan guarantees and other activities, including any trading/registered land transactions in the normal course of business under the defined Company's budget.
- To establish an organization structure and efficient management and administration, covering recruitment, training, hiring and termination of employees, who are executives or members of senior management The Executive Committee may authorize Chief Executive Officer of the Company to act on the Company's behalf in signing employment agreements.

- To supervise, control and approve matters relating to the operations of the Company. The Executive Committee may appoint or authorize one or more persons to take any action on behalf of the Executive Committee as it may deem appropriate and may terminate, change or amend such authority.
- To scrutinize all pieces of work presented to the Board of Directors, with the exception of ones under responsibilities and/or authority of other Sub-Committees who scrutinize their pieces of work and directly present them to the Board of Directors.
- To carry out other duties as assigned by the Board of Directors.

However, in the granting of powers, duties and responsibilities, the Executive Committee shall not be granted or sub-grant power to a grantee that causes the Executive Committee or the grantee, or any person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders. Meeting as the case may be, for approval, as required by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transactions is consistent with normal business practice and has a clearly defined scope.

**Selection of Executive Committee**

The Board of Directors shall nominate Directors, the Company Management, and/or outsiders and appoint them to Executive Committee. Equally important, Executive Committee shall have knowledge, experience and abilities required of the position, devote more of his time to the Company and understand his qualifications, duties and responsibilities, including not having prohibited characteristics under the laws.



## 2.7 MANAGEMENT

Executive (who has qualifications in accordance with the Public Company Limited Act B.E. 2535 (1992) and the related notifications of the Office of the Securities and Exchange Commission). As of 31 December, 2013, The Company's executive consists of 10 persons as follows:

| Name                               | Position   |
|------------------------------------|--|
| 1. Mr. Thongma Vijitpongpun        | Chief Executive Officer  |
| 2. Mr. Lersuk Chuladesa            | Chief Operating Officer/<br>Acting Managing<br>Director - Supply Chain |
| 3. Mr. Piya Prayong                | Managing director<br>- Townhouse                                       |
| 4. Mr. Prasert Taedullayasatit     | Managing director<br>- Condominiums                                    |
| 5. Mr. Nimit Poonsawat             | Managing Director<br>- Single Detached<br>House                        |
| 6. Mr. Mayta Chanchamcharat        | Managing director<br>- International<br>business                       |
| 7. Mr. Wirasak Kaewnoo             | Managing Director<br>- Special Business                                |
| 8. Mr. Edward Joseph<br>Cooper, Jr | Chief Finance & Risk<br>Officer  |
| 9. Ms. Suporn<br>Treewichayapong   | Executive Vice<br>President<br>- Accounting & Finance                  |
| 10. Mrs. Narisa<br>Wetpanyawong    | Senior Vice President<br>of Financial Planning<br>Business Unit        |

### Notes:

Management (as defined by SEC) mean Chief Executive Officer or person (s) in the next four executive levels immediately under Chief Executive Officer including every person (s) who is equivalent to that fourth level and also include the Financial Officer in the case that the Financial Officer is not in the same level as the fourth-executive level.

### Scope of Powers and Duties of Chief Executive Officer

- To be responsible for overall and day-to-day operations of the business.
- To coordinate with Internal Audit Department in relation to accounts and payment procedures of the Company should he find or suspect that it is not in accordance with the Company's policy.
- To establish an organization structure and efficient management in accordance with the guidelines which is may be set up by the Executive Committee. This shall include recruitment; training, hiring and termination of employees who are not Management or members of senior management. The Chief Executive Officer is authorized to sign employment agreements on behalf of the Company.
- To consider and approve any capital expenditure or operating expenses for the Company's business operation or any borrowing or credit facilities from financial institutions, including acting as a guarantor in the normal course of business, in an amount not exceeding Bt20m, or equivalent.
- To conduct any other affairs necessary for operation of the Company as assigned by the Board of Directors or Executive Committee.
- To participate in the budget review with the Executive Committee and later with the Board of Directors.
- To negotiate and review agreements or documents in relation to the normal business operations of the Company, advise and propose such matters to the Board of Directors and/or Executive Committee and/or persons in charge of such matters for consideration, review and finding solutions.
- To have the power to authorize and/or appoint a person or persons to undertake specific business on his behalf, provided that such authorization and/or appointment is subject to the scope of authority given under the power of attorney and/or in accordance with the rules, regulations or orders empowered by the Board of Directors and/or Executive Committee and/or the Company or Chief Executive Officer to cancel, change or amend such powers.

However, the granting of powers, duties and responsibilities to Chief Executive Officer shall not empower Chief Executive Officer to approve transactions in which he or any person who may have a conflict of interest may have a vested interest or any other conflict of interest with the Company or subsidiaries (as defined in the notification of the SEC). Approval of such transactions is required to be reported to the Board of Directors Meeting or Shareholders' Meeting, as the case may be, for approval as prescribed by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transaction is consistent with normal business practice and has a clearly defined scope.

## 2.8 COMPANY SECRETARY

The Board of Directors appoints a person as Company Secretary to be responsible for organizing the Board of Directors and Shareholders' meetings and other activities of the Board of Directors to ensure that the Board of Directors and the Company properly comply with the related laws and regulations, including the promotion of good governance practices. At present, the Board of Directors has appointed Mr Paisarl Rumphan as the Company Secretary, effective 9 May 2008.

### Duties and Responsibilities

1. Organize the meetings of Shareholders, the Board of Directors and Specific Committees in accordance with laws, the Company's Articles of Association, each Committee's Charter and best practices.
2. Inform the related management of the resolutions and policies of the Board of Directors and Shareholders and follow up on the implementation of the resolutions and policies.
3. Give initial advice and recommendations to the Board of Directors and Specific Committees on issues in regard to laws, regulations, the Company's Articles of Association and best practices on good governance, follow up on the implementation to ensure correctness and continuity, including report on significant changes to the Board of Directors.
4. Take the minutes of the meeting of the Shareholders and the Board of Directors and follow up on the implementation of the resolutions of the Shareholders and the Board of Directors' meetings.
5. Supervise the disclosure and report of information under responsibility to the regulatory agencies to ensure compliance with laws and regulations and the Company's information disclosure policy.
6. Communicate with the Shareholders to ensure they are informed of their rights and have access to the Company's information.
7. Keep reports on stake holding submitted by directors or management and other important documents such as the Register of the Company's Directors, notices and minutes of the meetings of Board of Directors and the Company's annual reports, including the notices and minutes of the Shareholders' meetings.
8. Supervise the Company's Secretariat to serve as the center of corporate records such the Company's Certificate of Juristic Person Registration, Memorandum of Association, Articles of Association, Shareholders' Register, etc.
9. Give suggestions and advice to newly appointed directors on their directorship.
10. Supervise the activities of the Board of Directors and carry out other matters as provided by law or assigned by the Board of Directors or as announced by SEC.

THE BOARD & MANAGEMENT PROFILE



**Dr. Pisit Leeahtam**

Chairman of the Board of Directors / Member of Nomination and Remuneration Committee / Independent Director

|  |   |
|--|---|
| Age                                      | 63 Years  |
| Shareholding                             | None (as of 27 December 2013)   |
| Family Relationship Among the Executives | -   |
| Education                                | <p>Doctorate Degree (Economics), Erasmus University, Rotterdam, The Netherlands</p> <p>Master Degree (Economics), Erasmus University, Rotterdam, The Netherlands</p> <p>Bachelor Degree (Economics), Erasmus University, Rotterdam, The Netherlands</p> |

Other Position (s) (Listed Companies and Others)

**Listed Companies**

Vice Chairman of the Board of Directors / Chairman of the Audit Committee – KGI Securities (Thailand) Plc.

Independent Director / Chairman of the Audit Committee – Tirathai Plc.

Independent Director / Chairman of the Audit Committee – Global Connections Plc.

Director – OHTL Plc.

**Others**

Dean - Faculty of Economics, Chiang Mai University

Chairman - Netherlands-Thai Chamber of Commerce

Chairman - Thai Tank Terminal Limited

Country Chairman (Thailand) - Jardines Matheson (Thailand) Ltd.

President - Provident Fund Association

Council Member - Rajamangala University of Technology Krungthep

Council Member - King Mongkut's University of Technology, Thonburi

Council Member - Faculty of Commerce and Accountancy, Thammasat University Etc.

Work Experience

2001-2003

President & CEO, TT&T Pcl.

1997-2001

Deputy Minister of Finance, Ministry of Finance

1995-1997

Executive Vice President, Head of Investment Banking Group, Bangkok Bank Pcl.

1991-1994

Director, Office of the Governor, Bank of Thailand

1987-1990

Economist, Exchange and Trade Relations Department,

The International Monetary Fund, Washington D.C., USA

Training

Directors Certification Program - DCP 18/2002, Thai Institute of Director (IOD)



|                    |  |
|--------------------|--|
| Education          | Bachelor Degree (Engineering),<br>Chulalongkorn University   |
| Other Position (s) | Director<br>Prukso Overseas Co.,Ltd.<br><br>Director<br>Prukso International Co.,Ltd.<br><br>Director<br>Prukso Overseas Service Co.,Ltd.  |
| Work Experience    | 1998 - 2004<br>Managing Director<br>Kaysorn Restaurant Co., Ltd.<br>(stopped operating the business<br>on 28 January 2005)<br><br>1985 - 1991<br>Manager<br>Siam Engineering Limited Partnership |
| Training           | Directors Certification Program - DCP51/2004/<br>Thai Institute of Director (IOD)<br><br>Finance for Non-Finance Directors/<br>Thai Institute of Director (IOD)                                  |

### Mr.Thongma Vijitpongpun

Authorised Director / Executive Vice Chairman of the  
Board of Directors / Chairman of Executive Committee /  
Member of Risk Management Committee /  
Member of Nomination and Remuneration Committee /  
Chief Executive Officer

|   |   |
|---|---|
| Age   | 56 Years  |
| Shareholding                                | 54.36% (1,208,257,500 shares as of 27<br>December 2013) |
| Family Relationship<br>Among the Executives | Elder brother of Mrs. Rattana Promsawad                 |




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**Mr. Lersuk Chuladesa**

Authorised Director / Vice Chairman of Executive Committee /  
Member of the Risk Management Committee /  
Chief Operating Officer /  
Acting Managing Director - Supply Chain

|   |                               |
|---|-------------------------------|
| Age   | 59 Years                      |
| Shareholding                                | None (as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -                             |

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|                    |   |
|--------------------|---|
| Education          | Honorary Ph.D. (Business) Western University<br>M.A. (Public Administration), National Institute of Development Administration – NIDA<br>B.A. (Marketing), Chulalongkorn University   |
| Other Position (s) | Advisor to Double A (1991) Plc.<br>Advisor to Siam City Insurance Plc.<br>Executive Committee Member at Office for National Education Standards and Quality Assessment (ONESQA)   |
| Work Experience    | <i>July. 2008 – July. 2012</i><br>President & CEO, Government Saving Bank<br><br><i>2005-2008</i><br>Chief Corporate Officer /<br>First Senior Executive Vice President,<br>Siam City Bank Plc.   |
| Training           | Nation Defence College Diploma<br>(Class 17, 2004), Nation Defence College<br><br>Executive Officers Program No.9,<br>Capital Market Academy<br><br>Mini MBA II, Thammasat University<br><br>Management Development Program for<br>Middle Manager, Standard Chartered,<br>Singapore<br><br>Banking and Financial Institutes Executive<br>Development Program, The Thai Institute of<br>Banking and Financial Association<br><br>Directors Accreditation Program (DAP)/<br>Thai Institute of Directors Association (IOD) |

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### Mr. Prasert Taedullayasatit

Authorised Director / Member of Executive Committee /  
Member of Risk Management Committee /  
Managing Director - Condominium

|   |  |
|---|--|
| Age   | 46 Years   |
| Shareholding                                | 0.02%<br>(480,100 shares as of 27 December 2013)   |
| Family Relationship<br>Among the Executives | -  |
| Education                                   | Master Degree (Business Administration<br>Marketing & Finance),<br>Chulalongkorn University<br><br>Bachelor Degree (Accountancy: 2nd class<br>Honor), Thammasat University |
| Other Position (s)                          | Director & Secretariat<br>Housing Business Association<br><br>Director<br>Thai Condominium Association<br><br>Vice Chairman<br>Thai Appraisal Foundation                   |

Director  
Chulalongkorn University Demonstration  
School Parents and Teachers Association

Advisor  
MBA Alumni Association Chulalongkorn  
University

Advisor  
Thammasat Property Management Board  
of Directors

#### Work Experience

*2010 - 2013*

Director / Senior Executive Vice President /  
Chief Business Officer (CBO)  
Prukso Real Estate Public Company Limited

*2008 - 2009*

Director / Senior Executive Vice President /  
Chief Operating Officer (COO)  
Prukso Real Estate Public Company Limited

*2007 - 2008*

Director / Senior Executive Vice President /  
Chief Business Officer (CBO)  
Prukso Real Estate Public Company Limited

*2005 - 2007*

Director / Executive Vice President  
(Marketing / Sales & Business Development)  
Prukso Real Estate Public Company Limited

*2002 - 2005*

Director / Executive Director /  
Executive Vice President (Business Development)  
Lalin Property Public Company Limited

*1999 - 2002*

Senior Marketing and Business Development  
Manager Lalin Property Co., Ltd

*1993 - 1999*

Marketing and Business Development  
Manager Lalin Property Co., Ltd

#### Training

Directors Certification Program - DCP 56/2005/  
Thai Institute of Director (IOD)

Director Accreditation Program - DAP 1/2003/  
Thai Institute of Director (IOD)

Public Economic Management for Executives  
Program - 5/2007, King Prajadhipok's Institute

Property Management for Executives Program  
- RECU10, Faculty of Architecture,  
Chulalongkorn University





**Mrs. Rattana Promsawad**

Authorised Director / Member of Corporate Governance Committee / Director of CEO Office

|   |   |
|---|---|
| Age   | 52 Years  |
| Shareholding                                | 3.56%<br>(79,078,600 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | Younger sister of Mr.Thongma Vjijtpongpun           |

|                    |  |
|--------------------|--|
| Education          | Bachelor Degree (Law),<br>Ramkhamhaeng University  |
| Other Position (s) | Director<br>Pruksa Overseas Co.,Ltd.<br><br>Director<br>Pruksa International Co.,Ltd.<br><br>Director<br>Kaysorn Construction Co.,Ltd.<br><br>Director<br>Pruksa India Housing Private Limited   |
| Work Experience    | <i>2003 - 2005</i><br>Finance Advisor<br>Pruksa Real Estate Co., Ltd.<br><br><i>1998 - 2004</i><br>Director - Kaysorn Restaurant Co., Ltd.<br>(stopped operating the business<br>on 28 January 2005)<br><br><i>1993 - 2003</i><br>Finance Manager<br>Pruksa Real Estate Co., Ltd.<br><br><i>1986 - 2001</i><br>Finance Manager<br>Siam Engineering Limited Partnership |
| Training           | Directors Certification Program - DCP 52/2004/<br>Thai Institute of Director (IOD)   |




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**Mr. Piya Prayong**

Authorised Director / Member of Executive Committee /  
Member of Risk Management Committee /  
Managing director - Townhouse

|   |  |
|---|--|
| Age   | 44 Years   |
| Shareholding                                | 0.04%<br>(878,600 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

|                    |   |
|--------------------|---|
| Education          | Bachelor Degree (Engineering),<br>Kasetsart University  |
| Other Position (s) | Director<br>Kaysorn Construction Co.,Ltd.<br><br>Director<br>Pruksa Overseas Service Co.,Ltd.   |
| Work Experience    | 2010<br>Chief Business Officer<br>Pruksa Real Estate Public Company Limited<br><br>2008<br>Chief Operating Officer<br>Pruksa Real Estate Public Company Limited<br><br>2004<br>Executive Vice President<br>Pruksa Real Estate Company Limited<br><br>2003<br>Project Construction Manager<br>Pruksa Real Estate Company Limited |
| Training           | Directors Certification Program - DCP 59/2005,<br>Thai Institute of Director (IOD)  |

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### Mr. Wisudhi Srisuphan

Independent Director / Chairman of the Audit Committee /  
Chairman of Nomination and Remuneration Committee /  
Member of Corporate Governance Committee

|   |                               |
|---|-------------------------------|
| Age   | 65 Years                      |
| Shareholding                                | none (as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -                             |

|                    |   |
|--------------------|---|
| Education          | <p>M.A.A. Business Economics,<br/>Thammasat University</p> <p>Master of Engineering (Civil Engineering),<br/>Lamar University, U.S.A</p> <p>Bachelor of Engineering (Civil Engineering),<br/>Chulalongkorn University</p> <p>LL.B. (Second Class Honour),<br/>Ramkhamhaeng University</p> <p>Diploma (Class 38), National Defence College<br/>of Thailand</p> <p>Certificate in Politics and Governance in<br/>Democratic Systems for Executives Course<br/>(Class 6), King Prajadhipok's Institute</p> <p>Capital Market Academy Leadership Program<br/>(Class 6), Capital Market Academy,<br/>The Stock Exchange of Thailand</p>  |
| Other Position (s) | <p>Chairman of the Board,<br/>Real Estate Information Center</p> <p>Director, Office of the Council of State</p>  |
| Work Experience    | <p><i>2010 - 2011</i><br/>Chairman of the Board,<br/>CAT Telecom Public Company Limited</p> <p><i>2009 - 2010</i><br/>Chairman of the Board,<br/>Siam City Bank Public Company Limited</p> <p><i>2009 - 2009</i><br/>Director-General,<br/>The Customs Department, Ministry of Finance</p> <p><i>2008 - 2010</i><br/>Deputy Chairman,<br/>Dhipaya Insurance Public Company limited</p> <p><i>2009 - 2010</i><br/>Director,<br/>The Electricity Generating Authority of Thailand</p> <p><i>2008 - 2009</i><br/>Deputy Permanent Secretary,<br/>Ministry of Finance</p> <p><i>2007 - 2008</i><br/>Director General,<br/>The Customs Department,<br/>Ministry of Finance</p> |

## Work Experience

*2007 - 2007*

Director-General, The Excise Department,  
Ministry of Finance

*2006 - 2009*

Chairman of the Board,  
The Government Saving Bank

*2006 - 2009*

Director,  
Thai Airways International Public Company Limited

*2006 - 2008*

Chairman of the Board of Director,  
Thailand Tobacco Monopoly, Ministry of Finance

*2005 - 2006*

Chairman of the Board,  
CAT Telecom Public Company Limited

*2003 - 2007*

Director-General,  
The Treasury Department, Ministry of Finance

*2002 - 2006*

Director,  
PTT Exploration And Production Public Company  
Limited

*2002 - 2003*

Director General,  
Fiscal Policy Office, Ministry of Finance

*2000 - 2006*

Chairman of the Board,  
The Government Housing Bank

*2000 - 2006*

Director,  
PTT Public Company Limited

*1999 - 2002*

Comptroller-General,  
The Comptroller's Department, Ministry of Finance

## Training

Directors Certification Program DCP 3/2000/  
Thai Institute of Director (IOD)

Role of the Chairman Program RCP 12/2005/  
Thai Institute of Director (IOD)



### Professor Emeritus Dr. Trungjai Buranasomphop

Independent Director / Member of the Audit Committee /  
Chairman of Corporate Governance Committee

|   |  |
|---|--|
| Age   | 71 Years   |
| Shareholding                                | 0.06%<br>(1,300,000 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

#### Education

Diplome de 3 eme Cycle d' Architecture,  
Ecole Des Beaux Arts, Paris, France

Doctorate Degree (City Planning Mention  
Tres Bien), Pantheon-Sorbonne , Paris,  
France

Post Grad Certificate (Energy Conscious  
Building Design), Sogesta, Italy

Post Grad Diploma (Housing Planning and  
Building), Bouwcentrum, The Netherlands

Master Degree (Tropical Architecture),  
Pratt Institute, New York, USA

Bachelor Degree (Architecture),  
Chulalongkorn University

Advanced Certificate, Public Administration  
and Law (King Prajadhipok's Institute)

Honorable Ph.D Architectural Heritage  
Management and Tourism,  
Silpakorn University.

#### Other Position (s)

President  
NT Estate International Co., Ltd.

Senator, Chairman of Advisory Board of  
the Standing Committee on Religions,  
Moral, Ethics, Arts and Culture,  
The Senate of Thailand.

Chairman of The Committee on Settlement  
and City Planning, The Senate of Thailand.

Committee member of The Association of  
Siamese Architects Fund.

Part time lecturer,  
Graduate School, Silpakorn University.

#### Work Experience

1968 - 2008  
Professor Emeritus Level 11  
Faculty of Architecture, Silpakorn University

2002 - 2008  
Chairman of the International Programs of  
Master and Doctorate Degrees in "Architectural  
Heritage Management and Tourism"  
Silpakorn University

2006 - 2007  
Advisor of the Governor of Bangkok

2002 - 2007  
Vice President - Council of Thai Architects

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|                 |   |
|-----------------|---|
| Work Experience | <p>2004 - 2006<br/>President - Zonta International Association Bangkok 7</p> <p>1996 - 2000<br/>President - Silpakorn University</p> <p>1988 - 1992<br/>Dean, Faculty of Architecture - Silpakorn University</p> <p>1989 - 2000<br/>Committee Member of Building Control<br/>Civil and City Planning Department</p> <p>1989 - 2000<br/>Committee Member of Energy Conservation Fund<br/>Office of Energy Plan and Policy</p> <p>1987 - 1996<br/>President of Land Readjustment Association<br/>Civil and City Planning Department</p> <p>1975 - 1986<br/>Committee Member of The Association of Siamese<br/>Architects</p> <p>1966 - 1967 Architect<br/>Alfred Easton Poor, New York, USA</p> <p>1965 - 1966<br/>Architect - Louis Berger Inc. / Architect - Ammann &amp;<br/>Whitney Int. / Architect - Intaren Co.,Ltd.</p> |
| Training        | <p>Directors Certification Program - DCP 67/2005,<br/>Thai Institute of Director (IOD)</p> <p>Directors Accreditation Program<br/>Thai Institute of Director (IOD)</p> <p>Audit Committee Program<br/>Thai Institute of Director (IOD)</p>  |

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**Mr. Weerachai Ngamdeevilaiak**

Independent Director / Chairman of Risk Management Committee / Member of the Audit Committee / Member of Nomination and Remuneration Committee

|  |                               |
|--|-------------------------------|
| Age                                      | 51 Years                      |
| Shareholding                             | None (as of 27 December 2013) |
| Family Relationship Among the Executives | -                             |

|                    |  |
|--------------------|--|
| Education          | <p>Bachelor Degree (Commerce and Accountancy), Thammasat University</p> <p>Advanced Certificate, Public Administration and Law (King Prajadhipok's Institute)</p>  |
| Other Position (s) | <p>Independent Director / Member of the Audit Committee Srisawad Power (1979) Public co., Ltd.</p> <p>Director Professional Outsourcing Solutions Co., Ltd</p> <p>Director Accounting &amp; Business Advisory Co., Ltd.</p> <p>Director Audit One Co., Ltd.</p> <p>Director Associated One Co., Ltd.</p> |
| Work Experience    | <p>1999 - 2003<br/>Executive Director<br/>Arthur Andersen Thailand's Group of companies</p> <p>1996 - 1999<br/>Assistant Director<br/>SGV-Na-Thalang Co., Ltd</p> <p>1992 - 1996<br/>Audit Manager<br/>SGV-Na-Thalang Co., Ltd</p> <p>1985 - 1992<br/>Assistant Auditor<br/>SGV-Na-Thalang Co., Ltd</p>  |
| Training           | <p>Directors Certification Program - DCP - Train the Trainer, Thai Institute of Director (IOD)</p> <p>Role of the Compensation Committee 3/2007/ Thai Institute of Director (IOD)</p> <p>Successful Formulation &amp; Execution of Strategy 4/2009/ Thai Institute of Director (IOD)</p>                 |



**Mr. Adul Chandanachulaka**

Independent Director / Member of the Audit Committee /  
Member of Corporate Governance Committee

|   |                               |
|---|-------------------------------|
| Age   | 68 Years                      |
| Shareholding                                | None (as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -                             |

|  |   |
|--|---|
| Education  | Bachelor Degree (Commerce and Accountancy), Chulalongkorn University  |
| Other Position(s)<br>(Listed Companies and Others) | <p><b>Listing Companies</b></p> <p>Independent Director and Audit Committee of Jutha Maritime Public Company Limited</p> <p><b>Others</b></p> <p>-</p>  |
| Work Experience                                    | <p>2003 - 2004<br/>Director<br/>Siam Press Management Co., Ltd.</p> <p>2001 - 2002<br/>Chairman of the Board of Directors<br/>Siam Integrated Service Co., Ltd.</p> <p>Director<br/>Dusit Sinthorn Co., Ltd.</p> <p>2000 - 2002<br/>Director<br/>Jalaprathan Cement Plc.</p> <p>1968 - 2002<br/>Last Position: Executive Vice President<br/>Siam Commercial Bank Plc.</p> |
| Training   | <p>Directors Accreditation Program - DAP 5/2003/<br/>Thai Institute of Director (IOD)</p> <p>Audit Committee Program - ACP 7/2005/<br/>Thai Institute of Director (IOD)</p> <p>Role of the Compensation Committee - 3/2007/<br/>Thai Institute of Director (IOD)</p>  |



**Mr. Kanchit Bunajinda**

Independent Director / Member of the Risk Management Committee

|  |                               |
|--|-------------------------------|
| Age                                      | 46 Years                      |
| Shareholding                             | none (as of 27 December 2013) |
| Family Relationship Among the Executives | -                             |

|   |   |
|---|---|
| Education                                       | <p>Master Degree (Finance &amp; International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University</p> <p>Bachelor Degree (Engineering), Chulalongkorn University</p>   |
| Other Position(s) (Listed Companies and Others) | <p><b>Listing Companies</b></p> <p>Independent Director / Member of the Audit Committee / Chairman of Risk Management Committee<br/>Central Plaza Hotel Plc.</p> <p>Director / Member of Risk Management Committee / Member of Nomination and Compensation Committee<br/>Central Pattana Plc.</p> <p>Director<br/>Robinson Department Store Plc.</p> <p><b>Others</b></p> <p>Independent Director / Member of the Audit Committee<br/>True Visions Plc.</p>   |
| Work Experience                                 | <p>2007- 2012<br/>Alternate Director<br/>Asian Corporate Governance Association, Hong Kong</p> <p>2002- 2012<br/>Director<br/>Private Equity (Thailand) Co., Ltd.<br/>(An Affiliate of Lombard Investment, Inc.)</p> <p>1991- 2002<br/>Senior Vice President and Head of the Financial Institutions Groups / Mergers and Acquisition<br/>Merrill Lynch Phatra Securities Co., Ltd.</p>  |
| Training  | <p>Directors Certification Program - DCP 30/2003/<br/>Fellow Member, Thai Institute of Director (IOD)</p> <p>Directors Accreditation Program - DAP 35/2005/<br/>Thai Institute of Director (IOD)</p> <p>Audit Committee Program - ACP 14/2006/<br/>Thai Institute of Director (IOD)</p> <p>Monitoring the System of Internal Control and Risk Management - MIR 4/2008/<br/>Thai Institute of Director (IOD)</p> <p>Monitoring the Quality of Financial Reporting - MFR 8/2009/<br/>Thai Institute of Director (IOD)</p> |



### Mr. Mayta Chanchamcharat

Authorised Director / Member of Executive Committee /  
Managing Director - International Business

|   |   |
|---|---|
| Age   | 49 Years  |
| Shareholding                                | 0.01 %<br>(271,800 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -   |

|                    |   |
|--------------------|---|
| Education          | <p>Master Degree (Business Administration),<br/>Indiana University, USA</p> <p>Bachelor Degree (Finance and Banking),<br/>Faculty of Commerce and Accountancy,<br/>Chulalongkorn University</p>   |
| Other Position (s) | <p>Director<br/>Pruksa Overseas Co.,Ltd.</p> <p>Director<br/>Pruksa Overseas Service Co.,Ltd.</p> <p>Director<br/>Pruksa International Co.,Ltd.</p> <p>Director<br/>Pruksa-Mohan Mutha Real Estate Private<br/>Limited</p> <p>Director<br/>Pruksa-HDC Housing Private Limited</p> <p>Director<br/>Pruksa-Luxora Housing Private Limited</p>   |
| Work Experience    | <p><i>2005-April 2009</i><br/>Chief Executive Officer<br/>Plus Property Co., Ltd.</p> <p><i>2004-2005</i><br/>Managing Director<br/>Plus Property Co., Ltd.</p> <p><i>2002-2004</i><br/>Vice President; Corporate Finance and<br/>Investor Relations Department<br/>Sansiri Public Company Limited</p> <p><i>1997-2002</i><br/>Senior Manager; Head of Corporate<br/>Department - Fortis Bank - BIBF, Bangkok</p> |
| Training           | Directors Certification Program – DCP 124/2009/<br>Thai Institute of Director (IOD)   |



Mr. Edward Joseph Cooper, Jr.

Authorised Director / Member of Executive Committee /  
Member of Risk Management Committee /  
Chief Financial and Risk Officer

|   |  |
|---|--|
| Age   | 65 Years   |
| Shareholding                                | 0.01%<br>(150,000 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

|                    |   |
|--------------------|---|
| Education          | <p>Master in Business Administration<br/>(International Finance), New York University,<br/>Stem Graduate School of Business</p> <p>Bachelor of Arts, (Economics, Minor Asian<br/>History), Princeton University</p>   |
| Other Position (s) | N/A   |
| Work Experience    | <p>2001 – 2009<br/>AIG Consumer Finance Group, Inc.</p> <p>2003 – 2009<br/>President, New York</p> <p>2001 – 2002<br/>Asia Region Executive, Consumer Finance,<br/>Hong Kong</p> <p>1970 -2000<br/>Chase Manhattan Bank</p> <p>1997 – 2000<br/>Senior Vice President, Asia Region Retail<br/>Banking Executive, Hong Kong</p> <p>1988 – 1996<br/>Senior Executive, New York</p> <p>1985 – 1988<br/>Deputy General Manager, Tokyo</p> <p>1983 – 1985<br/>Asia Banking Division Executive, New York</p> <p>1979 – 1983<br/>Country Manager, Bangkok</p> <p>1974 – 1979<br/>Deputy General Manager, Singapore</p> <p>1970 – 1974<br/>Trainee and Officer, New York</p> |
| Training           | <p>Directors Accreditation Program - DAP 88/2011/<br/>Thai Institute of Director (IOD)</p> <p>Directors Certificate Program - DCP153/2011/<br/>Thai Institute of Director (IOD)</p>   |



|                    |   |
|--------------------|---|
| Education          | Bachelor Degree (Engineering),<br>Chiangmai University<br><br>Master Degree (Business Administration),<br>Thammasat University  |
| Other Position (s) | -   |
| Work Experience    | 1990-2008<br>Quality House Plc.<br><br>1985-1990<br>Metropolitan Waterworks Authority<br>Organization<br><br>1983-1985<br>Royal Irrigation Department<br><br>1983<br>Land and House Co., Ltd. |
| Training           | - Executive Coaching<br><br>- Executive Development Program (EDP)   |

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**Mr. Nimit Poonsawat**

Managing Director - Single Detached House

|   |  |
|---|--|
| Age   | 53 Years   |
| Shareholding                                | 0.03%<br>(544,600 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |





**Mr. Wirasak Kaewnoo**

**Managing Director - Special Business**

|   |  |
|---|--|
| Age   | 55 Years   |
| Shareholding                                | 0.01%<br>(205,400 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

|                    |  |
|--------------------|--|
| Education          | <p>Bachelor Degree (BA),<br/>Srinakharinwirot University</p> <p>Bachelor Degree (Political Science),<br/>Ramkhamheng University</p> <p>Master Degree (MBA), National Institute<br/>of Development Administration (NIDA)</p>  |
| Other Position (s) | <p>Director<br/>Pruksa Overseas Co.,Ltd.</p> <p>Director<br/>Pruksa Overseas Service Co.,Ltd.</p> <p>Director<br/>Pruka India Construction Private Limited</p>   |
| Work Experience    | <p>Director, Human Resources,<br/>Microchips Technology (Thailand) Co., Ltd.</p> <p>Director, Human Resources,<br/>Toshiba Semiconductors (Thailand) Co., Ltd.</p> <p>Senior Manager, Human Resources,<br/>Chromalloy Corporation (Thailand) Co., Ltd.</p> <p>Manager, Training &amp; Development,<br/>AT&amp;T Microelectronics (Thailand) Co.,Ltd.</p> <p>Manager, Quality Improvement Program,<br/>AT&amp;T Microelectronics (Thailand) Co.,Ltd.</p> <p>Supervisor, Production,<br/>Philips Semiconductors (Thailand) Co., Ltd.</p> |
| Training           | <p>Role of the Compensation Committee,<br/>Thai Institute of Director (IOD)</p> <p>Executive Development Program by Sasin</p> <p>Mini MRE (Master Real Estate) by<br/>Thammasat University</p> <p>Quality College, Signetics Corporated (USA)</p> <p>Quality Control Circle,<br/>Toshiba Semiconductor (Japan)</p> <p>Building the Aggregate System,<br/>Microchip Technology (USA)</p>  |



Ms. Suporn Treewichayapong

EVP - Accounting and Finance

|   |  |
|---|--|
| Age   | 53 years   |
| Shareholding                                | 0.002%<br>(55,000 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

Education

Master Degree (Finance),  
Thammasat University

Master Degree (Accounting),  
Thammasat University

Bachelor Degree  
(Commerce and Accountancy),  
Thammasat University

Work Experience

*2011 - Present*

EVP - Accounting and Finance  
Pruksa Real Estate Public Company Limited

*1997 - 2005*

EVP - Accounting and Finance  
Pruksa Real Estate Public Company Limited

*1992 - 1994*

System Development Manager  
American Engineering Co., Ltd

*1988 - 1992*

Accounting Manager  
Bradford Contracting & Engineering  
(Thailand) Co., Ltd.

*1983 - 1988*

Senior Accountant  
Nava Finance & Securities Co.,Ltd.

Training

CFO (Chief Finance Officer Certification  
Program) from Federation of Accounting  
Professions

Directors Certification Program  
from Thai Institute of Directors



**Mrs. Narisa Wetpanyawong**

Senior Vice President of Financial Planning Business Unit

|   |  |
|---|--|
| Age   | 48 Years                                   |
| Shareholding                                | 0.007%<br>(160,700 As of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

|                 |  |
|-----------------|--|
| Education       | <p>Master Degree in Economics /<br/>Thammasat University</p> <p>Bachelor Degree in Economics<br/>(First Class Honour) /<br/>Thammasat University</p>   |
| Work Experience | <p><i>2011 – Present</i><br/>Senior Vice President,<br/>Financial Planning Business Unit,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2009 – 2011</i><br/>Vice President,<br/>Financial Planning &amp; Analysis Division,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2006 – 2008</i><br/>Vice President,<br/>Project Finance &amp; Budget Division,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2000 – 2006</i><br/>Vice President,<br/>Investment Division,<br/>Muang Thai Life Assurance Public Co., Ltd.</p> <p>Subcommittee of Investment Board,<br/>The Thai Life Assurance Association</p> <p>Committee of Housing Finance Board,<br/>Housing Finance Association</p> <p><i>1997 – 1999</i><br/>Deputy Vice President, Project Loan<br/>Division, Phatra Thanakit Finance and<br/>Securities Public Co., Ltd.</p> |
| Training        | <p>3<sup>rd</sup> Annual Global CFO Leadership<br/>Program-June 2013, Singapore,<br/>Clariden Leadership Institute</p> <p>Financial Statement for Director - FDS 19/2013/<br/>Thai Institute of Directors</p> <p>Directors Accreditation Program- DAP 99/2012/<br/>Thai Institute of Directors</p> <p>Corporate Credit Risk Analysis 2009,<br/>Standard &amp; Poor's Ratings</p>   |



**Premsak Vallikul**

Vice President - Internal Audit

|   |  |
|---|--|
| Age   | 49 Years                                     |
| Shareholding                                | 0.00%<br>(100 shares as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -  |

|                 |   |
|-----------------|---|
| Education       | <p>Master Degree in Commerce /<br/>University of New South Wales, Australia</p> <p>Graduate Diploma in Information Systems /<br/>University of Wollongong, Australia</p> <p>Bachelor Degree in Accounting /<br/>Chulalongkorn University</p>  |
| Work Experience | <p><i>2009 - Present</i><br/>Vice President - Internal Audit,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2008 - 2009</i><br/>Vice President - Land Acquisition,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2007 - 2008</i><br/>Chief Audit Officer,<br/>Grande Asset Development Public Co., Ltd.</p> <p><i>2004 - 2007</i><br/>Manager,<br/>Pruksa Real Estate Public Co., Ltd.</p> <p><i>2003 - 2004</i><br/>Senior Manager Internal Audit Department,<br/>Betagro Group Co., Ltd.</p> <p><i>1999 - 2002</i><br/>Manager,<br/>PricewaterhouseCoopers Co., Ltd.</p> <p><i>1996 - 1999</i><br/>Senior Internal Auditor,<br/>Shell Company of Thailand</p> |
| Training        | <p>Certified Information System Audit<br/>CISA 0126580/2001/ISACA</p> <p>Director Certification Program - DCP 56/2005/<br/>Thai Institute of Directors (IOD)</p>  |



**Mr. Paisarl Rumphan**

Company Secretary

|   |                               |
|---|-------------------------------|
| Age   | 54 Years                      |
| Shareholding                                | None (as of 27 December 2013) |
| Family Relationship<br>Among the Executives | -                             |

|                 |   |
|-----------------|---|
| Education       | LL.B., Thammasat University<br><br>Barrister-at-Law, The Institute of Legal Education, Thai Bar Association   |
| Work Experience | 2009 – Present<br>Company Secretary,<br>Pruksa Real Estate Public Company Limited<br><br>2008 – 2009<br>Company Secretary, Senior Legal Manager<br>Pruksa Real Estate Public Company Limited<br><br>2005 – 2006<br>Vice President, Broker Business Department<br>Ayudhya Allianz C.P. Life Public Company Limited<br><br>1992 – 2005<br>Vice President, Legal Department<br>Ayudhya Allianz C.P. Life Public Company Limited<br><br>Member of the Law Sub-committee,<br>The Thai Life Assurance Association |
| Training        | Company Secretary Program – CSP 27/2008/<br>Thai Institute of Director (IOD)<br><br>Effective Minute Taking – EMT 13/2009/<br>Thai Institute of Director (IOD)<br><br>Board Reporting Program – BRP 3/2010/<br>Thai Institute of Director (IOD)   |

## CONTROLLING PERSONS OF THE COMPANY AND ITS SUBSIDIARIES (AS AT 31 DECEMBER 2013)

| Name   | The Company | Kaysorn Construction Co.,Ltd | Phanalee Estate Co.,Ltd | Putthachart Estate Co.,Ltd | Pruksa International Co.,Ltd. | Pruksa Overseas Co.,Ltd. | Pruksa Overseas Services Co.,Ltd |
|--|-------------|------------------------------|-------------------------|----------------------------|-------------------------------|--------------------------|----------------------------------|
| 1. Dr. Pisit Leeahtam                        | X           | -                            | -                       | -                          | -                             | -                        | -                                |
| 2. Mr. Thongma Vijtpongpan                   | / & //      | -                            | -                       | -                          | X                             | X                        | X                                |
| 3. Professor Emeritus Trungjai Buranasomphop | /           | -                            | -                       | -                          | -                             | -                        | -                                |
| 4. Mr. Adul Chandanachulaka                  | /           | -                            | -                       | -                          | -                             | -                        | -                                |
| 5. Mr. Weerachai Ngamdeevilaisak             | /           | -                            | -                       | -                          | -                             | -                        | -                                |
| 6. Mr. Wisudhi Srisuphan                     | /           | -                            | -                       | -                          | -                             | -                        | -                                |
| 7. Mr. Prasert Taedullayasatit               | / & //      | -                            | -                       | -                          | -                             | -                        | -                                |
| 8. Mr. Mayta Chanchamcharas                  | / & //      | -                            | -                       | -                          | /                             | /                        | /                                |
| 9. Mrs. Rattana Promsawad                    | /           | /                            | -                       | -                          | /                             | /                        | -                                |
| 10. Mr. Piya Prayong                         | / & //      | /                            | -                       | -                          | -                             | -                        | /                                |
| 11. Mr. Edward Joseph Cooper, Jr.            | / & //      | -                            | -                       | -                          | -                             | -                        | -                                |
| 12. Mr.Lersuk Chuladesa                      | / & //      | -                            | -                       | -                          | -                             | -                        | -                                |
| 13. Mr. Kanchit Bunajinda                    | /           | -                            | -                       | -                          | -                             | -                        | -                                |
| 14. Mr. Wirasak Kaewnoo                      | -           | -                            | -                       | -                          | -                             | /                        | /                                |
| 15. Miss. Suporn Treewichayapong             | -           | /                            | /                       | /                          | /                             | -                        | /                                |

## Remarks :

- 1) X = Chairman, / = Director // = Executive Director
- 2) Mr. Lersuk Chuladesa was appointed as the Company director since 22 February 2013 onward.
- 3) Mr. Kanchit Bunajinda was appointed as the Company director since 26 April 2013 onward.
- 4) Mr. Prasert Taedullayasatit resigned from the director post in Kaysorn Construction Co.,Ltd., Pruksa International Co.,Ltd. and Pruksa Overseas Service Co.,Ltd. since 7 August 2013
- 5) Miss. Suporn Treewichayapong is the director post in Pruksa International Co.,Ltd. and Pruksa Overseas Service Co.,Ltd. since 7 August 2013



## MEETING ATTENDANCE OF THE DIRECTORS IN 2013 AND 2012

| Name   | Board of Director |       | Audit Committee |         | Risk Management Committee |         | Corporate Governance Committee |       | Nomination Remuneration Committee |       |
|--|-------------------|-------|-----------------|---------|---------------------------|---------|--------------------------------|-------|-----------------------------------|-------|
|  | 2013              | 2012  | 2013            | 2012    | 2013                      | 2012    | 2013                           | 2012  | 2013                              | 2012  |
| 1. Dr. Pisit Leeahtam                            | 6 / 7             | 6 / 7 | -               | -       | -                         | -       | -                              | -     | 5 / 6                             | 3 / 3 |
| 2. Mr. Thongma Vjittpongpan                      | 7 / 7             | 7 / 7 | -               | -       | 9 / 11                    | 8 / 12  | 1 / 2                          | 1 / 4 | 6 / 6                             | 3 / 3 |
| 3. Professor Emeritus Dr. Trungjai Buranasomphop | 7 / 7             | 7 / 7 | 13 / 13         | 13 / 13 | -                         | -       | 3 / 3                          | -     | -                                 | -     |
| 4. Mr. Wisudhi Srisupha                          | 7 / 7             | 7 / 7 | 13 / 13         | 7 / 7   | -                         | -       | 3 / 3                          | -     | 2 / 2                             | -     |
| 5. Mr. Adul Chandanachulaka                      | 7 / 7             | 6 / 7 | 13 / 13         | 13 / 13 | -                         | -       | 5 / 5                          | 4 / 4 | -                                 | -     |
| 6. Mr. Weerachai Ngamdeevilaisak                 | 7 / 7             | 7 / 7 | 13 / 13         | 13 / 13 | 11 / 11                   | 12 / 12 | -                              | -     | 6 / 6                             | 3 / 3 |
| 7. Mr. Kanchit Bunajinda <sup>(1)</sup>          | 4 / 6             | -     | -               | -       | 5 / 5                     | -       | -                              | -     | -                                 | -     |
| 8. Mr. Lersuk Chuladesa <sup>(2)</sup>           | 6 / 6             | -     | -               | -       | 5 / 5                     | -       | -                              | -     | -                                 | -     |
| 9. Mr. Prasert Taedullaysatit                    | 7 / 7             | 7 / 7 | -               | -       | 8 / 11                    | 12 / 12 | 2 / 2                          | 4 / 4 | -                                 | -     |
| 10. Mr. Piya Prayong                             | 7 / 7             | 7 / 7 | -               | -       | 4 / 5                     | -       | -                              | -     | -                                 | -     |
| 11. Mrs. Rattana Promsawad                       | 7 / 7             | 7 / 7 | -               | -       | -                         | -       | 3 / 3                          | -     | -                                 | -     |
| 12. Mr. Mayta Chanchamcharat                     | 7 / 7             | 7 / 7 | -               | -       | -                         | -       | -                              | -     | -                                 | -     |
| 13. Mr. Edward Joseph Cooper, Jr.                | 7 / 7             | 7 / 7 | -               | -       | 10 / 11                   | 11 / 12 | -                              | -     | -                                 | -     |
| 14. Mr. Wirasak Kaewnoo <sup>(3)</sup>           | -                 | -     | -               | -       | -                         | -       | 2 / 2                          | 3 / 4 | 3 / 4                             | 3 / 3 |

**Remark:**

- (1) Mr. Kanchit Bunajinda was appointed by Annual General Shareholders' Meeting 2013 on 22 April 2013 as director and Independent Director
- (2) Mr. Lersuk Chuladesa was appointed by Board of Directors' meeting No.1/2013 on 22 February 2013 as Director and Independent Director and be effective on 22 February 2013. Then he was appointed by Executive Committees' Meeting No. 3/2013 on 12 July 2013 as Chief Operating Officer as a result he was not independent director in accordance to the notification of SEC.
- (3) Mr. Wirasak Kaewnoo resigned from Corporate Governance Committee and the Nomination and Remuneration Committee on 12 July 2013

## REMUNERATION OF DIRECTORS AND MANAGEMENT

### I. MONETARY REMUNERATION OF INDEPENDENT DIRECTORS

#### I.1 Remuneration of Independent Director

The 2013 Annual General Shareholders' Meeting, held on 26 April 2013, has approved 2013 remuneration of Directors. Such amount is not exceed Bt31m (in 2013 the amount was set at Bt22m maximum and 2012 the amount was set not to exceed Bt18m each year). Such remuneration is to pay only to Independent Directors and Non-Executive Directors who are Board members, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Corporate Governance Committee. For Non - executive Directors who are entitled to receive such remuneration must not be any shareholder's representative. The directors other than the mentioned qualification will not receive any. The details of remuneration paid in 2013 compared to that of 2012, 2011 are as follows:

(Bt)

| Name/Position   | 2013         |                      | 2012         |                      | 2011         |                      |
|---|--------------|----------------------|--------------|----------------------|--------------|----------------------|
|   | Remuneration | Bonus <sup>(1)</sup> | Remuneration | Bonus <sup>(1)</sup> | Remuneration | Bonus <sup>(1)</sup> |
| <b>1. Dr. Pisit Leehtam</b><br>Chairman of the Board of Directors and Nomination and Remuneration Committee   | 3,924,000.00 | 1,808,873            | 3,804,000    | 1,371,416            | 3,120,000    | 523,772              |
|   | 5,732,873    |                      | 5,175,415.96 |                      | 3,643,772    |                      |
| <b>2. Professor Emeritus Dr.Trungjai Buranasomphop</b><br>Director, Audit committee and Chairman of Corporate Governance Committee  | 2,445,379.77 | 1,131,345            | 2,246,400    | 822,850              | 1,747,200    | 293,312              |
|   | 3,576,725    |                      | 3,069,250    |                      | 2,040,512    |                      |
| <b>3. Mr. Adul Chandanachulaka</b><br>Director, Audit committee, and Corporate Governance Committee   | 2,255,000.00 | 1,085,324            | 2,020,000    | 731,422              | 1,540,000    | 251,410              |
|   | 3,340,324    |                      | 2,751,422    |                      | 1,791,410    |                      |
| <b>4. Mr. Weerachai Ngamdeevilaisak</b><br>Director, Audit committee, Chairman of Risk Management and Nomination and Remuneration Committee                                     | 2,785,400    | 1,085,324            | 2,378,100    | 731,422              | 1,831,600    | 251,410              |
|   | 3,870,724    |                      | 3,109,522    |                      | 2,083,010    |                      |
| <b>5. Mr. Wisudhi Srisuphan</b><br>Director, Chairman of Audit committee, Chairman of Risk Management and Nomination and Remuneration Committee, Corporate Governance Committee | 2,198,710    | 1,067,852            | 1,500,000    | 548,566              | 1,500,000    | 251,410              |
|   | 3,266,561    |                      | 2,048,566    |                      | 1,751,410    |                      |

| Name/Position  | 2013              |                      | 2012              |                      | 2011              |                      |
|--|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
|  | Remuneration      | Bonus <sup>(1)</sup> | Remuneration      | Bonus <sup>(1)</sup> | Remuneration      | Bonus <sup>(1)</sup> |
| <b>6. Mr. Kanchit Bunajinda</b><br>Director and Risk Management<br>Committee | 1,293,333         | 639,462              | -                 | -                    | -                 | -                    |
|  | 1,932,795         |                      | -                 |                      | -                 |                      |
| <b>Grand Total</b>   | <b>14,901,822</b> | <b>6,818,180</b>     | <b>11,948,500</b> | <b>4,205,676</b>     | <b>9,738,800</b>  | <b>1,571,314</b>     |
|  | <b>21,720,002</b> |                      | <b>16,154,175</b> |                      | <b>11,310,114</b> |                      |

**Note:**

(1) Bonus of the year is paid in 2 tranches: first and second half of the year. The second half-year bonus is paid in January in the next year and is included in the amount.

## 1.2 Remuneration of Executive Directors and Management

Total remuneration of Executive Directors and Management details of which are as follows:

| Nature of Compensation         | 2013              |                       | 2012              |                      | 2011              |                      |
|--------------------------------|-------------------|-----------------------|-------------------|----------------------|-------------------|----------------------|
|                                | No. of Management | Amount (Bt)           | No. of Management | Amount (Bt)          | No. of Management | Amount (Bt)          |
| Salary/Wage                    | 10                | 77,505,870.98         | 8                 | 53,532,844.00        | 9                 | 52,044,900.00        |
| Bonus <sup>(1)</sup>           | 10                | 43,098,220.36         | 8                 | 21,818,167.00        | 9                 | 9,294,369.00         |
| Contribution to Provident Fund | 10                | 2,555,674.00          | 8                 | 1,901,305.00         | 9                 | 1,817,393.00         |
| Others                         | 10                | 6,643,000.01          | 8                 | 10,682,102.00        | 9                 | 9,688,768.00         |
| <b>Total</b>                   | <b>10</b>         | <b>129,802,765.35</b> | <b>8</b>          | <b>87,934,418.00</b> | <b>9</b>          | <b>72,845,430.00</b> |

**Note:**

(1) Bonus of the year is paid in 2 tranches: first half is paid on 31 July and second half is paid on 31 January. The second half-year bonus is included in the amount.

## 2. OTHER REMUNERATION

Other remunerations are in the form of warrants to purchase ordinary shares offered to the Company's directors and management, and/or the subsidiaries. The Company's annual shareholders' meeting approved the third issuance of 22,000,000 warrants (PS-WC), the fourth issuance of 22,000,000 warrants (PS-WD) with the exercise ratio of one warrant per one ordinary share (1:1) to the Company's directors and management, and/or the subsidiaries in 2010 and 2011 respectively. The exercise of both warrants can be done four times a year, from 8.30 am. to 15.30 pm., on the last business day of February, May, August and November each year. However, the final exercise can be done on the maturity date of warrants. The warrants to purchase ordinary shares were allocated to seven directors and management (management means Chief Executive Officer, the next four Senior Executive Vice President, those whose positions equal to the fourth rank, including management level in Accounting and Finance department whose positions are upper or equivalent level to Department Manager). For the from the total warrant of 6,947,600 units, there were allocated as 3,510,900 warrants (PS-WC) and 3,436,700 warrants (PS-WD). The exercise of warrants by the Company's directors and management in 2013 is shown as follows:

### The warrants allocated (PS-WC and PS-WD) and warrants exercised in 2013

| Name                             | No. of Warrant Allocated<br>(unit) |                  | No. of Warrant Exercised<br>in 2013 (Unit) |                |
|----------------------------------|------------------------------------|------------------|--|----------------|
|                                  | PS-WC                              | PS-WD            | PS-WC                                      | PS-WD          |
| 1. Mr. Prasert Taedullayasatit   | 830,100                            | 924,100          | 830,100                                    | -              |
| 2. Mr. Piya Prayong              | 830,100                            | 1,040,300        | 276,700                                    | 260,100        |
| 3. Mr. Mayta Chanchamcharat      | 559,200                            | 341,600          | 186,400                                    | 85,400         |
| 4. Mr. Edward Joseph Cooper, Jr. | 626,700                            | 356,200          | 350,000                                    | -              |
| 5. Mr. Wirasak Kaewnoo           | 463,800                            | 348,900          | 463,800                                    | 174,400        |
| 6. Ms. Suporn Treewichayapong    | -                                  | 210,800          | -  | 75,400         |
| 7. Mrs. Narisa Wetpanyawong      | 201,000                            | 214,800          | 67,000                                     | 53,700         |
| <b>Total</b>                     | <b>3,510,900</b>                   | <b>3,436,700</b> | <b>2,174,000</b>                           | <b>649,000</b> |

#### หมายเหตุ

- (1) The allotment of warrants as the Executive Director : However those executive directors hold the position of director of the Company as well. Therefore, it must be considered a allotment of warrants to directors pursuant to the Capital Market Supervisory Board No. Tor. 32/2551 on the proposed sale of securities issued to directors or employees dated 15 December 2008.

Furthermore, the Company's annual shareholders' meeting in 2013 approved the fifth issuance of 15,000,000 warrants (PS-WE) with the exercise ratio of one warrant per one ordinary share (1:1). However the Company doesn't allocate to the Company's directors and management, and/or the subsidiaries.

### 3. PERSONNEL AND EMPLOYEE BENEFIT

#### 3.1 Personal

As at 31 December 2013, the Company employed the total of 3,119 employees. Details are as follows:

| Pruksa Real Estate Public Company Limited                        | Number of Employees |
|--|---------------------|
| Chief Executive Officer's Division                               | 18                  |
| Business Development Division for Condo (MD-CD)                  | 217                 |
| Business Development Division for International Business (MD-IB) | 25                  |
| Business Development Division for Special Business (MD-SB)       | 202                 |
| Business Development Division for Single Detached House (MD-SDH) | 791                 |
| Business Development Division for MD-Supply Chain                | 596                 |
| Business Development Division for Townhouse (MD-TH)              | 919                 |
| Chief Finance and Risk Officers's Division (CFRO)                | 129                 |
| Chief Operating Officer's Division (COO)*                        | 222                 |
| <b>Total</b>   | <b>3,119</b>        |

\* COO's Division comprises of Business and Operation Strategy, Innovation & Continuous Improvement, Corporate Marketing, Human Capital, Information Technology and Chief Operating Office.

#### 3.2 The change of number of employees, excluding the management, in the last five years was shown as follows:

| As of 31 December,            | 2013  | 2012  | 2011  | 2010  | 2009  |
|-------------------------------|-------|-------|-------|-------|-------|
| Number of Employees (persons) | 3,119 | 2,737 | 2,619 | 2,054 | 1,579 |

#### 3.3 Employee Benefits (excluding the management)

The Company has provided employees benefits in the form of salaries, overtime payment, bonuses, contributions to provident fund etc. Furthermore, other benefits such as annual leave, military service leave, maternity leave, and financial assistance for funerals, housing, medical treatment and child's education etc. are provided to employees. As at 31 December 2013, the overall employees' benefits were shown as follows:

| Benefits                                 | As at                   |                      |
|--|-------------------------|----------------------|
|  | 31 December 2013        | 31 December 2012     |
| Salaries                                 | 1,304,171,422.83        | 973,035,273          |
| Bonuses <sup>(1)</sup>                   | 677,499,675.69          | 391,850,770          |
| Contributions to provident fund          | 41,228,053              | 28,891,866           |
| Contribution to the social security fund | 22,605,040              | 15,501,715           |
| Overtime payment                         | 89,384,628.03           | 50,687,914           |
| Other benefits                           | 345,985,933.41          | 244,534,976          |
| <b>Total</b>                             | <b>2,480,874,752.96</b> | <b>1,704,502,514</b> |

**Remark:**

(1) Bonuses are paid twice a year. Bonuses based on performance of the first half of a year are paid on 31 July of that year while those of the second half of a year are paid on 31 January next year. Bonus figures shown above are the amount paid twice a year.

#### 3.4 Provident Fund

Besides, the Company registered a provident fund, which complied with Provident Fund Act B.E. 2530 (1987), in 2000. The Company (employer) and employees make equal contributions, 4.0%, to the Fund.

# GOOD CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE POLICY

The Company adheres and complies to corporate governance principles which are consistent with international principles and the Stock Exchange of Thailand's policy, The Company has established "The Principles of Good Corporate Governance" in order to ensure the ethical conduct of its business. The Company strongly believes that its good corporate governance procedures are beneficial to the Company's performance, being one of the keys to achieving its objectives. The Company's Corporate Governance Policy is divided into seven categories, as follows:

1. The Board of Directors
2. Rights of shareholders
3. Equitable Treatment of shareholders
4. Role of Stakeholders
5. Disclosure and Transparency
6. Internal Controls and Risk Management
7. Philosophy and Code of Conduct

The Company communicated "The Principles of Good Corporate Governance" on the Company's website, [www.pruksa.com](http://www.pruksa.com), and has encouraged the Directors, Management and employees to acknowledge and observe.

### 1. THE BOARD OF DIRECTORS

The Board of Directors is accountable to the shareholders for ensuring that the business of the Company is managed properly in the best interests of the shareholders and other stakeholders, as well as environment. The Board of Directors has a key role in making sure that management commit themselves to performance excellence, with due consideration to the risk exposure of the Company.

#### 1.1. Structure of the Board of Directors

The Board of Directors of Pruksa Real Estate Public Company Limited, as of 31 December 2013, consists of 13 members with diversify of professional skills, specialization and gender that are 11 Males and 2 Females with age range 30 -50 years old for 5 persons and age range over 50 years old for 8 persons. One out of six nonexecutive directors, Professor Emeritus Dr. Trungjai has management experience in related to the Company's business. (6 Independent Directors: Dr. Pisit Leeahtam, Professor Emeritus, Dr. Trungjai Buranasomphop, Mr. Wisudh Srisuphan, Mr. Weerachai Ngamdeevilai sakand, Mr. Adul Chandanachulaka and Mr. Kanchit Bunajinda which exceeds one - third of the entire Board) and 7 management Directors. Besides, Chairman of the Board of Directors (Dr. Pisit Leeahtam) and Chairman of the Executive Committee (Mr. Thongma Vijitpongpan) is not the same person and different responsibilities.

#### 1.2. Director Qualifications

Directors on the Board of Directors shall possess all the qualifications stated in the public company law and other related laws. They shall not possess any characteristic unsuitable to manage business which the general public is the shareholders pursuant to the section No.89/3 of the No. 4 Securities and Exchange Act B.E. 2551.

Directors must also have sufficient knowledge and a high standard of integrity and business ethics. In addition, they must be able to commit enough time to contribute their knowledge and expertise to perform their duties for the Company.



Independent Directors must additionally meet the independence criteria adopted by the Company and non-compliance with the same qualifications in accordance with the Notification of Capital Market Supervisory Board.

By making unconditional opinions, independent directors are expected to be capable of safeguarding the interests of all the shareholders without the conflict of interest.

### 1.3 Term of Service Number of term of being a Director

#### Number of term of being a Director

A Board of Director's term of service is fixed for three years. A period of one year is hereby defined as the period between the Annual General Meeting of Shareholders of the year of appointment and the Annual General Meeting of Shareholders of the following year. Upon the expiration of the term, a director may be re-elected by the shareholders.

Sub-Committees' term of service is in line with the term of the Boards'. Upon the expiration of the term, a committee may be re-elected by the Boards.

#### Number of consecutive term of a Director

The Company understands that all of their directors are qualified, knowledgeable, capable, ethical, and moral with good practices all through their services. If the Company's shareholders are still trust them so that they re-elect such directors to resume their services, the Company must comply to shareholders' desire. Thus, the Company doesn't strictly fix the number of consecutive term of being a Director.

### 1.4 Board of Director meeting

#### To set the date for the Company's Board of Director and Annual General Shareholder Meeting

The Company has set the Meeting date and the agenda for the Company's Board of Director and Annual General Shareholder Meeting in advance every year, and has communicated the said matter to every Director, so that the directors can spare their time and attend the Meeting. In the Board of Director and Annual General Shareholder Meeting, every Director of the Company contributes to the consideration and selection of items to be included in the agenda.

The Company has scheduled more than 6 Board of Director meetings per year, and sends out the meeting documents to the Directors in advance for not less than 7 days prior to the meeting. In case where there is no monthly meeting, the Company will send the Performance Report to the Company's Directors for acknowledgement in the month where no meeting is held, in order for the Board of Directors to be able to monitor, control, and supervise the performance of the Management on a continual basis and in a timely manner.

#### Minimum number of Directors present at the time of vote casting

At the time of vote casting by the Board of Directors, there must be at least 2 tiers of the total number of Directors present.

### 1.5 Sub-Committees

The Company has established sub committees pursuant to the regulations of the SET for example the Audit Committee . Furthermore, the Company has also established the following sub-committees to carry out duties as assigned by the Board of Directors: the Risk Management Committee, the Corporate Governance Committee, and the Nomination and Remuneration Committee.

#### 1.5.1 Audit Committee

The Audit Committee is responsible for reviewing the Company's financial statements and financial reports to ensure the accuracy and completeness of the financial statements, approval for any change in audit 's principal and significant audit practice and the reports with adequate and effective internal control and internal audit system; reviewing the independence of internal audit and also approve the appointment, removal and termination of the Chief Internal Auditor or any other function responsible for internal auditing, reviewing internal audit report to Management, including reviewing management 's comment toward auditing issues. Furthermore Audit committee have unrestricted access to management, corporate staff and related information. Considering the disclosures of information, connected transaction(s) and transactions with a potential conflict of interest pursuant to laws and the regulations of the Stock Exchange of Thailand to ensure the reasonableness of the transaction and to the benefit of the Company; Preparing the Audit Committee Report for disclosure in the Company's Annual Report; Reviewing to ensure compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand or laws and regulations relevant to the business of the Company; Making recommendations on the appointment of external auditors of the Company; Review charter at least once a year and propose their remuneration for consideration of the Board of Directors; Performing any other tasks within the scope assigned by the Board; Reviewing and giving opinions in an independent and objective manner on any internal auditing tasks performed by Internal Audit Department; and Consulting regularly with the external auditors.

#### 1.5.2 Risk Management Committee

The Risk Management Committee has the duty to acknowledge and to provide suggestions on the policy, strategy, and directions in order to manage organizational risk, reviews the risk management plan of the Management, including risk management process at the organizational level, to acknowledge critical risks and to review whether the Management has appropriately responded to various risk types or not, and to follow up the operational results according to the framework risk management at the organizational level.

#### 1.5.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the duty to establish policy and criteria for selection, and to consider the selection of Company's Board of Directors, the Sub-Committee, the Chief Executive Officer, the Executive Managing Director, and the Managing Director, for submission to the Company's Board of Directors for approval, and/or for submission to the Annual General Shareholder Meeting for approval. The Nomination and Remuneration Committee also has the duty to establish policy and criteria for determining the necessary and appropriate compensation, both in the monetary and non-monetary forms. In addition, the Nomination and Remuneration Committee also has the duty to establish performance evaluation criteria, to review policy and criteria for selection and to decide on compensation, including a systematic payment appropriate for the duty and responsibility, always in accordance with the Company's performance and market conditions.

#### 1.5.4 The Corporate Governance Committee

The Corporate Governance Committee has the duty to consider, review, and submit to the Board of Directors for approval of a good governance policy, business ethics, policy for social and environmental responsibility, policy for long-term development of the Company, and any other policies and procedures to support the Company's continuous performance in compliance with the good governance practice. The Corporate Governance Committee also oversees that the Management implements the said policy and procedures for the development of the Company in a continuous manner. It also follows up and reviews different work processes within the organization for compliance with ethics and good governance, follows up and instructs in case the Management and the employees have any issues for not complying to the established policies and procedures, follows up and reports on the organizational performance according to the corporate governance policy and other policies related to the Board of Directors and external organizations as appropriate.

#### 1.5.5 The Executive Committee

The Executive Committee has the duty to formulate policies, goals, strategies, work planning, fiscal budget, and various executive authorities of the Company for submission to the Board of Directors for approval, to oversee business performance of the Company for operational effectiveness and favorable to the business ambiance. The Executive Committee also provides consultation and suggestions on management to the high-ranking executives. It also approves payment for investments, financial activities with financial institutions, purchase and sale or registration of properties for the usual business of the Company; still, it sets up the organizational structure for effective management, supervises and approves matters pertaining to the organizational performance including screening all matters to be submitted to the Board of Directors, but except for matters under the duty and responsibility of other sub-committees.

#### 1.6 Inviting high-ranking executives to the Meeting

According to the Company's policy, the high-ranking executives are only invited to the Company's Board of Directors Meeting under the concerned agenda, so as to provide additional details and be accorded the opportunity to meet the Board of Directors. This also provides a base for succession planning.

#### 1.7 Charter of the Board of Directors and sub-committees

In order for the performance of the Board of Directors and the Sub-Committees to be clearly stipulated, the Company has created different charters for the Board of Directors and the Sub-Committee members. These include charter for the Audit Committee, charter for the Risk Management Committee, charter for the nomination and Remuneration Committee, charter for the Corporate Governance Committee, and charter for the Executive Committee. The subject matters of each charter will be categorized into different sections which are continuously reviewed for further improvements, such as the sections on objectives, constituting factors and characteristics, agenda on the tenure, authorization and duty, responsibility, meetings and meeting members, minutes, the details of which are shown in the Company's website at [www.pruksa.com](http://www.pruksa.com)

#### 1.8 Orientation for new committee or Knowledge Development and Training for Board of Directors

A newly appointed director shall be firstly served their first orientation so he or she is adequately informed of the rules and regulations and business of the Company on a continual basis. In addition, the Board of Directors shall participate in training courses regularly as their increased knowledge and expertise have contributed to the efficient oversight of Company business.

In addition, from the total of 13 company's directors, 11 directors have attended the Director Certification Program (DCP), 6 attended the Director Accreditation Program (DAP), 1 attended Role of the Chairman Program (RCP), 4 attended Audit Committee Program (ACP), 2 attended the Role of Compensation Committee, 1 attended Successful Formulation & Execution of Strategy, 1 attended Finance for Non-Finance Directors, 1 attended Monitoring the System of Internal Control and Risk Management (MIR) and 1 attended Monitoring the Quality of Financial Reporting (MFR). All of such programs are arranged or advised by the Thai Institute of Directors (IOD).

#### 1.9 Internal Control Policy and Risk Management Policy

The Company has established an Internal Control Policy and a Risk Management Policy to cover the entire organization. A review of the system or an evaluation of the effectiveness is made at least once a year and at any period of time when the risk level is changed, including any warning sign and all the unusual matters. The Board of Directors and the Audit Committee will comment on the sufficiency of the internal control system in addition to the risk management (details will appear in Section 6 on internal control and risk management).

#### 1.10 Conflict of Interest

The Company attaches great importance to proper management of conflicts of interests of parties concerned in both corporate level and employee level, handling them in a careful, fair and transparent manner and determine best practice in handling the conflict of interest. Full disclosure of information thereof is required in all cases.

Where a member of the Board of Directors or an executive has an interest in a matter under consideration, he or she shall leave the meeting room or no vote in that agenda.

#### 1.11 The Board of Directors, Non-dependency of the Management

The Board of Directors is free to provide opinions on the performance of the Management in order to reach the utmost benefits for the Company and the shareholders. There is a clear segregation of duty and responsibility between the Board of Directors and the Management. There is at least one member of the Board of Directors who is not an executive director and is experienced in the essential industry in which the Company operates.

#### 1.12 Appraisal of Board of directors' Performance

It is stipulated that the performance of the Committee members and the Sub-Committee members must be evaluated at least once a year, by appraisal the performance of the Committee as a whole and each individual member, for the usefulness to the overall performance of the Board of Directors. This will also show the main subject matters that the Board of Directors believes to be more useful to the Company than in the current situation. The objective of the performance appraisal is to increase the efficiency of the Board of Directors, including the useful implementation of the evaluation results for improving the duty of the Board of Directors.

#### 1.13 Appraisal of Chief Executive Officer's Performance

The Nomination and Remuneration Committee appraises the work performance of Chief Executive Officer from the Company's performance, the practice according to the policy assigned from Board of Directors. The Company can get the result to set the Chief Executive officer's compensation.

#### 1.14 Succession Planning for the Top Executive

In case the Top Executive of the Company cannot perform his function, the Company has set up a succession planning for the said position by having the second-in-command executive or an executive in similar position be in charged until the selection process can be made to select a person fully qualified under the law. The person must have the knowledge or capability, attitude, and experiences suitable to the Company, under the consideration of The Nomination and Remuneration Committee in order to present to the Board of Directors and/or the shareholders for approval of the substitute position.

#### 1.15 Appointment Process for New Directors and High-Ranking Executives

In case of vacancies for the positions of Director and high-ranking executive of the Company, the Company has a transparent process in selecting a Director and a high-ranking executive. The Nomination and Remuneration Committee will follow the procedures of selecting a new Director and a new high-ranking executive by considering their characteristics, knowledge and capability, work experiences, necessary skills which are lacking among the existing Board of Directors and among other high-ranking executives, to be of any gender, who are ready to sacrifice their time for the work, but who do not possess any characteristics forbidden by the law, while having the good governance principles. For the nomination of a member of the Board of Directors, part of the consideration will be drawn from the Director Pool which will lead to a diversified structure of the Committee for presentation to the Board of Directors and/or the Annual General Shareholder Meeting for approval in each case.

#### I.16 Remuneration for Directors and Management

The Company remunerates the directors for their service at an appropriate and motivating level in order to retain quality directors. The remuneration is offered both in monetary and non-monetary forms. The Nomination and Remuneration Committee is responsible for reviewing and proposing appropriate remuneration for directors, for approval by shareholders annually.

Management directors shall only be remunerated only for their service in the capacity of Management. Such remuneration shall be based on the Company's operation performance and their individual performance.

#### I.17 The Non-Executive Board Meeting

The Board of Directors has assigned the Non-Executive Board members to hold meetings as appropriated without any management (both Board and non-Board). The purpose is to open review any issues (business and non business) that are of interest. In 2013, there is only one meeting.

#### I.18 Position held in Other Listed Company of the Chief Operating Officer

The Company stipulates that Chief Operating Officer can hold only one position in a listed company which is Pruksa Real Estate Public Company Limited.

## 2. RIGHTS OF SHAREHOLDERS

Recognizing the importance of the rights of shareholders, the Company refrains from any act that may violate or curtail the rights of the shareholders, for instance, rights to receive equally dividend paid from net profit, rights to repurchase the Company's shares, rights to propose agenda of the meeting and submit the questions in advance for any meeting's agenda, rights to attend shareholders' meeting and vote, rights to grant proxy to anyone to attend the meeting and vote on behalf, rights to ask make comments and ask questions in the shareholders' meeting, rights to appoint directors individually, rights to consider the remuneration for directors and rights to appoint external auditors and determine auditors' fees, etc.

### 2.1 Annual General Shareholders' Meeting

#### 2.1.1 Date, time, and venue of the meeting

The organization of the Annual Shareholder Meeting is set to be held within four month's time of the annual closing date. The Company will fix the date, time, and place where the meeting will be held. The facility offered is deemed to support all groups of shareholders including Institutional shareholders to join the Annual General Shareholder Meeting of the Company. The policy is to avoid holding meetings on holidays and commercial bank holidays to start at 8:30 am till 16:30 pm, and will allow for every shareholders to register or to send a power of attorney to the Company for pre-registration. The meeting will be held in Bangkok Metropolis or in the area where the Head Office is located so that the shareholders can easily join the meeting. Information on the date, time, place, and agenda, will be provided with description and reason in each agendum, or to support a consensus specified in the invitation to the Annual Shareholder Meeting or in the attachments to meeting agenda without limiting the opportunity of the shareholders to learn about the Company's information technology.

The Company may call an extraordinary meeting of the shareholders if the Board of Directors deems this necessary.

### 2.1.2 Offering the Opportunity for the Shareholders to Present Agenda or to Send Questions Prior to the Meeting Date

The Company offers the opportunity for the shareholders to add items to the meeting agenda, or to send questions about the Company prior to the meeting date. The Company also clearly specifies the regulations for fair treatment and transparency in consideration and informing the shareholders, including publicizing of the regulations on the Company's website.

For the 2013 Annual General Shareholding Meeting, the Company will invite the shareholders to propose agenda items or submit the matters they wish to propose for consideration at the meeting in advance, since 1 October 2013 till 30 December 2013. The Company announced such notice to Securities Exchange of Thailand (SET) and on its website [www.pruksa.com](http://www.pruksa.com) click "Investor Relations".

## 2.2 The process on Annual General Shareholder meeting

### 2.2.1 Shareholders' attendance and Registration Process.

In attending a meeting, shareholders should carry a document showing their identity, for example, an ID card or passport. In case of attendance by a proxy of a natural person, the documents of the appointer must also be produced, i.e. a filled-out proxy, a copy of ID card or passport. In case of proxy of a juristic person, the documents of the appointer must be produced, i.e. a filled-out proxy form and a certified copy of the juristic person registration. The Company will arrange for the shareholders to register for the meeting in advance of the meeting time.

### 2.2.2 Board of Directors' attendance in Annual General Shareholders' Meeting

Annual General Shareholders' Meeting is considered very important and the directors will normally attend such a meeting, which is usually chaired by the Chairman of the Board of Directors. In addition, the Chairman of each sub-committee, Managing Director, and the Company's auditors or representative and legal advisor will also attend the meeting to listen to comments and answer queries of the shareholders.

| The name of the Directors                        | No. of attended and Rights to attend     |
|--|--|
|  | Annual General Shareholders Meeting 2013 |
| 1. Dr. Pisit Leeahtam                            | 1/1                                      |
| 2. Mr. Thongma Vijitpongpun                      | 1/1                                      |
| 3. Professor Emeritus Dr. Trungjai Buranasomphop | 1/1                                      |
| 4. Mr. Weerachai Ngamdeevilaisak                 | 1/1                                      |
| 5. Mr. Adul Chandanachulaka                      | 1/1                                      |
| 6. Mr. Wisudhi Srisuphan                         | 1/1                                      |
| 7. Mr. Kanchit Bunajinda <sup>(1)</sup>          | 0/0                                      |
| 8. Mr. Lersuk Chuladesa                          | 1/1                                      |
| 9. Mr. Prasert Taedullaysatit                    | 1/1                                      |
| 10. Mrs. Rattana Promsawad                       | 1/1                                      |
| 11. Mr. Piya Prayong                             | 1/1                                      |
| 12. Mr. Mayta Chanchamcharat                     | 1/1                                      |
| 13. Mr. Edward Joseph Cooper, Jr.                | 1/1                                      |

**Remark :**

(1) Mr. Kanchit Bunajinda was appointed by AGM 2013 on 26 April 2013 as a director committee and a independent director committee

### 2.2.3 Defining the Meeting Agenda

For the Annual General Shareholder Meeting, in case where an agenda has several items, the Company will set the meeting agenda separately and clearly, and will provide for resolution for each item, such as the election of BOD members, power and authorization, and compensations.

The Company avoids “others” agenda that is not specified in the Meeting agenda as it might not be fair to other shareholders who are not present at the Meeting.

### 2.2.4 Vote Checkers

The Company provides independent individuals for counting and checking the votes in the Annual General Shareholder Meeting, including disclosure to the Meeting and recording in the Meeting Minutes.

### 2.2.5 Announcement of Procedures in Vote Counting and Offering of Opportunity for Shareholders to Query/ Comment

For the Annual General Shareholder Meeting, the Company will inform about the method of vote casting and counting to the shareholders prior to the start of the meeting according to the agenda, by separating the counting method for those who come to the meeting in person, and those who have delegated, with ballot sheet for shareholders to vote, for disagreeing shareholders, and for abstaining shareholders. In voting for the committee members, the Company allows for the shareholders to vote by individuals by using the vote cards so that shareholders can truly vote for the committee member of their choice. And during the meeting, every shareholder will have equal opportunity to present their views and discuss within appropriate time frame. The Company will count 1 to 1 vote and will consider the highest vote side to be the resolution. If the votes are equal, the Chairman of the meeting will have the final vote in addition to voting in the right as a Shareholder.

### 2.2.6 The Use of Ballot Sheet

The Company supports the use of ballot sheet both for the main agenda in general by law, and for important agenda such as marking of items, acquisition or sale of assets, etc. for transparency and audit purpose in case of future objections.

### 2.2.7 Recording of the Meeting Minutes

The Company records that it has informed the shareholders of the voting method, vote counting, and use of ballot sheet prior to the meeting. The Company also informs about the name list and the position title of the Directors present at the meeting, Directors who sent their apologies, and questions, answers, replies, opinions, resolution of the meeting for each agenda. Voting is divided into agreeing, disagreeing, and abstaining votes. All these are recorded in writing in the meeting minutes in details so as to allow for rechecking on the participation of the Board of Directors in each Shareholder’s Meeting. In case where any member of the Board of Directors has a stake in a particular agendum, the said member shall not be present at the meeting and therefore has no voting right thereof, except for election voting or voting for removal of a Director.

## 2.3 Dividend Payment

The annual dividend payment must be approved at a shareholders meeting. Dividends can be paid to shareholders only when the Company has earned profit from its operation and registered no accumulated losses. The dividend amount is divided equally by the number of Company shares.

In case the Company has earned profit from its operation enough to pay dividend, from time to time the Board may consider interim dividend payment and inform shareholders in the next shareholders’ meeting. The residual amount of annual dividend payment or interim payment shall be allocated to reserves and is subject to justification and consideration that the Board of Directors deems appropriate.



The payment of dividends shall be made within one month of the date of the shareholders' resolution, or one month of the date of the Board of Directors' resolution in case of interim dividend payment. The shareholders will be informed in writing of the dividend payment, which will also be announced in a newspaper.

#### 2.4 Appointment of the Company's Auditors and fix the audit fee

The Shareholders' Meeting will appoint the Company's external auditors and also fix the audit fee, proposed by the Board of Directors. The Company's auditors shall not be a director, officer or employee of the Company.

### 3. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company is responsible for the fair and equitable treatment of all the shareholders in order to uphold their basic rights.

#### 3.1 Presentation of Name List to the Position of Company's Director

A process for a shareholder to nominate a candidate for directorship has been established, according to which a shareholder can nominate a qualified person to be elected as director by submitting background information as well as the consent of the nominee to the Chairman of the Board of Directors in advance of the shareholders' meeting

For the 2014 Annual General Meeting of shareholders, the Company has invited shareholders to nominate a person deemed qualified, knowledgeable and competent as their representatives to be a director since 1 October 2013 until 30 December 2013. The Company announced such notice to Securities Exchange of Thailand and on its website [www.pruksa.com](http://www.pruksa.com) click "Investor Relations".

#### 3.2 Shareholders' Meeting

##### 3.2.1 To appointment an Attorney-in-Fact to the Shareholder Meeting and to Vote on His Behalf

In case where any shareholder cannot join the meeting, the Company will facilitate by sending a Power of Attorney Form B and Form C together with the invitation to the meeting which informs about the document/evidence, including advices, procedure for providing a Power of Attorney so that the shareholder can delegate his power to a nominee who will join the meeting and cast a vote on his behalf by 1 to 1 vote. The Shareholder will fill in the form as described in the detailed procedure of giving the Power of Attorney, sent by the Company together with the invitation to the meeting. The procedure is simple without any complicate conditions in giving the Power of Attorney. The Power of Attorney Form B and Form C can also be downloaded from the Company's website at [www.pruksa.com](http://www.pruksa.com), under Investor Relation/Shareholder Meeting. The Company will present at least 2 independent Directors as another choice for the delegation of authority of the shareholders.

##### 3.2.2 Invitation of the meeting

According to the regulations of the Company, it is specified that the sending out of invitation to the shareholders be made at least 7 days prior to the Annual General Shareholder's Meeting. But in practice, the Company will send the invitation to the meeting together with supporting documents both in Thai and English languages to the Shareholders in advance for at least 14 days prior to the shareholder meeting. This is to allow the shareholders sufficient time to consider about the meeting agenda and matters to present to the meeting with sufficient details to support decision making. It will be clearly specified for each matter whether it is for acknowledgement, for approval, or for consideration depending on each case. It also includes the opinion of the Company's Directors on the relevant matters.

The Company publicizes the invitation to the Annual General Shareholder Meeting in daily Thai and English newspapers at least 30 days before the meeting date by announcing the date, time and place, meeting agenda, including information relevant to matters that require decision-making during the meeting, to the shareholders sufficiently and timely.

### 3.3 Prevention of Internal Information Use

The Company has implemented a procedure to safe keep and to prevent the use of internal information in the writing form. Such measure is cascaded down to the staff for complying. The Directors and the Management have the duty to report their holding of securities by law and must submit such report to the Directors for acknowledgement on a regular basis. In the last year, the Company Directors and the Management did not trade the securities by using internal information.

### 3.4 Making Related Transactions

In case where the Company has to make related transactions and must disclose information or must seek approval from the Shareholders, the Company policy is to clearly disclose information on the names and the relationship of related persons, prices and value of the transaction, including the opinion of the relevant Committee, to the Shareholders. The said related transactions must be made fairly based on the market price and processed in the usual business manner. In the past year, the Company did not have any related transactions that violated or were not in compliance with the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC).

## 4. ROLE OF STAKEHOLDERS

The Company recognizes and respects the rights of all stakeholders and has established a code of conduct outlining the guidelines in this respect. The purpose is to ensure that the lawful rights of stakeholders, whether it be shareholders, employees, executives, customers, partners, creditors, or the general public, are properly protected and cooperation among these groups is promoted and benefits generated to all concerned in a fair manner. It is believed that these factors will ensure the sustainable growth of Company's business.

### 4.1 The Setting up of Treatment Policy for Stakeholders

4.1.1 The Board of Directors has set up the handling policy for each group of stakeholders as follows:

**Shareholders** : the Company has set forth to act as a good representative for the Shareholders as it is well aware that the Shareholders are the owner of the business. Therefore, in doing business, the Company is determined to create the highest satisfaction to the shareholders by taking into account the growth of the Company in the long term with good and continuous return. This includes the disclosure of information in a transparent manner and reliable for the shareholders through the following procedures:

- (1) By performing the duty with loyalty including decision making for any undertaking with precaution and fair to every Shareholder for the highest benefit of all the shareholders.
- (2) By presenting a report on the status of the Company, performance, financial status, accounting, and other reports on a regular basis, and complete based on the truth.
- (3) By reporting to the Shareholders in a similar manner about the future trends of the Company, both on the positive and negative perspectives, based on feasibility with supporting information and sufficient reasons.
- (4) By not exploring for benefits to self and others through using any information of the Company which are not yet disclosed to the public or by proceeding on any matters in such a manner so as to create conflicts of interests to the organization.
- (5) The Company must treat all Shareholders equally in the Annual General Shareholder Meeting.

**Employees** : The employees are the most valuable assets and are the most important success factors of the Company. The Company therefore aims to develop a good culture and working environment while enhancing teamwork, and politely treat the employees and respect each individual. The hiring and position transfer will be made on the basis of fair treatment, morale and the use of human resources for the utmost benefits of the Company.

The Company treats the employees equally without discriminating against sex, race, nationality, ethnic group, religion, or belief.

The Company is responsible for keeping the work environment safe for life and personal affects of the employees at all times, and strictly follows the Labor Law. In addition, the Company abides to the policy regarding compensations that corresponds to the Company's performance, both for the short term and long term, by considering the profitability in each year and the performance measurement based on the Balanced Scorecard. This also includes employee welfare such as provident fund, housing loan, social security fund, fitness and sport club, compensation fund in case of sickness/accident from work, gift in case of hospitalization, and donations to victimized employees by natural disaster, monetary support for funerals, through the following means:

(1) Privacy

Personal rights and freedom must be protected and prevented from being violated through the use, disclosure, or transfer of personal information such as biography, health history, work history, or other personal information to other unconcerned people.

This may cause damages to the individual owner or any other persons. Violation is considered a disciplinary fault, unless done according to the duty and innocently, or by law or for common benefits.

- 1.1 Protect personal information of the employee under possession or under safekeeping of the Company.
- 1.2 Disclosure or transfer of personal information of an employee to the public can only be made under the employee's consent.
- 1.3 Limit the disclosure or use as necessary of personal information of an employee and persons related to the Company.

(2) Equality and equal opportunity

- 2.1 The Company will treat the employees with respect to their honor and prestige.
- 2.2 The Company will select people for hiring in different positions with justice by considering the requirements of each position, level of education, experiences and other criteria necessary to the job without discrimination against sex, age, race, and religion.
- 2.3 The Company will determine the compensations fairly and appropriate to the type of work. To allow for opportunity to the employees to grow in their carrier, in the past year of 2013, each employee underwent training and development program for 19 hours on the average.
- 2.5 The Company is aware that good communication will lead to effectiveness and good relationship in working together, thus the Company will oversee that employees always receive news of their concern as much as possible.
- 2.6 The Company will allow for the employees to have communication channels for suggestions and complaints about uncomfortable matters pertaining to their work. All these matters will be seriously considered and remediation will be made so as to attain the utmost benefits to all parties and create a good relationship in working together.

(3) Violation

- 3.1 The department's head should behave such that they can gain respect from employees and the latter should not perform any acts of disrespect to the bosses.
- 3.2 The employees should not perform any acts of violation or offense whether verbally or in action to others on the basis of race, sex, religious, age and physical and mental disability.
- 3.3 Respect one another's opinion.

**Client** : the Company aims at developing real estate by desiring to see creativity and management of products and services to the client based on standard and moral under the following work principles:

- (1) To deliver products and services of quality, according to the standard under the fair conditions, and to aim to leverage the standard on a continual basis and in a serious way, including to disclose complete, correct, and undistorted information on the products and services.
- (2) To provide correct, sufficient, and up-to-date information on products and services to the clients, so that clients can have sufficient information to make decision, and without exaggerating in both advertisement or in other channel of communication with clients so as to cause misunderstanding about the quality, quantity, or any other conditions of the products or services.
- (3) To respond to client's need in a timely manner and provide for an effective system and accessibility or complain channels about the quality of products and services through [www.pruksa.com](http://www.pruksa.com) and Pruksa Contact Center by calling 1739.
- (4) Keep and safekeeping client information and confidentiality by not using the information in a negative way, except for information that must be disclosed to relevant external people under the full force and effect of the Law.

**Competitors** : The Company aims at undertaking real estate business with the objective of achieving sustainable success and maintains its business leading status under the competition in the industry with morale. It supports and promotes the policy of free and fair trade competition, with no monopolizing or requirement that the counterparty must sell only the Company's products. In addition, it does not have the policy of trade competition by using any available means to acquire information of competitors in an illegal manner and against the morale. The Company adopts the principles of dealing with competitors as follows:

- (1) To proceed under framework of fair competition;
- (2) Not to acquire confidential information of business competitors through dishonest or inappropriate means for the benefits of its business undertakings;
- (3) Not to accuse in a negative sense or aim to destroy the reputation of its business competitors; and,
- (4) Not to enter into agreement or accord that may result in the termination of business competitor in an improper way.

**Business Partner, Counter Party in Agreement, and Creditor:** Business undertaking with any business partner must not lead to reputational risk of the Company or must not be against the stipulation of the Law. Equal rights in doing business must be observed for mutual benefits with the business partner. The selection of business partner must be done fairly, as the Company considers that the business partner is an important factor in jointly creating the value chain for the client. The Company respects the agreement and proceeds according to the conditions set forth with the creditor in essence in paying back for the principle and interests, and in monitoring the collaterals through the following procedures:

- (1) The Company desires that merchandise and service supplying is proceeded with standard under the procedure as follows:
  - 1.1 Competition is made upon equal information;
  - 1.2 Criteria exist in the evaluation and selection of business partner and counter party;
  - 1.3 Create the appropriate agreement format;
  - 1.4 Provide for management and follow-up system to ensure that the conditions stipulated in the agreement are totally followed, and to prevent misconduct in every step of the procurement; and,
  - 1.5 Payment to the business partner and counter-party in a timely manner according to the payment conditions as earlier agreed.
- (2) The Company aims to develop and maintain good and long-lasting relationship with business partner and counter party who possess clear objectives regarding technical quality and mutual credentials.
- (3) Executives and employees are prohibited from accepting any personal benefits from business partner and counter party, whether directly or indirectly.
- (4) Executives and employees shall not be involved in the procurement with the business partner and counter party having a relationship, i.e., family members, relatives, or own business or partnership.
- (5) Use of information received from the procurement process for personal or others' benefits is prohibited.

**Community and Society:** The Company sees the importance of the community and society in general, and is well aware of being a part of the society with which it will proceed to develop the society and the environment towards sustainability. The Company therefore launches activities for the community and the society in a continuous way, and has established a policy on social responsibility as a framework for various activities. The Company's Board of Directors, executives, and every employee are guided accordingly in order to create social responsibility throughout all the processes, and throughout the organization coupled with business undertaking under social responsibility as a whole as follows:

- (1) To have business policy essentially based on environmental awareness in strict compliance with the enforcing law and regulations pertaining to the environment;
- (2) To have a work policy on Corporate Social Responsibility (CSR) that is clear and observed in the organization;
- (3) To promote the employees' awareness of social responsibility;
- (4) To respect the local culture and civilization in every country where the Company undertakes business;
- (5) To launch activities for participation in social, community, and environmental developments on a regular basis so that the community where the Company is situated, has a better life style. This is for both the Company's own operation and jointly with governmental agencies, private sector, and community;
- (6) To cooperate in various activities with the community around the area where the Company has launched business as appropriate to each case;
- (7) To prevent accidents, to monitor the operation including the control of waste release to be within the standard practice; and,
- (8) To respond quickly and effectively to events that affect the environment, community, life and personal affects, caused by the Company's operations, by fully cooperate with the governmental officers and relevant units.

Externally, the company works with society to enhance sustainability through society through 4 aspects of CSR. 1) Educational and youth development, 2) Social Environment, 3) Religious, art and culture. 4) Emergency help and support for the underprivileged. (Details in CSR Report)

Furthermore, the Company developed its standard of business operation in term of CSR that it completed the report in line with the Global Reporting Initiative (GRI version 3.1) covering economics, social, environment to support social sustainability in more clear manner.

The performance on social responsibility on a continual basis leads to the Company winning the following awards:

1. Outstanding on social responsibility or the “Corporate Social Responsibility Awards 2013” as being an outstanding organization in undertaking business with responsibility towards the society. The Award was bestowed as a model to other business sectors.
2. The CSRI Recognition Awards 2013 for general award type organized by the CSRI and bestowed to the companies that are aware of the importance and aims to do business with continuous social responsibility.
3. The Sustainability Report Awards 2013 for outstanding award type, from the sustainability report competition organized by CSR Club and the Thai Registration Club awarded to companies with complete, reliable, and well-presented sustainability report. Pruksa Real Estate Public Company Limited is the only company in the real estate industry to receive this award.

**Safety, Health, and Environment:** The Company has given the priority to safety, health, community, and surrounding society, with the awareness of being part of the society to jointly proceed to the development of the society and environment for sustainability. The Company therefore launches activities for the community and the society in a continuous way, coupled with business undertaking under social responsibility in general as follows:

- (1) By providing support for activities while complying to the law, safety, and other relevant regulations;
- (2) By stipulating that work safety is the prime duty and responsibility for every employee in operating;
- (3) By providing that executives at all level must be a good model, be a leader, assist in training, teaching, influence staff to perform with precaution;
- (4) By stipulating that every employee must essentially be aware of his own safety, that of his colleagues, including the Company’s assets while operating;
- (5) By stipulating that every employee must look after, clean up and keep his working area tidy at all times;
- (6) By providing support for activities on safety that stimulate and develop the mindset of the employees for creating safety at work;
- (7) By providing support for review, improvement, and development of safety management system in a continual way;
- (8) By urging to find means to mitigate impact on the environment, by checking, monitoring and controlling the release of pollution, including the management of dangerous and non-dangerous waste in order to maintain natural resources; and,
- (9) By using the resources and energies highest effectiveness, including the prevention of water, air, waste, and other pollutions that result from the Company’s activities, so as to minimize impact on the environment and the community.

Summary of accidents during work for 2013: 26 people were injured or sick from working.

#### 4.1.2 Policy and guidelines on efficient use of resources and non-infringement of intellectual property or copyright

As the Company's Code of Conduct, the Company has policy and guidelines on efficient use of resources and non-infringement of intellectual property or copyright such as policies on protecting Company assets and using computer and information technology systems.

#### 4.1.3 Anti-corruption Policy

##### (1) Giving and taking bribes

- 1.1 Managements and employees are prohibited from asking or receiving any benefits or properties by which Managements and employees are motivated to perform or abandon duties incorrectly or likely cause the Company to fail to legitimately earn benefits.
- 1.2 Employees shall refrain from offering benefits or properties to third party in order to induce them to do or omit to do anything against laws or malpractice.

##### (2) Gifts and hospitality

- 2.1 Employees shall avoid offering or receiving any gift or benefit from our business partners or stakeholders, with exception of reasonable value, festive season or conventional practices, unless recipients consider consulting with their direct supervisors.
- 2.2 Employees must not receive or offer any gift or souvenir in the form of cash, checks, bonds, shares, gold, jewelry, real estate or similar items.
- 2.3 Gifts or souvenirs which are reasonable in value such as calendars, New Year diaries or stationery items are acceptable.
- 2.4 If employees receive any gift, souvenir, gift basket, and/or other items which exceed Bt 3,000 (three thousand baht) in value, they have to inform their direct supervisors of the receipt and shall return those items or hand over them to Gift Allocation Committee, with exception of perishable items or limited shelf life.
- 2.5 Employees shall avoid offering or receive hospitality appearing out of the ordinary based on the particular business relationship from those whose business is involved in the Company business.

Apart from setting the anti-corruption policy, the Company supports the entire employees in the organization to get involved with the mentioned policy via various means such as 'Tai-rum Prukha' journal, e-mail, intranet, training and VDO shown on new employee orientation, including compliance monitoring.

#### 4.1.4 Complaints procedure

##### (1) Reporting concerns

If you suspect whether any action will violate or not be compliant with Code of Conduct, you can make inquiries or inform those who are in charge as follows:

- Supervisors at all levels whom you trust.
- Internal Audit Department or the Secretary of Corporate Governance Committee.
- Units or other means set by the Company such as complaints via Corporate Communications Department, a call at 1739, and e-mail: [webmaster@pruksa.com](mailto:webmaster@pruksa.com).



(2) Procedures

- *Gather evidence:* Evidence of action violating or not conforming to Code of Conduct must be gathered by a complaint recipient himself; otherwise, Human Resources Department or a unit having the same duties but different name is assigned to do the job.
- *Processing and screening of information:* A complaint recipient has to conduct the processing and screening of information by himself so that he can consider appropriate procedures and methods for each issue; otherwise, Human Resources Department or a unit having the same duties but different name is assigned to do the job. If not, Investigation Committee appointed by Corporate Governance Committee, on a case-by-case basis, is assigned to do the job.

(3) Measures

- A complaint recipient presents measures to suspend action violating or not conforming to Code of Conduct and reduce damage to those who are affected. In any case, the overall damage is taken into account.

(4) A report on results

- A complaint recipient's responsibility is to report to person concerned on results. In case of important issues, Managing Director and/or Audit Committee and/or Corporate Governance Committee and/or the Board of Directors have to be informed on a case-by-case basis.

(5) Measures to protect complainants or those who cooperate in scrutiny process

Complainants or those who cooperate in scrutiny process will be protected in accordance with the following guidelines:

- Complainants or those who cooperate in scrutiny process can choose not to identify themselves if disclosures may cause danger or any negative effect. However, if the disclosure occurs, the Company can report on progress and facts, or reduce negative effect easily and quickly.
- The Company shall not reveal a name, surname, address, photo, or any personally identifiable information of complainants or those who cooperate in scrutiny process. The Company then shall carry on the investigation.
- A complaint recipient has to keep complaint information confidential and disclose as required. Safety and negative effect on complainants, those who cooperate in scrutiny process, sources of information, or person concerned has to be taken into account.
- If complainants or those who cooperate in scrutiny process are worried about possible detrimental repercussions, they can request the Company to set appropriate protection measures. If an issue is likely to cause any damage or danger, the Company can set appropriate protection measures without their request.
- Impartial and appropriate relief procedures shall be applied to those who suffer any detrimental result.

## 5. DISCLOSURE AND TRANSPARENCY

It is a policy of the Company to fully and sufficiently disclose useful information, both financial and non-financial, in a timely, manner through the Annual Registration Statement (Form 56-1), annual report in both Thai and English.

The Company has established an Investor Relations Department, tasked with coordinating with shareholders, securities analysts, investors, government agencies and other parties concerned, on an equitable basis. The Company's policy is to emphasize the regular disclosure of accurate, reliable and complete information, both financial and non-financial, such as Subsidiaries' Structure, Shareholding Structure, Policy on Good Corporate Governance, Code of Conduct, Policy on

Risk Management, Policy on The Care of Society and Environment, The Responsibility for the Financial Reporting of the Board of Directors, Audit Report of Certified Public Accountant, Management Discussion and Analysis or MD&A, Audit Fee and other expenses on services, Role and Responsibilities of Committee and Sub-Committee, Meeting Attendance of the Directors in 2013, Professional Knowledge Development and Training for Board of Directors, and Remuneration of Directors and Management. In addition, such disclosed information strictly conforms to the rules and regulations of the Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), as well as relevant laws. Therefore, investors have sufficient information for making decision in a timely manner.

The Company assigned investor relations as the coordinator of the Company and investors, analysts and government sector and stakeholder with equal basic and also offer the opportunity to meet with Company's management as appropriate under the principal that the provided information is disclosed to public.

Company information is reported via the ELCID platform of the SET for displaying on its website, [www.set.or.th](http://www.set.or.th). Relevant information is also reported to the SEC and displayed in both Thai and English on the Company's own website, [www.pruksa.com](http://www.pruksa.com) (Investor Relations)

In 2013, the Investor Relations Department arranged investor relations activities on a regular basis as follows:

- Organizing Analyst & Investor Meetings to convey quarterly operating result (4 times/year) and the Company's annual business plan announcement (once a year), after submission of the Financial Statements and the Analytical Report of Operating Results to the SEC and the SET.
- Producing and publicizing information and documents pertaining to the Annual Business Plan and the Company's operating results to securities analysts, investors and interested parties on a quarterly basis.
- Creating opportunities for securities analysts and investors to pay a Company visit or have a conference call with the executives to discuss policies, strategies and business plans, as well as financial information (audited by the Certified public Auditor) external auditor, following notification to the SET and the SEC), non-financial issues and progress of the implementation of various projects of the Company, including exchange of business views on a regular basis. In 2013, there were 65 companies visits and 3 Conference Calls, 2 plant visits and 11 sale site office visits .
- Organizing visits for securities analysts and investors to the precast concrete factory which uses the Semi-Automated Pallet Circulating System, the most advanced system in Thailand, as well as visits to various single-detached house, townhouse projects and condominium.
- Conducting road shows domestically and internationally at the invitation of the SET and/or securities companies to provide information and attend to queries of shareholders, securities analysts and corporate investors. In 2013, there were 6 local roadshows and 9 international roadshows.
- Arrangement of executive interviews on newspaper, journal, and television such as TNN, Money channel and others including participate in activities of the Thai IR Club to exchange knowledge and share experiences with a view to further developing the Company's Investor Relations function.

For enquiries, shareholders, securities analysts, investors, Government agencies and parties concerned should contact the Investor Relations Department at (66) 02298 0101 Extension 1863 or Email: [ir@pruksa.com](mailto:ir@pruksa.com)

#### 5.1 Report on Vested Interest

Directors and Management have to disclose not only their own vested interest but also their spouse's and related person's one. The Company has submitted such information to a Company Secretary who will present a copy of report to Chairman and Chairman of the Audit Committee within seven business days from the date of receipt.

In the event of an amendment to the vested interest, Directors and Management have to submit the amended report (amendment) to a Company Secretary within three business days from the date of amendment. Company Secretary will then present a copy of amended report (amendment) to Chairman and Chairman of the Audit Committee within seven business days from the date of receipt.

## 6. INTERNAL CONTROL AND RISK MANAGEMENT

The Company has comprehensive internal control and internal audit systems, covering matters concerning finance, operations, compliance, and risk management.

### 6.1 Internal Control and Internal Audit systems

The Company requires that its internal control system be reviewed and reported by responsible executives regularly while the Internal Audit Department, which is an independent unit, is responsible for internal auditing on a regular basis, to ensure that management and employees strictly comply with the rules and regulations, as well as the Management Authorities. These functions are under the supervision of the Audit Committee.

### 6.2 Risk management

The Company's risk management policy requires that internal and external risk factors be reviewed regularly in order to contain risk within appropriate and acceptable levels. Such a review shall cover strategic risks, financial risks, construction management risks, and other operational risks. The review also includes an assessment of risk exposure and possible impacts, prevention and impact mitigation measures, the assignment of responsible persons, and the setting up of reporting and follow-up procedures. The Risk Management Committee provides recommendations on guidelines and/or policies on the handling of critical risks.

## 7. PHILOSOPHY AND CODE OF CONDUCT

The Company has a firm intention to encourage all the executives and employees to adopt the same standard of conduct. Toward this purpose, in 2006, we have announced "Code of Conduct" and assigned Human Resources department to be responsible specifically for promoting ethics and loyalty in creative ways covering security of community and environment, anti-corruption, anti-bribery, clear from political interference and conflicted interest, legal validity and human right. All employees will get such manual of CG and business conduct with their signed & endorsement of acceptance to follow.

In 2010, the # 8/2010 Board Meeting held on 12 November, approved the development on "Code of Conduct" manual to cover all up to date practice and to serve the SET's corporate governance. Moreover, it will bring up the standard of Board, management, employee practice comprising ethics and moral to be socially accepted. The release of such manual is on intranet and [www.pruksa.com](http://www.pruksa.com) (the Company's website) click "Investor relations") including disseminate through Tai-rum Pruksa' journal, E-mail and etc as well as prepare channel for stakeholder and employees to send their complain to board of director through the Company's website. Furthermore, the Company has made a video (VDO) to promote and encourage business ethics through various medias for the employees' awareness. The event is also arranged for new employee's orientation. The company continuously review such manual and VDO to fit with current situations. The executive directors will participate in review or update or set up vision, mission, value and culture of the Company and continuously review in order for Managements and staffs to have the same direction.

## INTERNAL CONTROL OF INFORMATION

The Company has a policy and methods of governing utilization of the Company's inside information by Directors and Management as follows:

1. The Company has informed its Directors and Management of their duties to disclose their holding of securities of the Company and provisions on penalties stipulated in the Securities and Exchange Act B.E 2535 and the regulations of the SET.
2. The Company requires its Management to report any change in their holding of Company securities to the Office of the Securities and Exchange Commission (SEC) in accordance with Section 59 of Securities and Exchange Act B.E. 2535, and to submit one copy of the securities disclosure report to Company on the same day.
3. The Company has instructed its Management who have access to inside information which may affect changes in the Company share price to exercise caution in selling or buying securities of the Company 15 days before and one day after the disclosure of financial statements or such inside information to the public.

The Company will instruct persons involved with any inside information not to disclose it to other persons until it is reported to the SET. Sanctions by the Company for breach of the above rules include appropriate disciplinary sanctions, i.e., verbal warning, written warning, salary cut, work suspension, employment termination and legal actions.

## AUDIT FEE

Pruksa Real Estate Public Company Limited and its subsidiaries have paid for the 2013 audit expenses to KPMG Phoomchai Auditing Company Limited for audit review and for auditing the financial statements of the Company and its subsidiaries in Thailand. As for audit expenses for subsidiaries in foreign countries such as India, Maldives, and Vietnam, the Company has paid to KPMG as per the following details:

| Unit : (Bt)   | 2013             | 2012             | 2011             | 2010             | 2009             |
|---|------------------|------------------|------------------|------------------|------------------|
| Audit expenses for the Company and its subsidiaries in Thailand | 3,600,000        | 3,600,000        | 3,900,000        | 3,850,000        | 3,750,000        |
| Audit expenses for subsidiaries in foreign countries            | 1,795,950        | 1,077,536        | 1,342,345        | 840,078          | -                |
| Other expenses  | 157,000          | 245,500          | 131,760          | 105,205          | 202,356          |
| <b>Total</b>  | <b>5,552,950</b> | <b>4,923,036</b> | <b>5,374,105</b> | <b>4,795,283</b> | <b>3,952,356</b> |

In addition, there are other expenses on services as follows:

1. KPMG Phoomchai Auditing Co., Ltd.

| Unit : (Bt)                          | 2013      | 2012      | 2011    | 2010      | 2009    |
|--------------------------------------|-----------|-----------|---------|-----------|---------|
| Audit Report as per BOI requirements | 2,134,300 | 1,675,115 | 721,220 | 1,504,563 | 595,802 |

## 2. KPMG Phoomchai Business Consultant Company Limited

| Unit : (Bt)  | 2013 | 2012 | 2011           | 2010 | 2009             |
|--|------|------|----------------|------|------------------|
| Projects on studies and suggestions of means to develop reporting system | -    | -    | -              | -    | 2,996,000        |
| Advices on financial report preparation according to IFRS                | -    | -    | -              | -    | 1,819,000        |
| Audit expenses on receivables and payables                               | -    | -    | 107,877        | -    | 1,551,500        |
| Expenses on tax advisory service for investments in India                | -    | -    | -              | -    | 2,876,000        |
| <b>Total</b>   | -    | -    | <b>107,877</b> | -    | <b>9,242,500</b> |

## 3. KPMG Phoomchai Tax Agency Company Limited

| Unit : (Bt)                             | 2013      | 2012 | 2011   | 2010      | 2009 |
|---|-----------|------|--------|-----------|------|
| Expenses on investment advisory service | 4,368,000 | -    | -      | 3,969,700 | -    |
| Expenses on Indian law reporting        | -         | -    | 32,100 | -         | -    |

**Remarks :**

KPMG Phoomchai Business Consultant Company Limited and KPMG Phoomchai Tax Agency Company Limited are different legal entities than KPMG Phoomchai Auditing Co., Ltd. Also, the scope of work on the said advisory service is not redundant to the audit work.

**COMPLYING TO THE CORPORATE GOVERNANCE PRINCIPAL IN OTHER ISSUES**

The Company adheres and comply to corporate governance principles for Listed Company which are consistent with the Stock Exchange of Thailand's policy in other issues for example the meeting attendance of the directors in Board of director and subcommittee which was disclosed in Management structure in topic "Meeting attendance of Directors" and etc.



## CORPORATE SOCIAL RESPONSIBILITY

OVER THE PAST YEARS, THE COMPANY HAS CARRIED OUT BUSINESS BASED ON THE SOCIAL RESPONSIBILITY TO ENSURE SUSTAINABILITY. IN 2013, THE COMPANY WAS DETERMINED TO IMPROVE EVERY ASPECT OF OPERATION TO ENHANCE CSR IN PROCESS BY IMPROVING AND DEVELOPING NEW INNOVATION TO ADD VALUE AND RESPOND TO THE NEEDS OF EVERY GROUP OF CUSTOMERS.

For instance, the Company created the advanced construction method which is eco-friendly using the Company Precast technology to reduce waste which can adversely affect the environment. The green technology helps reduce noise pollution, dust and traffic congestion in the construction sites. Real Estate Manufacturing (REM) technology controls home-building quality which is developed from the home-building quality management based on industrial and continuous manufacturing concept. The Company also supports the research and development of the products to make them environmentally friendly such as participating in the Barrier Removal of the Cost Effective Development and Implementation of Energy Efficiency Standards and Labeling Project (BRESL) with Thailand Environment Institute Foundation to support the campaign to save the energy and reduce waste and pollution to environment.

The Company also produces “Residential Management and Maintenance Manual” to the customers as the guidelines to look after their residences and communities to provide them with accurate information to prevent any potential issue and ensure pleasant co-inhabitation of people in the communities. The other CSR after Process activities that the Company conducts annually are as follows :





- **Education and Youth Development** : The Company has given “Pruksa Scholarships” for the young people from primary to college levels continuously for 12 years. In 2013, the Company granted 445 scholarships totaling a combined Bt2.12 million to students. “Pruksa Precast Factory Learning Center” opens an opportunity to pupils, college students and interested agencies to visit the factory to study and learn the modern construction technology. In 2013, a total of 1,181 people from 29 educational institutions from both locally and internationally and other agencies have visited the factory. Moreover, the Company has supported the students of King Mongkut’s University of Technology Thonburi to participate in “Solar Decathlon Europe 2014”, which is the international competition that challenges collegiate teams to design, build, and operate the solar-powered residence that is cost-effectiveness. The KMUTT student team is the only team from Thailand and Asean which is qualified to participate in the competition held in Versailles, France in 2014.
- **Society and Environment** the Company has organized “Pruksa Green Living Healthy” by providing mobile medical checkup for customers and communities continuously for 11 years. In 2013, the Company has added the campaign to increase the green area in the community by giving away auspicious plants to dwellers to grow in their residences and common areas. Blood Donation Project, held every quarter, has been carried out for eight years in a row in partnership with the National Blood Center, the Thai Red Cross Society, under the title “Pruksa joins forces to do good deeds by donating blood as a tribute to His Majesty the King.” The project has drawn strong interest from the public as 566 employees of the Company and interested persons have donated their blood for good cause. A total of 254,700 cc of blood has been donated.

In 2013, many provinces in Thailand were adversely affected by the flood. The Company’s management and employees therefore united their spirits to deliver emergency kits to flood victims in Ayutthaya and Chachoengsao under the project “Pruksa volunteers to help flood victims in 2013”. The Company also collected and gave the donations to relieve the suffering of Haiyan Typhoon victims in the Philippines.

- **Religion, Art and Culture Nurturing religion and preserving art and Thai tradition** is part of the Company’s social service effort. The Company has supported and encouraged the customers and employees to take part in longstanding traditions and activities such as merit making and religious festivals such as Songkran Festival.

Moreover, the Company has, throughout the year, supported the public service activities by collaborating with many agencies and organizations such as CCF Foundation under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn, Baan Nokkamin Foundation and Thammarak Foundation of Wat Phra Baht Nam Phu, etc.

Every year, the Company issues sustainable report, investor can obtain more information at the Company’s website ([www.pruksa.com](http://www.pruksa.com)).



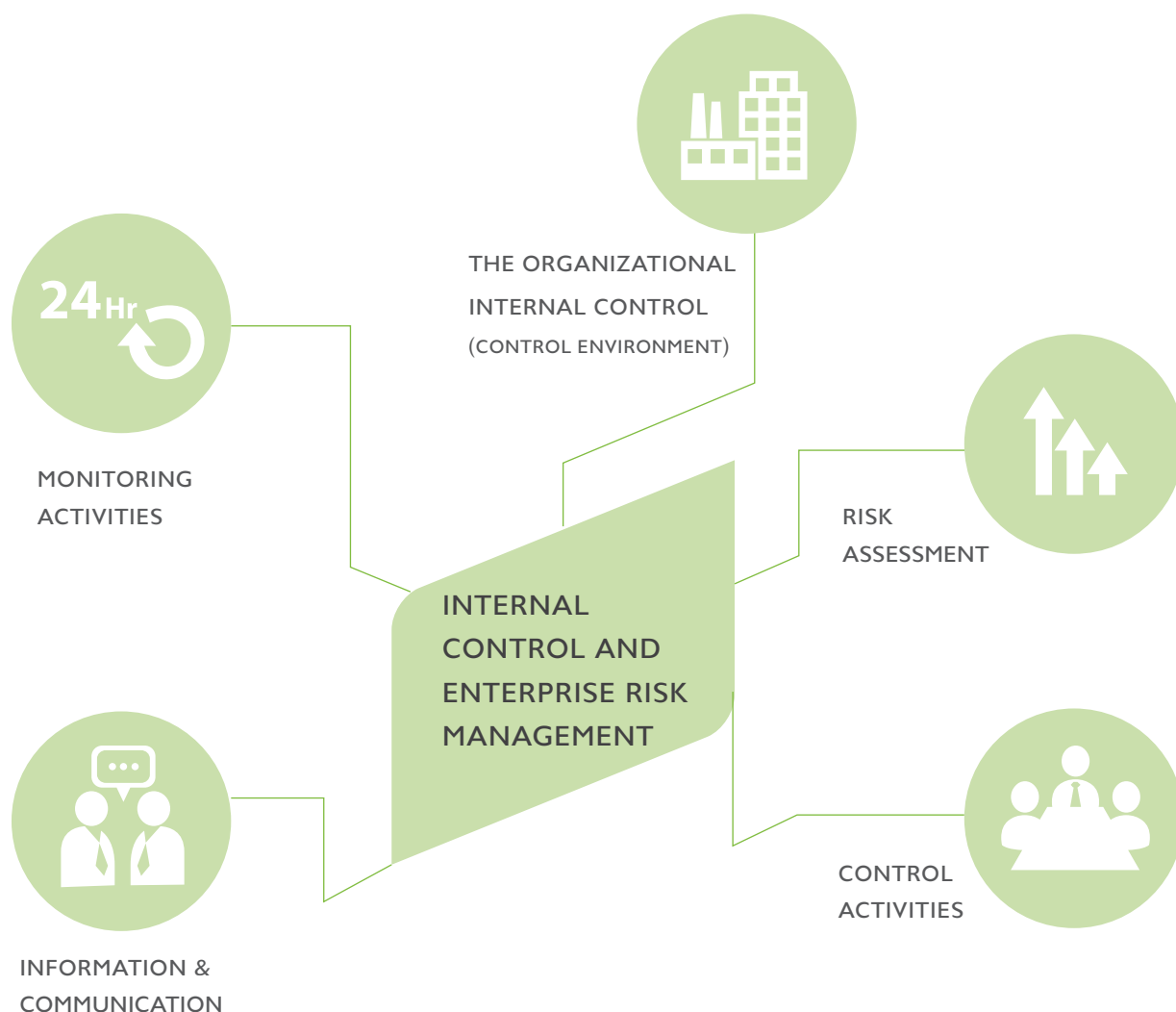


## INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT

The Company gives a high priority to the internal control and risk management by assigning the Audit Committee to check and review the assessment results on the sufficiency of the internal control system in order to emphasize the sufficiency and appropriateness to the business undertaking. The Company has therefore introduced the operational framework regarding internal control under the international standard of COSO (The Committee of Sponsoring Organizations of the Tread Way Commission) for improvement, coupled with the enterprise risk management framework (Enterprise Risk Management: ERM) as a tool for the Management in developing the internal control and risk management systems to become more complete. In addition, the Company has provided for a review process by the Internal Control Department in order to evaluate and improve the efficiency of the control system, risk management, and compliance in a systematic manner. The Audit Committee has the authority to approve the appointment, transfer, and dismissal of the head of the Internal Audit Committee, and to evaluate the performance of the Internal Control Department.

In the first Internal Audit Meeting(1/2014) convened on 10 January 2014 the Internal Audit Committee considered the assessment result of the internal control system of the Company carried out by the Executives based on the assessment form of the Securities and Exchange Commission (SEC) based on the 5 factors which are: internal control of the organization, risk assessment, operational control, information technology and information communication, and systematic monitoring. The Audit Committee is of same opinion with the Executives that the Company has sufficient internal control system, and has additional opinion regarding the improvement of the work process and the delegation of authority of each work process of the Company. In addition, it emphasized the balance between control and facilitation of each process by arranging to have a systematic monitoring, rechecking, and performance assessment on a regular basis.

As such, in the first Company's Board of Directors' Meeting(1/2014) convened on 21 January, 2014 the Company's Board of Directors evaluated the internal control system from the Performance Assessment Report produced by the Audit Committee. It concluded that from the assessment of the internal control system of the Company in the said 5 factors, the Company Board of Directors views that the internal control system of the Company is sufficiently appropriate. Accordingly, the Company has provided for sufficient personnel to effectively carry out the process, including an internal control process for following up the performance of affiliated companies so as to protect the Company's assets and those of the affiliated companies from being mismanaged by any Directors or Executives, or without the delegation of power, as well as to enter into contract with conflicting parties and related persons. As for control in other areas, the Company's Board of Directors views that the Company already has sufficient control in place. The subject matters can be summarized as follows:



### THE ORGANIZATIONAL INTERNAL CONTROL (CONTROL ENVIRONMENT)

The Company has provided for an environment and organizational structure that facilitate the process of internal control in the directions envisaged by the Company. This includes goal setting for business undertaking that must be clear and measurable and that must be approved by the Board of Directors. This will serve as the direction for the employees. An appropriate organizational structure has also been set up to facilitate the Management in effectively implement. The Management has given a priority to loyalty and morale in doing business. The Company also provides for a good governance policy and business ethics as a principle guideline to the Directors, Executives, and employees since 2006, by providing communication channel for publicizing the Company’s Annual Report, Ethics Handbook, and the Company’s website at [www.pruksa.com](http://www.pruksa.com). In addition, the Company regularly reviews and updates its business ethics to keep up with the economic situations, and both domestic and international economic expansion, in compliance with the good governance policy.



## RISK ASSESSMENT

The Company has set up a Risk Committee whose duty is to provide suggestions to the Management for setting up the framework and means to manage and monitor risk in a systematic way. The Company's Board of Directors and the Executives give a high priority to risk management by requiring the risk factor assessment and a preventive measure to be made in order to mitigate the eventual impact to business undertaking of the Company. In the Risk Management Committee Meeting, representatives from each operating functions are invited to present their actions taken according to the Risk Management Committee guidelines, so that the latter are aware of any problems or obstacles to the implementation, including any remarks or additional suggestions. Thus, in 2013 there were altogether 11 Risk Management Committee Meetings, and in 2014 the Company will organize a course on Enterprise Risk Management (ERM) for the top executives, and Enterprise Risk Management (ERM) for the middle executives to provide knowledge and share experiences in risk management in doing business, as well as principles and risk management at present and in the future.



## CONTROL ACTIVITIES

The Company has control activities by introducing the management and organizational assessment known as Balanced Scorecard, and the Key Performance Indicators (KPI), as a tool for planning and controlling. Duties and responsibilities are segregated for counter-checking. The Company has an employee handbook which is the framework for operating in a systematic and effective way, preventive and mitigating risks to any damages that may occur from the activities and work processing of different units. Furthermore, the Company also has a process of authority decentralizing for use in clearly fixing the scope of authority and credit limit at each level for smooth and clear processing. Furthermore, in order for the operation to proceed properly and in compliance with the Company's regulations, a procedure has been established to ensure that the Company has complied with the relevant law and regulations, with a strict and appropriate measure in case where the Company has business activities with major shareholders, directors, etc., so as to prevent benefit transfer. For example, such activities must go through an approval process by non-beneficiary parties in the said activities,

including the disclosure of such activities as per the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, and the Capital Market Exchange Commission. The information on related people and businesses must be disclosed according to the Accounting Standards.



## INFORMATION AND COMMUNICATION

The Company has continuously developed the information and communication by providing information system and communication channels both within and outside the organization that are effective and efficient. That is, complete, correct, timely, and sufficient to support decision-making, whether it be financial or other types of information. As for communication, the Company provides necessary information that is sufficient and up-to-date for the job. Every employee can have access to the information through the intranet of the Company. Regarding communication with external parties whether individuals or organizations, the Company has acquired a communication system that provides information through the Company's website ([www.pruksa.com](http://www.pruksa.com)) including sending out the Annual Report to various institutions as per the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, the Capital Market Exchange Commission effectively within the timeframe.

The Company monitors the receipt and sending or uploading of information into the system, with work segregation and appointing the persons in charge, and the authority of the staff and work units related to information and communication are clearly set. In addition, the Company has established the access rights to the information for the responsible employees only.



## MONITORING ACTIVITIES

The Company has set up monitoring activities on performance through the measurement of performance against the set objectives for each department by its executives on a regular basis. This will allow for an adjustment of strategy appropriately and in a timely manner. As such, the Board of Directors has acknowledge and compares whether the performance follows the objectives or not, in the Board of Director Meeting regularly every quarter.



## CONNECTED TRANSACTIONS

The Company enters into connected transactions as it may consider appropriate by complying with the laws governing securities and exchange, regulations, notifications, orders or rules of the Stock Exchange of Thailand (SET) as well as accounting standards regarding information disclosure of related persons or business as prescribed by the Certified Public Accountant Association of Thailand.

In case of transactions that occur regularly and continuously in the future, the Company prescribed a policy and practice guidelines to be in accordance with the general business conditions, in reliance upon prices and conditions that are suitable, fair and appropriate and can be inspected and can prevent siphoning. Such guidelines shall be proposed to the Audit Committee for consideration and approval after which execution can be made. Should the Company enter into a connected transaction? It will arrange for the Audit Committee to give an opinion as to the appropriateness of such transaction. In case the Audit Committee has unprofessional on practice in occur connected transactions. The Company will arrange the specialists such CPAs or evaluator who can give an independent opinion. Such appraisal will be considered by the Board or shareholders so that they are confident that it will not cause siphoning of benefits between the Company and its shareholders, and that the transaction is conducted in the best interests of all shareholders.

The Company entered into connected transaction as follows:

## 1. DISCLOSURE OF CONNECTED TRANSACTIONS

The Company has connected transactions with related person as follow:

| Related person                            | Relationship with the Company           | Type of transaction and business requirement   | Connected transaction value (Bt m) |            |   |
|---|---|--|------------------------------------|------------|---|
|   |   |  | 31/12/2013                         | 31/12/2012 | Price and Detail  |
| <u>Item 1</u><br>Mr. Thongma Vijitpongpun | Director and Shareholder of the Company | The Company leased space in Laksi Plaza, 10th Floor, from Mr.Thongma Vijitpongpun to use as a training center. | 3.2                                | 3.2        | Lease and Service Agreement of 25.68 square Metre area, effective from 1 October 2013 to 30 September 2014 is charged at Bt268,148 per month.<br><br>In summary - Such rental and service fees are at the rates comparable to the market rates and conditions that are not different from the cases the Company enters into agreements. |

## 2. NECESSITY AND APPROPRIATENESS OF CONNECTED TRANSACTIONS

The Audit Committee has issued the opinion regarding the connected transaction as mentioned was under normal business practice and no benefit to a related person or a person who might have a conflict of interest.

## 3. MEASURES OR PROCEDURES FOR APPROVING CONNECTED TRANSACTIONS

For any connected transaction of the Company, or the Company together with a person who may have a vested interest or may potentially have a conflict of interest, the Audit Committee will provide an opinion on the necessity of entering into the transaction and appropriateness of the pricing aspect of the transaction by considering various conditions to determine whether it is in accordance with the normal course of business in the industry. Further, there shall be a price comparison with a third party or the market price. In the event that the Audit Committee does not have appropriate expertise to consider the connected transaction, the Company will arrange for an independent expert or the Company's Auditor to provide an opinion as input for the Audit committee's decision. The opinion of the Audit Committee or the expert will be used by the Board of Directors or the Shareholders, as the case may be, to make a decision. The Director who has a vested interest shall have no voting right in the consideration of the transaction, which will be disclosed in the Notes to the Financial Statements, audited or reviewed by the auditors.

## MANAGEMENT DISCUSSION AND ANALYSIS

Pruksa Real Estate Public Company Limited (PS) would like to clarify the Company and its subsidiaries operating result for the year ended 31 December 2013 as follows:

| Bt m   |                 |              |                 |              |                       |             |
|--|-----------------|--------------|-----------------|--------------|-----------------------|-------------|
| Profit and Loss Statement<br>(Bt m)                          | 31 Dec<br>2013  | %            | 31 Dec<br>2012  | %            | Increase/<br>Decrease | %           |
| <b>Revenue from sale of real estate</b>                      | <b>38,847.7</b> | <b>99.5</b>  | <b>27,023.4</b> | <b>99.6</b>  | <b>11,824.3</b>       | <b>43.8</b> |
| Other income   | 193.4           | 0.5          | 117.3           | 0.4          | 76.1                  | 64.9        |
| <b>Total income</b>  | <b>39,041.1</b> | <b>100.0</b> | <b>27,140.7</b> | <b>100.0</b> | <b>11,900.4</b>       | <b>43.8</b> |
| Cost of real estate sales                                    | 25,349.9        | 65.3         | 17,890.4        | 66.2         | 7,459.5               | 41.7        |
| <b>Gross profit</b>  | <b>13,691.2</b> | <b>35.1</b>  | <b>9,250.3</b>  | <b>34.1</b>  | <b>4,440.9</b>        | <b>48.0</b> |
| Selling and Administrative expenses                          | 6,076.8         | 15.6         | 3,924.7         | 14.5         | 2,152.1               | 54.8        |
| Selling expenses   | 3,046.0         | 7.8          | 1,950.0         | 7.2          | 1,096.0               | 56.2        |
| Administrative expenses                                      | 3,030.8         | 7.8          | 1,974.7         | 7.3          | 1,056.1               | 53.5        |
| <b>Profit before finance cost and<br/>income tax expense</b> | <b>7,614.4</b>  | <b>19.5</b>  | <b>5,325.6</b>  | <b>19.6</b>  | <b>2,288.8</b>        | <b>43.0</b> |
| Finance costs  | 415.0           | 1.1          | 304.7           | 1.1          | 110.3                 | 36.2        |
| <b>Profit before income tax expense</b>                      | <b>7,199.4</b>  | <b>18.4</b>  | <b>5,020.9</b>  | <b>18.5</b>  | <b>2,178.5</b>        | <b>43.4</b> |
| Income tax expense   | 1,398.6         | 3.6          | 1,122.9         | 4.1          | 275.7                 | 24.6        |
| <b>Profit for the year</b>                                   | <b>5,800.8</b>  | <b>14.9</b>  | <b>3,898.0</b>  | <b>14.4</b>  | <b>1,902.8</b>        | <b>48.8</b> |

**Remark :**

Cost of real estate sales is only related to revenues from real estate sales, while net profit derived from total revenues including other income.

## TOTAL REVENUE

For the year 2013, revenue from townhouses, the main segment of the Company was Bt20,669.5m, an increase of Bt5,067.0m or a 32.5% increase from the previous year. Revenue from single-detached house was Bt9,194.7m and grew by Bt1,129.1m or a 14% increase from the previous year. Revenue from condominium was Bt8,449.7m, an increase of Bt5,609.6m or a 197.5% increase from the previous year. The company and its subsidiaries have expanded its investment in many projects in both townhouses and single-detached houses and are able to reduce the business cycle time and speed-up transfers to the customers. During the year, the Company completed six condominium projects and recognized Bt7,633.4m of revenues from those projects.

## COST OF REAL ESTATE SALES

For the year 2013, cost of real estate sales was Bt25,349.9m or 65.3% of the revenue from real estate sales as compared to 66.2% of the previous year. Efficient cost management, and the further implementation of the Real Estate Manufacturing (REM) process in townhouses and Single-Detached Houses while improved quality, reduced defects and repair costs, and reduced project cycle time.

## SELLING & ADMINISTRATIVE EXPENSE

For the year 2013, the Company and its subsidiaries incurred selling and administrative expenses of Bt6,076.8m, an increase of Bt2,152.1 or 54.8% increase from the previous year. The selling expenses during the year were Bt3,046.0m and an increase of Bt1,096.0m or 56.2% increase from previous year. The major factor of the increase was due to higher advertising and sale promotion expenses of Bt629.3m, or an increase of 70.7% from the previous year. Administrative expenses were Bt3,030.8m or an increase of Bt1,056.1m or 53.5% increase from previous year due to higher personnel expenses of Bt593.6m or 47.5% increase from the previous year. Moreover, the special business tax and transferred fee also increased by Bt385.1m and Bt81.6m, an increase of 43.8% and 45.2%, respectively, due to higher revenue from real estate sales. In addition, the Company also experienced higher professional fee of Bt45.8m or 52.5% increase and recorded a provision of litigation and claims were Bt36.7m.

## FINANCE COST

For the year 2013, the financing cost was Bt415.0m or 1.1% of total revenue, an increase of Bt110.3m or 36.2% increase from the previous year.

## INCOME TAX EXPENSES

Income tax expenses for the year 2013 were Bt1,398.6m or 3.6% of total revenue, an increase of Bt275.7m from the previously year due to higher revenue and pre-tax profit. Income tax rate for the year was 19.4%, as compared to 22.4% from the previous year. The Company was able to use the Royal Decree No.530 B.E. 2554 granting a reduction in the corporate income tax rate for the period 2013 and 2014 from 23.0% to 20.0%, respectively.

## NET PROFIT

For the year 2013, the net profit was Bt5,800.8m or 14.9% of total revenue, an increase of Bt1,902.8m or 48.8% increase from the previously year due to higher revenues.



## THE RESPONSIBILITY FOR THE FINANCIAL REPORTING OF THE BOARD OF DIRECTORS

The Board of Directors of Pruksa Real Estate Public Company Limited takes responsibilities of the consolidated Financial Statements including financial data presenting in this Annual Report. In preparing the Financial Statements, the Company and its subsidiaries have used appropriate accounting standards policies and consistently applied. The Financial Statements are adequately disclosed of significant data in notes to Financial Statements, also audited with unqualified opinion from independent auditors, thus, reflects a true and fair view of Balance Sheet, Income Statement and Cash Flow Statement of the Company and subsidiaries.

The Board of Directors set up and maintained effective risk management and internal audit system to ensure that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy, completeness and adequacy of financial positions, to safeguard assets of the Company and its subsidiaries, to be aware of weakness, and to prevent any risk from material irregularities.

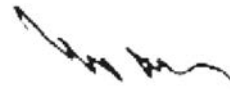
In so doing, the Board of Directors appointed the Audit Committee taking responsibilities of the quality of Financial Statements and effective internal audit system. This is to ensure the correct, adequate, timely accounting booking and also to prevent fraud or irregularity. The opinion of the Audit Committee has shown in Audit Committee Report attributed in this Annual Report.

The Board of Directors is of the opinion that the Company's internal audit system is generally satisfactory and should assure the creditability of the consolidated Financial Statements of the Company and its subsidiaries as of December 31, 2013.



DR. PISIT LEEAHTAM

Chairman of the Board of Directors and  
Independent Director



MR. THONGMA VIJITPONGPUN

Executive Vice Chairman of the Board of  
Directors and Chief Executive Officer

## AUDIT COMMITTEE REPORT

Pruksa Real Estate Public Company Limited's Audit Committee comprises of 4 members who have management experience. During Board of director meeting No. 3/2013 appointed Mr. Wisudhi Srisuphan as the Chairman of the Audit Committee

Currently, Audit Committee comprise of Mr. Wisudhi Srisuphan as Chairman of Audit Committee, Professor Emeritus Dr.Trungjai Buranasomphop, Mr. Adul Chandanachulaka and Mr.Weerachai Ngamdeevilaisak as Members.

The Audit Committee performed the duties in accordance with the scope of the responsibilities assigned by the Company's Board of Directors, in supervising the operations of the Company to ensure that the Company is clearly managed by the Executive Committee or Management with appropriate levels of integrity and accountability to the shareholders, and that the Executive Committee and Management followed the Company's policies properly, completely, and up to professional standards.

In 2013, 13 meetings were held, with the attendance of executives, internal auditors, and the Auditor, during which presentations, discussions and exchanges of views on relevant subjects were included. Below is a summary of the main points:

### 1. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS

The Audit Committee approved the Quarterly Financial Statements and the 2013 Financial Statements prior to submission to the Board of Directors for approval. Inquiries were made to the Auditors on the accuracy and completeness of the Financial Statements and the sufficiency of information disclosure. The Auditors' Management Letter which made recommendations on the internal control system and the 2013 Audit Schedule were also reviewed. The Audit Committee is of the opinion that the Company's process of accounting and financial reporting procedures are under sufficient control for ensuring that the financial reports on its financial positions and operations are accurate and up to the legally required accounting standards, and that the Financial Statements disclose sufficient information.

### 2. REVIEW AND APPROVAL OF THE PRACTICE GUIDELINES FOR ENTERING INTO CONNECTED TRANSACTIONS

The Audit Committee reviewed the adequacy of the practice guidelines for entering into connected transactions or transactions with potential conflicts of interest, including reviews of transactions which could be categorized as connected, or ones with potential conflicts of interest, which took place during the year, as well as reviews of the disclosure of pertinent information to ensure that it was accurate, complete and in compliance with the Stock Exchange of Thailand's relevant notifications, regulations and guidelines. The Audit Committee is of the opinion that Management entered into such transactions for the Company's best interests, on an arm's length basis, at reasonable prices, and with sufficient disclosure of information.

### 3. REVIEWS OF COMPLIANCE WITH LAWS

The Company's operational review and monitoring of compliance with securities laws, the Stock Exchange of Thailand's regulations and other major laws related to the Company's core business were set by the Audit Committee. The Internal Audit Committee was instructed to include compliance audit as one of its key tasks. The meetings with the Company's Legal Department regarding its performance are held quarterly.

According to the review, the Audit Committee found no indications leading to a belief that the Company intended to be in non-compliance and/or practices conflicting with or violating provisions of laws significantly, except lawsuits were filed against the Company by customers. In order to avoid disputes over misunderstanding between the Company and customers, the Audit Committee suggested that the Company should be more careful to present information of projects.

#### 4. REVIEWS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Audit Committee reviewed the internal control system and risk management to assess its adequacy and effectiveness in accordance with the guidelines of the Office of the Securities and Exchange and the standard of the system, including the consideration of the internal audit report against the approved work plan and the audit report of the external consultant firm. In addition, The Company has hired an internal auditor for both its subsidiaries and the joint venture companies in oversea.

In 2013, the internal auditor was hired to audit the key task of the Company. No significant weaknesses or deficiencies were found. The Audit Committee is of the opinion that the Company has an appropriate, sufficient and effective internal control system.

#### 5. SUPERVISION OF THE INTERNAL CONTROL FUNCTION

The Audit Committee considered the mission, the scope of operations of internal audit unit, duties and responsibilities, auditor independence, organization and manpower, as well as reviewed and approved the 2013 Audit Schedule, prepared in accordance with the risks assessment of the Company's departments, the Audit Quality Improvement Plan, the development of the knowledge skills and expertise of the internal audit personnel, and the survey of satisfaction of executives and the audited departments at all levels

The Audit Committee is of the opinion that the operation of Company's internal audit unit is satisfactorily independent, sufficient and effective and is in line with the set objectives.

#### 6. THE REPORT ON THE OPERATIONAL PERFORMANCE

The Audit Committee reported the Quarterly reports on the operation of the Audit Committee to the Board of Directors. Opinions and recommendations for managerial purposes were presented to Management, who has made appropriate improvements and adjustments as recommended. Furthermore, the self-assessment on the operation of the Audit Committee was arranged in order to use as a guideline to improve their operational performance.

#### 7. REVIEW OF THE AUDIT COMMITTEE CHARTER

In 2013, The Audit Committee charter was reviewed in order to assess the scope of duties, responsibilities, and authority as assignation of the Board of Director. The charter is the key to support the duties and responsibilities of the Audit Committee as the Audit Committee can operate effectively in accordance to the regulation of the Stock Exchange of Thailand. The Audit Committee is of the opinion that the charter is suitable and complies with the policy of good corporate governance outline.

#### 8. SELECTION OF THE AUDITORS FOR 2014

nominating the Auditors and proposing their fee to the Board of Directors for submission to the 2014 Shareholders' Meeting for approval.

The Audit Committee considered the independence, performance and service of the Auditors, as well as the appropriateness of the fee and was of the opinion that the Auditors had expressed opinions and made recommendations beneficial for the preparations of financial reports and internal control. It was therefore deemed appropriate to propose that the Board of Directors request approval from the Shareholders' Meeting to re-appoint the auditors from KPMG Phoomchai Audit Ltd, as the Company's Auditors, for 2014.

In 2013, the Audit Committee performed its assigned duties and responsibilities, using the members' knowledge and competence with carefulness and sufficient independence, without limitation to access to information from the executives, staff members or the relevant people. The Committee also expressed opinions and made recommendations for equitable benefits to all relevant stakeholders.

As a summary of the overall perspective, the Audit Committee is of the opinion that the Company's Board of Directors and its executives are ethical and committed to performing their duties to achieve its objectives, and have placed utmost importance to managing the operation under an effective internal control environment, appropriate and watertight risk management, sufficient good corporate governance with transparency and trustworthiness, as well as continual improvement of the operations systems.

This Audit Committee Report was reviewed and approved

by the Audit Committee on 10th January 2014

On behalf of the Audit Committee



**Mr. Wisudhi Srisuphan**  
Chairman, Audit Committee

Pruksa Real Estate Public Company Limited

10<sup>th</sup> January 2014

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**INDEPENDENT AUDITOR'S REPORT****To the shareholders of Pruksa Real Estate Public Company Limited**

I have audited the accompanying consolidated and separate financial statements of Pruksa Real Estate Public Company Limited and its subsidiaries (the "Group") and of Pruksa Real Estate Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Vipavan Pattavanvivek)  
Certified Public Accountant  
Registration No. 4795

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 February 2014

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

| Assets  | Note | Consolidated financial statements |                       | Separate financial statements |                       |
|---|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   |      | 31 December                       |                       | 31 December                   |                       |
|   |      | 2013                              | 2012                  | 2013                          | 2012                  |
| <i>(in Baht)</i>  |      |                                   |                       |                               |                       |
| <b>Current assets</b>   |      |                                   |                       |                               |                       |
| Cash and cash equivalents                                     | 6    | 1,036,163,459                     | 715,679,289           | 618,165,903                   | 500,549,513           |
| Current investments   | 7    | 779,035,806                       | 850,301,163           | 173,803,259                   | 452,434,150           |
| Receivable from subsidiaries                                  | 5    | -                                 | -                     | 671,562,423                   | 461,658,550           |
| Short-term loans and accrued interest<br>income-subsiidiaries | 5    | -                                 | -                     | 3,823,405,003                 | 2,785,705,619         |
| Real estate projects under development                        | 8    | 48,686,640,960                    | 37,817,665,897        | 40,250,263,593                | 31,763,251,610        |
| Deposits for purchase of land                                 |      | 562,133,852                       | 804,561,206           | 562,133,852                   | 804,561,206           |
| Advance payment for goods                                     |      | 866,456,811                       | 521,334,997           | 846,417,766                   | 501,597,434           |
| Other current assets  |      | 360,659,146                       | 279,569,102           | 174,208,250                   | 137,744,603           |
| <b>Total current assets</b>                                   |      | <b>52,291,090,034</b>             | <b>40,989,111,654</b> | <b>47,119,960,049</b>         | <b>37,407,502,685</b> |
| <b>Non-current assets</b>                                     |      |                                   |                       |                               |                       |
| Investments in subsidiaries                                   | 9    | -                                 | -                     | 3,199,998,800                 | 2,174,998,800         |
| Investment properties   | 11   | 610,611,907                       | 127,829,591           | 432,850,450                   | 127,829,591           |
| Property, plant and equipment                                 | 12   | 2,702,346,175                     | 2,219,886,546         | 2,599,784,850                 | 2,101,540,908         |
| Intangible assets   | 13   | 252,533,990                       | 187,012,185           | 247,723,203                   | 180,156,058           |
| Deferred tax assets   | 14   | 200,097,763                       | 182,123,111           | 163,976,205                   | 156,344,591           |
| Other non-current assets                                      |      | 137,668,445                       | 114,955,259           | 107,658,415                   | 83,382,535            |
| <b>Total non-current assets</b>                               |      | <b>3,903,258,280</b>              | <b>2,831,806,692</b>  | <b>6,751,991,923</b>          | <b>4,824,252,483</b>  |
| <b>Total assets</b>   |      | <b>56,194,348,314</b>             | <b>43,820,918,346</b> | <b>53,871,951,972</b>         | <b>42,231,755,168</b> |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

| Liabilities and equity   | Note  | Consolidated financial statements |                       | Separate financial statements |                       |
|--|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|  |       | 31 December                       |                       | 31 December                   |                       |
|  |       | 2013                              | 2012                  | 2013                          | 2012                  |
|  |       | (in Baht)                         |                       |                               |                       |
| <b>Current liabilities</b>                                       |       |                                   |                       |                               |                       |
| Bank overdrafts and short-term loans from financial institutions | 15    | 6,697,550,116                     | 1,528,753,925         | 6,697,550,116                 | 1,278,753,925         |
| Trade accounts payable   |       |                                   |                       |                               |                       |
| - Subsidiaries   | 5, 16 | -                                 | -                     | 224,289,169                   | 323,410,435           |
| - Others   | 16    | 2,090,331,626                     | 1,527,041,715         | 1,687,318,500                 | 1,307,540,585         |
| <b>Payables for purchase of land</b>                             |       | 3,197,502,510                     | 468,095,545           | 3,197,502,510                 | 468,095,545           |
| Short-term loans and accrued interest expense-subsiidiaries      | 5, 15 | -                                 | -                     | 566,289,979                   | 507,556,073           |
| Current portion of long-term loans                               | 15    | -                                 | 4,500,000,000         | -                             | 4,500,000,000         |
| Current portion of long-term debentures                          |       |                                   |                       |                               |                       |
| Current portion of finance lease liabilities                     | 15    | 7,205,345                         | 10,023,318            | 7,205,345                     | 10,023,318            |
| Customers' deposits  |       | 1,749,285,605                     | 1,968,499,439         | 1,503,576,055                 | 1,663,860,808         |
| Income tax payable   |       | 652,222,376                       | 527,027,994           | 420,531,107                   | 414,528,370           |
| Other current liabilities  | 17    | 2,352,821,455                     | 1,522,321,901         | 2,072,212,036                 | 1,305,242,649         |
| <b>Total current liabilities</b>                                 |       | <b>16,996,919,033</b>             | <b>15,281,323,837</b> | <b>16,626,474,817</b>         | <b>15,008,571,708</b> |
| <b>Non-current liabilities</b>                                   |       |                                   |                       |                               |                       |
| Long-term loans  | 15    | -                                 | 250,020,000           | -                             | 250,020,000           |
| Long-term debentures   | 15    | 14,000,000,000                    | 8,000,000,000         | 14,000,000,000                | 8,000,000,000         |
| Finance lease liabilities  | 15    | 7,563,133                         | 8,142,219             | 6,653,689                     | 7,616,366             |
| Employee benefit obligations                                     | 18    | 114,695,469                       | 93,751,870            | 112,416,093                   | 92,359,862            |
| Provision for litigation and claims                              | 34    | 142,550,000                       | 105,895,000           | 141,000,000                   | 105,895,000           |
| <b>Total non-current liabilities</b>                             |       | <b>14,264,808,602</b>             | <b>8,457,809,089</b>  | <b>14,260,069,782</b>         | <b>8,455,891,228</b>  |
| <b>Total liabilities</b>   |       | <b>31,261,727,635</b>             | <b>23,739,132,926</b> | <b>30,886,544,599</b>         | <b>23,464,462,936</b> |

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



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

| Liabilities and equity                       | Note | Consolidated financial statements |                       | Separate financial statements |                       |
|--|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|  |      | 31 December                       |                       | 31 December                   |                       |
|  |      | 2013                              | 2012                  | 2013                          | 2012                  |
| <i>(in Baht)</i>                             |      |                                   |                       |                               |                       |
| <b>Equity</b>                                |      |                                   |                       |                               |                       |
| Share capital                                | 19   |                                   |                       |                               |                       |
| Authorised share capital                     |      | 2,265,812,000                     | 2,250,812,000         | 2,265,812,000                 | 2,250,812,000         |
| Issued and paid-up share capital             |      | 2,222,832,600                     | 2,213,222,000         | 2,222,832,600                 | 2,213,222,000         |
| Premium on ordinary shares                   | 19   | 1,594,285,717                     | 1,451,559,091         | 1,594,285,717                 | 1,451,559,091         |
| Warrants                                     | 20   | 18,393,474                        | 17,192,869            | 18,393,474                    | 17,192,869            |
| Retained earnings                            |      |                                   |                       |                               |                       |
| Appropriated                                 |      |                                   |                       |                               |                       |
| Legal reserve                                | 21   | 226,581,200                       | 225,575,340           | 226,581,200                   | 225,575,340           |
| Unappropriated                               |      | 20,938,556,306                    | 16,248,182,209        | 18,923,294,263                | 14,859,706,488        |
| Other components of equity                   | 21   | (69,788,214)                      | (74,300,136)          | 20,119                        | 36,444                |
| Equity attributable to owners of the Company |      | <b>24,930,861,083</b>             | <b>20,081,431,373</b> | <b>22,985,407,373</b>         | <b>18,767,292,232</b> |
| Non-controlling interests                    |      | 1,759,596                         | 354,047               | -                             | -                     |
| <b>Total equity</b>                          |      | <b>24,932,620,679</b>             | <b>20,081,785,420</b> | <b>22,985,407,373</b>         | <b>18,767,292,232</b> |
| <b>Total liabilities and equity</b>          |      | <b>56,194,348,314</b>             | <b>43,820,918,346</b> | <b>53,871,951,972</b>         | <b>42,231,755,168</b> |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF COMPREHENSIVE INCOME

|   | Note | Consolidated financial statements |                       | Separate financial statements  |                       |
|---|------|-----------------------------------|-----------------------|--------------------------------|-----------------------|
|   |      | For the year ended 31 December    |                       | For the year ended 31 December |                       |
|   |      | 2013                              | 2012                  | 2013                           | 2012                  |
| <i>(in Baht)</i>                        |      |                                   |                       |                                |                       |
| <b>Continuing Operations</b>            |      |                                   |                       |                                |                       |
| <b>Income</b>                           |      |                                   |                       |                                |                       |
| Revenue from sale of real estate        |      | 38,847,725,460                    | 27,023,451,025        | 32,049,115,474                 | 23,199,682,838        |
| Revenue from sale of raw materials      | 5    | -                                 | -                     | 536,261,726                    | 197,175,848           |
| Dividend income                         | 5, 9 | -                                 | -                     | 599,999,788                    | 89,999,940            |
| Other income                            |      | 193,397,929                       | 117,284,989           | 446,130,939                    | 280,402,826           |
| <b>Total income</b>                     |      | <b>39,041,123,389</b>             | <b>27,140,736,014</b> | <b>33,631,507,927</b>          | <b>23,767,261,452</b> |
| <b>Expenses</b>                         |      |                                   |                       |                                |                       |
| Cost of real estate sales               |      | 25,349,908,981                    | 17,890,439,665        | 21,158,869,143                 | 15,337,160,873        |
| Cost of raw material sales              |      | -                                 | -                     | 517,404,076                    | 182,129,642           |
| Selling expenses                        | 23   | 3,046,022,233                     | 1,950,035,900         | 2,569,575,520                  | 1,720,872,498         |
| Administrative expenses                 | 24   | 3,030,750,788                     | 1,974,694,601         | 2,779,158,166                  | 2,082,905,740         |
| Finance costs                           | 27   | 415,062,211                       | 304,676,496           | 422,654,292                    | 314,892,021           |
| <b>Total expenses</b>                   |      | <b>31,841,744,213</b>             | <b>22,119,846,662</b> | <b>27,447,661,197</b>          | <b>19,637,960,774</b> |
| <b>Profit before income tax expense</b> |      | <b>7,199,379,176</b>              | <b>5,020,889,352</b>  | <b>6,183,846,730</b>           | <b>4,129,300,678</b>  |
| Income tax expense                      | 28   | (1,398,606,065)                   | (1,122,895,852)       | (1,008,815,490)                | (862,497,654)         |
| <b>Profit for the year</b>              |      | <b>5,800,773,111</b>              | <b>3,897,993,500</b>  | <b>5,175,031,240</b>           | <b>3,266,803,024</b>  |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF COMPREHENSIVE INCOME

|   | Consolidated financial statements |                      | Separate financial statements  |                      |
|---|-----------------------------------|----------------------|--------------------------------|----------------------|
|   | For the year ended 31 December    |                      | For the year ended 31 December |                      |
| Note  | 2013                              | 2012                 | 2013                           | 2012                 |
|   | <i>(in Baht)</i>                  |                      |                                |                      |
| <b>Other comprehensive income</b>                                 |                                   |                      |                                |                      |
| Foreign currency translation differences for foreign operations   | 4,796,434                         | (4,723,409)          | -                              | -                    |
| Net change in fair value of available-for-sale investments        | (284,512)                         | (392,458)            | (16,325)                       | (887,820)            |
| <b>Other comprehensive income for the year, net of income tax</b> | <b>4,511,922</b>                  | <b>(5,115,867)</b>   | <b>(16,325)</b>                | <b>(887,820)</b>     |
| <b>Total comprehensive income for the year</b>                    | <b>5,805,285,033</b>              | <b>3,892,877,633</b> | <b>5,175,014,915</b>           | <b>3,265,915,204</b> |
| <b>Profit (loss) attributable to:</b>                             |                                   |                      |                                |                      |
| Owners of the Company   | 5,801,817,562                     | 3,898,143,402        | 5,175,031,240                  | 3,266,803,024        |
| Non-controlling interests   | (1,044,451)                       | (149,902)            | -                              | -                    |
| <b>Profit for the year</b>  | <b>5,800,773,111</b>              | <b>3,897,993,500</b> | <b>5,175,031,240</b>           | <b>3,266,803,024</b> |
| <b>Total comprehensive income attributable to:</b>                |                                   |                      |                                |                      |
| Owners of the Company   | 5,806,329,484                     | 3,893,027,535        | 5,175,014,915                  | 3,265,915,204        |
| Non-controlling interests   | (1,044,451)                       | (149,902)            | -                              | -                    |
| <b>Total comprehensive income for the year</b>                    | <b>5,805,285,033</b>              | <b>3,892,877,633</b> | <b>5,175,014,915</b>           | <b>3,265,915,204</b> |
| <b>Earnings per share</b>   |                                   |                      |                                |                      |
| Basic earnings per share  | 30                                | 2.61                 | 1.76                           | 2.33                 |
| Diluted earnings per share  | 30                                | 2.61                 | 1.76                           | 2.33                 |

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

**PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**

|  | Consolidated financial statements |                            |                            |                   |   |                                  |                                  |                                       |                           |                  |                      |
|--|-----------------------------------|----------------------------|----------------------------|-------------------|---|----------------------------------|----------------------------------|---------------------------------------|---------------------------|------------------|----------------------|
|  | Retained earnings                 |                            | Other components of equity |                   |   |                                  | Equity                           |                                       |                           |                  |                      |
|  | Issued and paid-up share capital  | Premium on ordinary shares | Warrants                   | Legal reserve     | Unappropriated investments available-for-sale | Currency translation differences | Total other components of equity | attributable to owners of the Company | Non-controlling interests | Total equity     |                      |
| Note   | 3,814,800                         | 55,317,818                 | (3,379,153)                | -                 | -   | -                                | -                                | 55,753,465                            | -                         | 55,753,465       |                      |
| <b>For the year ended 31 December 2012</b>                         |                                   |                            |                            |                   |   |                                  |                                  |                                       |                           |                  |                      |
| Balance at 1 January 2012  | 2,209,407,200                     | 1,396,241,273              | -                          | 225,575,340       | 13,233,801,687                                | 1,017,905                        | (70,202,174)                     | (69,184,269)                          | 16,995,841,231            | 503,949          | 16,996,345,180       |
| Transactions with owners, recorded directly in equity              |                                   |                            |                            |                   |   |                                  |                                  |                                       |                           |                  |                      |
| <i>Contributions by and distributions to owners of the Company</i> |                                   |                            |                            |                   |   |                                  |                                  |                                       |                           |                  |                      |
| Dividends to owners of the Company                                 | 31                                | -                          | -                          | -                 | (883,762,880)                                 | -                                | -                                | -                                     | (883,762,880)             | -                | (883,762,880)        |
| Share-based payment transaction                                    | 20                                | -                          | 20,572,022                 | -                 | -   | -                                | -                                | -                                     | 20,572,022                | -                | 20,572,022           |
| Warrants exercised   | 19                                | 3,814,800                  | 55,317,818                 | (3,379,153)       | -   | -                                | -                                | -                                     | 55,753,465                | -                | 55,753,465           |
| <b>Total transactions with owners, recorded directly in equity</b> |                                   | <b>3,814,800</b>           | <b>55,317,818</b>          | <b>17,192,869</b> | <b>(883,762,880)</b>                          | <b>-</b>                         | <b>-</b>                         | <b>-</b>                              | <b>(807,437,393)</b>      | <b>-</b>         | <b>(807,437,393)</b> |
| <b>Comprehensive income for the year</b>                           |                                   |                            |                            |                   |   |                                  |                                  |                                       |                           |                  |                      |
| Profit (loss) for the year   | -                                 | -                          | -                          | -                 | 3,898,143,402                                 | -                                | -                                | -                                     | 3,898,143,402             | (149,902)        | 3,897,993,500        |
| Other comprehensive income   | -                                 | -                          | -                          | -                 | -   | (392,458)                        | (4,723,409)                      | (5,115,867)                           | (5,115,867)               | -                | (5,115,867)          |
| <b>Total comprehensive income for the year</b>                     |                                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>          | <b>3,898,143,402</b>                          | <b>(392,458)</b>                 | <b>(4,723,409)</b>               | <b>(5,115,867)</b>                    | <b>3,893,027,535</b>      | <b>(149,902)</b> | <b>3,892,877,633</b> |
| Balance at 31 December 2012  | 2,213,222,000                     | 1,451,559,091              | 17,192,869                 | 225,575,340       | 16,248,182,209                                | 625,447                          | (74,925,583)                     | (74,300,136)                          | 20,081,431,373            | 354,047          | 20,081,785,420       |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN EQUITY

|  | Consolidated financial statements |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
|--|-----------------------------------|----------------------------|----------------------|-------------------|----------------------------|--------------------------------|----------------------------------|----------------------------------|------------------------|------------------------------|--|---------------------------|-----------------------|-----------------------|--|
|  | Retained earnings                 |                            | Fair value           |                   |                            |                                | Other components of equity       |                                  |                        |                              | Equity attributable to owners of the Company | Non-controlling interests | Total equity          |                       |  |
|  | Issued and paid-up share capital  | Premium on ordinary shares | Warrants             | Legal reserve     | Unappropriated investments | available-for-sale investments | Currency translation differences | Total other components of equity | at the end of the year | at the beginning of the year |  |                           |                       |                       |  |
| Note   |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| <i>(in Baht)</i>   |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| For the year ended 31 December 2013                                      |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| Balance at 1 January 2013  | 2,213,222,000                     | 1,451,559,091              | 17,192,869           | 225,575,340       | 16,248,182,209             | 625,447                        | (74,925,583)                     | (74,300,136)                     | 20,081,431,373         | 354,047                      | 20,081,785,420                               |                           |                       |                       |  |
| Transactions with owners, recorded directly in equity                    |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| <i>Contributions by and distributions to owners of the Company</i>       |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| Dividends to owners of the Company                                       | 31                                | -                          | -                    | -                 | (1,110,437,605)            | -                              | -                                | -                                | (1,110,437,605)        | -                            | (1,110,437,605)                              | -                         | -                     | (1,110,437,605)       |  |
| Share-based payment transaction  | 20                                | -                          | -                    | 12,329,696        | -                          | -                              | -                                | -                                | 12,329,696             | -                            | 12,329,696                                   | -                         | -                     | 12,329,696            |  |
| Warrants exercised   | 19                                | 9,610,600                  | 142,726,626          | (11,129,091)      | -                          | -                              | -                                | -                                | 141,208,135            | -                            | 141,208,135                                  | -                         | -                     | 141,208,135           |  |
| <b>Total contributions by and distributions to owners of the Company</b> |                                   | <b>9,610,600</b>           | <b>142,726,626</b>   | <b>1,200,605</b>  | <b>(1,110,437,605)</b>     | <b>-</b>                       | <b>-</b>                         | <b>-</b>                         | <b>(956,899,774)</b>   | <b>-</b>                     | <b>(956,899,774)</b>                         | <b>-</b>                  | <b>-</b>              | <b>(956,899,774)</b>  |  |
| <i>Changes in ownership interests in subsidiaries</i>                    |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| Investment in subsidiaries   |                                   | -                          | -                    | -                 | -                          | -                              | -                                | -                                | -                      | -                            | -  | -                         | 2,450,000             | 2,450,000             |  |
| <b>Total changes in ownership interests in subsidiaries</b>              |                                   | <b>-</b>                   | <b>-</b>             | <b>-</b>          | <b>-</b>                   | <b>-</b>                       | <b>-</b>                         | <b>-</b>                         | <b>-</b>               | <b>-</b>                     | <b>-</b>                                     | <b>-</b>                  | <b>2,450,000</b>      | <b>2,450,000</b>      |  |
| <b>Total transactions with owners, recorded directly in equity</b>       |                                   | <b>9,610,600</b>           | <b>142,726,626</b>   | <b>1,200,605</b>  | <b>(1,110,437,605)</b>     | <b>-</b>                       | <b>-</b>                         | <b>-</b>                         | <b>(956,899,774)</b>   | <b>2,450,000</b>             | <b>(954,449,774)</b>                         | <b>2,450,000</b>          | <b>(954,449,774)</b>  | <b>(954,449,774)</b>  |  |
| <i>Comprehensive income for the year</i>                                 |                                   |                            |                      |                   |                            |                                |                                  |                                  |                        |                              |  |                           |                       |                       |  |
| Profit(loss) for the year  |                                   | -                          | -                    | -                 | 5,801,817,562              | -                              | -                                | -                                | 5,801,817,562          | (1,044,451)                  | 5,800,773,111                                | -                         | -                     | 5,800,773,111         |  |
| Other comprehensive income   |                                   | -                          | -                    | -                 | (284,512)                  | 4,796,434                      | 4,511,922                        | 4,511,922                        | 4,511,922              | -                            | 4,511,922                                    | -                         | -                     | 4,511,922             |  |
| <b>Total comprehensive income for the year</b>                           |                                   | <b>-</b>                   | <b>-</b>             | <b>-</b>          | <b>5,801,817,562</b>       | <b>4,796,434</b>               | <b>4,511,922</b>                 | <b>4,511,922</b>                 | <b>5,806,329,484</b>   | <b>(1,044,451)</b>           | <b>5,805,285,033</b>                         | <b>(1,044,451)</b>        | <b>(1,044,451)</b>    | <b>5,805,285,033</b>  |  |
| Transfer to legal reserve  |                                   | -                          | -                    | -                 | 1,005,860                  | (1,005,860)                    | -                                | -                                | -                      | -                            | -  | -                         | -                     | -                     |  |
| <b>Balance at 31 December 2013</b>                                       |                                   | <b>2,222,832,600</b>       | <b>1,594,285,717</b> | <b>18,393,474</b> | <b>226,581,200</b>         | <b>20,938,556,306</b>          | <b>340,935</b>                   | <b>(70,129,149)</b>              | <b>24,930,861,083</b>  | <b>1,759,596</b>             | <b>24,932,620,679</b>                        | <b>1,759,596</b>          | <b>24,932,620,679</b> | <b>24,932,620,679</b> |  |

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

PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN EQUITY

|  | Separate financial statements    |                            |                   |                    |                       |  |          | Total equity |                       |
|--|----------------------------------|----------------------------|-------------------|--------------------|-----------------------|--|----------|--------------|-----------------------|
|  | Issued and paid-up share capital | Premium on ordinary shares | Warrants          | Retained earnings  |                       | Other components of equity                           |          |              |                       |
|  |                                  |                            |                   | Legal reserve      | Unappropriated        | Fair value changes in available-for-sale investments |          |              |                       |
| Note   |                                  |                            |                   |                    |                       |  |          |              |                       |
| <i>(in Baht)</i>   |                                  |                            |                   |                    |                       |  |          |              |                       |
| <b>For the year ended 31 December 2012</b>                         |                                  |                            |                   |                    |                       |  |          |              |                       |
| Balance at 1 January 2012  | 2,209,407,200                    | 1,396,241,273              | -                 | 225,575,340        | 12,476,666,344        | 924,264  |          |              | 16,308,814,421        |
| <b>Transactions with owners, recorded directly in equity</b>       |                                  |                            |                   |                    |                       |  |          |              |                       |
| <i>Contributions by and distributions to owners of the Company</i> |                                  |                            |                   |                    |                       |  |          |              |                       |
| Dividends to owners of the Company                                 | -                                | -                          | -                 | -                  | (883,762,880)         | -  | -        | -            | (883,762,880)         |
| Share-based payment transaction                                    | -                                | -                          | 20,572,022        | -                  | -                     | -  | -        | -            | 20,572,022            |
| Warrants exercised   | 3,814,800                        | 55,317,818                 | (3,379,153)       | -                  | -                     | -  | -        | -            | 55,753,465            |
| <b>Total transactions with owners, recorded directly in equity</b> | <b>3,814,800</b>                 | <b>55,317,818</b>          | <b>17,192,869</b> | <b>-</b>           | <b>(883,762,880)</b>  | <b>-</b>   | <b>-</b> | <b>-</b>     | <b>(807,437,393)</b>  |
| <b>Comprehensive income for the year</b>                           |                                  |                            |                   |                    |                       |  |          |              |                       |
| Profit for the year  | -                                | -                          | -                 | -                  | 3,266,803,024         | -  | -        | -            | 3,266,803,024         |
| Other comprehensive income   | -                                | -                          | -                 | -                  | -                     | (887,820)  | -        | -            | (887,820)             |
| <b>Total comprehensive income for the year</b>                     | <b>-</b>                         | <b>-</b>                   | <b>-</b>          | <b>-</b>           | <b>3,266,803,024</b>  | <b>(887,820)</b>                                     | <b>-</b> | <b>-</b>     | <b>3,265,915,204</b>  |
| <b>Balance at 31 December 2012</b>                                 | <b>2,213,222,000</b>             | <b>1,451,559,091</b>       | <b>17,192,869</b> | <b>225,575,340</b> | <b>14,859,706,488</b> | <b>36,444</b>  | <b>-</b> | <b>-</b>     | <b>18,767,292,232</b> |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN EQUITY

|  | Separate financial statements    |                            |                   |                    |                        |                                |                            |          |                 |              | Total equity          |
|--|----------------------------------|----------------------------|-------------------|--------------------|------------------------|--------------------------------|----------------------------|----------|-----------------|--------------|-----------------------|
|  | Issued and paid-up share capital | Premium on ordinary shares | Warrants          | Retained earnings  |                        |                                | Other components of equity |          |                 | Total equity |                       |
|  |                                  |                            |                   | Legal reserve      | Unappropriated         | available-for-sale investments | Fair value changes in      | equity   |                 |              |                       |
| Note   |                                  |                            |                   |                    |                        |                                |                            |          |                 |              |                       |
| <b>For the year ended 31 December 2013</b>                         |                                  |                            |                   |                    |                        |                                |                            |          |                 |              |                       |
| Balance at 1 January 2013  | 2,213,222,000                    | 1,451,559,091              | 17,192,869        | 225,575,340        | 14,859,706,488         | 36,444                         |                            |          |                 |              | 18,767,292,232        |
| <b>Transactions with owners, recorded directly in equity</b>       |                                  |                            |                   |                    |                        |                                |                            |          |                 |              |                       |
| <i>Contributions by and distributions to owners of the Company</i> |                                  |                            |                   |                    |                        |                                |                            |          |                 |              |                       |
| Dividends to owners of the Company                                 | -                                | -                          | -                 | -                  | (1,110,437,605)        | -                              | -                          | -        | -               | -            | (1,110,437,605)       |
| Share-based payment transaction                                    | -                                | -                          | 12,329,696        | -                  | -                      | -                              | -                          | -        | -               | -            | 12,329,696            |
| Warrants exercised   | 9,610,600                        | 142,726,626                | (11,129,091)      | -                  | -                      | -                              | -                          | -        | -               | -            | 141,208,135           |
| <b>Total transactions with owners, recorded directly in equity</b> | <b>9,610,600</b>                 | <b>142,726,626</b>         | <b>1,200,605</b>  | <b>-</b>           | <b>(1,110,437,605)</b> | <b>-</b>                       | <b>-</b>                   | <b>-</b> | <b>-</b>        | <b>-</b>     | <b>(956,899,774)</b>  |
| <b>Comprehensive income for the year</b>                           |                                  |                            |                   |                    |                        |                                |                            |          |                 |              |                       |
| Profit for the year  | -                                | -                          | -                 | -                  | 5,175,031,240          | -                              | -                          | -        | -               | -            | 5,175,031,240         |
| Other comprehensive income   | -                                | -                          | -                 | -                  | -                      | (16,325)                       | -                          | -        | (16,325)        | -            | (16,325)              |
| <b>Total comprehensive income for the year</b>                     | <b>-</b>                         | <b>-</b>                   | <b>-</b>          | <b>-</b>           | <b>5,175,031,240</b>   | <b>(16,325)</b>                | <b>-</b>                   | <b>-</b> | <b>(16,325)</b> | <b>-</b>     | <b>5,175,014,915</b>  |
| Transfer to legal reserve  | -                                | -                          | -                 | 1,005,860          | (1,005,860)            | -                              | -                          | -        | -               | -            | -                     |
| <b>Balance at 31 December 2013</b>                                 | <b>2,222,832,600</b>             | <b>1,594,285,717</b>       | <b>18,393,474</b> | <b>226,581,200</b> | <b>18,923,294,263</b>  | <b>20,119</b>                  | <b>-</b>                   | <b>-</b> | <b>-</b>        | <b>-</b>     | <b>22,985,407,373</b> |

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



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS

|  | Consolidated financial statements |                                | Separate financial statements  |                                |
|--|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | Note                              | For the year ended 31 December | For the year ended 31 December | For the year ended 31 December |
|  | 2013                              | 2012                           | 2013                           | 2012                           |
|  | (in Baht)                         |                                |                                |                                |
| <b>Cash flows from operating activities</b>  |                                   |                                |                                |                                |
| Profit for the year  | 5,800,773,111                     | 3,897,993,500                  | 5,175,031,240                  | 3,266,803,024                  |
| <i>Adjustments for</i>   |                                   |                                |                                |                                |
| Reversal of allowance for decline in value of real estate projects under development | (34,934,744)                      | (348,481,849)                  | (36,338,093)                   | (22,540,612)                   |
| Allowance for impairment loss on investment properties                               | 45,063,710                        | -                              | 6,027,525                      | -                              |
| Allowance for deposits for purchase of land (reversal of)                            | (12,230,800)                      | 22,938,600                     | (12,200,000)                   | 22,938,600                     |
| Depreciation and amortisation  | 374,011,368                       | 368,019,051                    | 304,233,323                    | 313,715,355                    |
| Loss (gain) on disposal of equipment   | (7,689,535)                       | (152,015)                      | (939,628)                      | 4,798,991                      |
| Dividend income from subsidiaries  | -                                 | -                              | (599,999,788)                  | (89,999,940)                   |
| Currency translation differences   | 5,666,244                         | (2,469,604)                    | -                              | -                              |
| Employees benefits   | 20,943,599                        | 18,057,356                     | 20,056,231                     | 17,600,588                     |
| Shared-based payment transaction   | 12,329,696                        | 20,572,022                     | 12,329,696                     | 20,572,022                     |
| Provision for litigation and claims (reversal of)                                    | 36,655,000                        | (4,493,917)                    | 35,105,000                     | (3,693,917)                    |
| Gain on disposal of current investments  | (14,520,260)                      | (19,902,880)                   | (7,726,269)                    | (12,612,034)                   |
| Finance costs  | 415,062,211                       | 304,676,496                    | 422,654,292                    | 314,892,021                    |
| Income tax expense   | 1,398,606,065                     | 1,122,895,852                  | 1,008,815,490                  | 862,497,654                    |
|  | 8,039,735,665                     | 5,379,652,612                  | 6,327,049,019                  | 4,694,971,752                  |
| <i>Changes in operating assets and liabilities</i>                                   |                                   |                                |                                |                                |
| Receivable from subsidiaries   | -                                 | -                              | (209,903,873)                  | (200,308,495)                  |
| Real estate projects under development   | (10,648,689,810)                  | (678,635,632)                  | (8,271,967,593)                | 465,773,073                    |
| Deposits for purchase of land  | 254,658,154                       | (642,519,457)                  | 254,627,354                    | (706,665,139)                  |
| Advance payment for goods  | (345,121,813)                     | (137,435,070)                  | (344,820,332)                  | (138,555,120)                  |
| Other current assets   | (81,090,044)                      | (122,640,170)                  | (49,696,580)                   | (129,889,128)                  |
| Other non-current assets   | (22,713,186)                      | 25,773,693                     | (24,275,880)                   | 8,103,532                      |
| Trade accounts payable-subsiidiaries   | -                                 | -                              | (99,121,266)                   | (4,438,474)                    |
| Trade accounts payable-others  | 563,289,911                       | 443,714,351                    | 379,777,915                    | 347,685,321                    |
| Payables for purchase of land  | 2,729,406,965                     | 72,198,509                     | 2,729,406,965                  | 72,198,509                     |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS

|  | Consolidated financial statements |                                     | Separate financial statements       |                                     |                                     |
|--|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | Note                              | For the year ended 31 December 2013 | For the year ended 31 December 2012 | For the year ended 31 December 2013 | For the year ended 31 December 2012 |
|  |                                   | <i>(in Baht)</i>                    |                                     |                                     |                                     |
| Customers' deposits  |                                   | (219,213,834)                       | 364,542,574                         | (160,284,753)                       | 359,552,369                         |
| Other current liabilities  |                                   | 799,671,427                         | 480,571,886                         | 736,918,380                         | 442,194,070                         |
| Cash generated from operating activities   |                                   | 1,069,933,435                       | 5,185,223,296                       | 1,267,709,356                       | 5,210,622,270                       |
| Income tax paid  |                                   | (1,292,111,391)                     | (987,917,808)                       | (1,010,444,367)                     | (784,206,949)                       |
| <b>Net cash from (used in) operating activities</b>  |                                   | <b>(222,177,956)</b>                | <b>4,197,305,488</b>                | <b>257,264,989</b>                  | <b>4,426,415,321</b>                |
| <b>Cash flows from investing activities</b>  |                                   |                                     |                                     |                                     |                                     |
| Dividend received from subsidiaries  |                                   | -                                   | -                                   | 599,999,788                         | 89,999,940                          |
| Purchase of investment properties  |                                   | (24,263,063)                        | -                                   | (24,263,063)                        | -                                   |
| Purchase of property, plant and equipment  |                                   | (848,814,510)                       | (129,822,606)                       | (795,443,237)                       | (117,767,958)                       |
| Proceeds from sale of equipment  |                                   | 41,165,850                          | 37,302,555                          | 28,937,233                          | 22,233,496                          |
| Purchase of intangible assets  |                                   | (93,384,015)                        | (38,387,481)                        | (93,384,015)                        | (38,433,234)                        |
| Increase in short-term loans to subsidiaries   |                                   | -                                   | -                                   | (2,881,549,630)                     | (1,864,687,511)                     |
| Cash received from short-term loans to subsidiaries  |                                   | -                                   | -                                   | 1,857,083,178                       | 1,205,608,094                       |
| Purchase of current investments  |                                   | (25,784,270,865)                    | (19,823,498,499)                    | (19,797,669,402)                    | (16,284,142,031)                    |
| Sale of current investments  |                                   | 25,869,700,843                      | 20,185,701,663                      | 20,084,010,238                      | 16,744,500,000                      |
| Increase in investments in subsidiaries  |                                   | 2,450,000                           | -                                   | (1,025,000,000)                     | (400,000,000)                       |
| <b>Net cash from (used in) investing activities</b>  |                                   | <b>(837,415,760)</b>                | <b>231,295,632</b>                  | <b>(2,047,278,910)</b>              | <b>(642,689,204)</b>                |
| <b>Cash flows from financing activities</b>  |                                   |                                     |                                     |                                     |                                     |
| Finance costs paid   |                                   | (1,089,908,835)                     | (942,499,216)                       | (874,059,062)                       | (817,012,623)                       |
| Dividends paid   |                                   | (1,110,437,605)                     | (883,762,880)                       | (1,110,437,605)                     | (883,762,880)                       |
| Increase in short-term loans from subsidiaries   |                                   | -                                   | -                                   | 585,723,045                         | 989,897,094                         |
| Repayment of short-term loans from subsidiaries  |                                   | -                                   | -                                   | (524,020,393)                       | (966,779,719)                       |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions, net |                                   | 5,168,796,191                       | (4,459,337,901)                     | 5,418,796,191                       | (4,054,337,901)                     |

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

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS

|  | Note | Consolidated financial statements |                        | Separate financial statements  |                        |
|--|------|-----------------------------------|------------------------|--------------------------------|------------------------|
|  |      | For the year ended 31 December    |                        | For the year ended 31 December |                        |
|  |      | 2013                              | 2012                   | 2013                           | 2012                   |
|  |      | <i>(in Baht)</i>                  |                        |                                |                        |
| Proceeds from long-term loans  |      | -                                 | 1,537,550,000          | -                              | 1,537,550,000          |
| Repayment of long-term loans   |      | (3,229,580,000)                   | (3,358,000,000)        | (3,229,580,000)                | (3,357,990,000)        |
| Proceed from long-term debentures  |      | 6,000,000,000                     | 5,000,000,000          | 6,000,000,000                  | 5,000,000,000          |
| Repayment of long-term debentures  |      | (4,500,000,000)                   | (1,500,000,000)        | (4,500,000,000)                | (1,500,000,000)        |
| Proceeds from issue of ordinary shares   |      | 141,208,135                       | 55,753,465             | 141,208,135                    | 55,753,465             |
| <b>Net cash from (used in) financing activities</b>                                |      | <b>1,380,077,886</b>              | <b>(4,550,296,532)</b> | <b>1,907,630,311</b>           | <b>(3,996,682,564)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                        |      | <b>320,484,170</b>                | <b>(121,695,412)</b>   | <b>117,616,390</b>             | <b>(212,956,447)</b>   |
| Cash and cash equivalents at beginning of year                                     |      | 715,679,289                       | 837,374,701            | 500,549,513                    | 713,505,960            |
| <b>Cash and cash equivalents at end of year</b>                                    | 6    | <b>1,036,163,459</b>              | <b>715,679,289</b>     | <b>618,165,903</b>             | <b>500,549,513</b>     |
| <b>Non-cash transactions:</b>  |      |                                   |                        |                                |                        |
| Equipment payable which have not yet been paid                                     |      | (16,741,277)                      | (3,054,669)            | (12,995,412)                   | (1,749,257)            |
| Transfer of investment properties from real estate projects under development, net |      | (503,582,963)                     | -                      | (286,785,321)                  | -                      |

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

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## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 17 February 2014.

## I GENERAL INFORMATION

Pruksa Real Estate Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 979/83, SM Tower 27th floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand in December 2005.

The Company’s major shareholder during the financial year was Vijitpongpun family (69.39% shareholding).

The principal activity of the Company is real estate development in Thailand. Details of the Company’s subsidiaries and jointly-controlled entities as at 31 December 2013 and 2012 are disclosed in notes 5, 9, and 10.

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013:

| TFRS                  | Topic  |
|-----------------------|--|
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| TFRS 8                | Operating Segments                               |

The adoption of these new and revised TFRS has resulted in changes in the Group’s accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 36.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value;
- The present value of the defined benefit obligation.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

**(d) Use of estimates and judgments**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

|           |  |
|-----------|--|
| Note 4(s) | Current and deferred taxation              |
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| Note 18   | Measurement of defined benefit obligations |
| Note 20   | Measurement of share-based payments        |
| Note 32   | Valuation of financial instruments         |
| Note 34   | Provisions and contingent liability        |

**3 CHANGES IN ACCOUNTING POLICIES****(a) Overview**

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

**(b) Accounting for the effects of changes in foreign exchange rates**

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21(revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21(revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21(revised 2009). Foreign currencies are defined by TAS 21(revised 2009) as all currencies other than the entity's functional currency.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21(revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

### (c) *Presentation of information on operating segments*

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

In addition, from 19 August 2013, the Group has changed the presentation and disclosure of information on operating segments because the Group has reorganized its structure and management to be complied with the business plan.

The change in basis of presentation and disclosure of segment information has effect on the segment information reported (see note 22 to the financial statements) in respect of the following segments:

|           |                   |   |
|-----------|-------------------|---|
| Segment 1 | SBU Townhouse:    | Baan Pruksa, Pruksa Ville, The Connect, and SD3   |
| Segment 2 | SBU Condominium:  | Condominium I, Condominium II, and Condominium IV |
| Segment 3 | SBU Single house: | Pruksa Town, Passorn, and Pruksa Village          |

The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, financial performance or earnings per share.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

### (a) *Basic of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries and proportionately-consolidated jointly-controlled entities (together referred to as the "Group").

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Jointly-controlled entities*

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, income and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

*Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currencies***Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from investing and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

*Hedge of interest rates*

Derivatives are recognised on an accrual basis in the same aspect as interest expense of the hedged loans. Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activity for the purpose of the statement of cash flows.

**(e) Other accounts receivable**

Other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(f) Real estate projects under development**

Real estate projects under development are projects which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value.

Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate projects under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

The cost of construction materials is calculated using the moving-weighted average cost principle.

The cost of sample houses and real estate projects under development is calculated using standard cost adjusted to approximate average cost which includes an appropriate share of production overheads based on normal operating capacity.

The cost of land is calculated using specifically identified costs.

**(g) Investments***Investments in subsidiaries and jointly-controlled entities*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in jointly-controlled entities in the consolidated financial statements are accounted for using the proportionate consolidation method.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Investments in mutual fund*

Mutual funds are marketable equity securities, classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss.

The fair value of investments in mutual fund is determined as the net asset value at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(h) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties comprised land, which is stated at cost less impairment losses.

**(i) Property, plant and equipment***Recognition and measurement**Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within profit or loss.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |              |
|--|--------------|
| Land improvement                         | 10 years     |
| Building and decoration                  | 3 - 27 years |
| Machinery and equipment                  | 3 - 20 years |
| Furniture, fixtures and office equipment | 3, 5 years   |
| Public utilities                         | 20 years     |
| Transportation equipment                 | 5 years      |

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Intangible assets**

## Software licenses

Software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

**(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(n) Employee benefits**

*Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*Share-based payments*

The grant-date fair value of share-based payment warrants granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the warrants. The amount recognised as an expense is adjusted to reflect the actual number of qualified warrants for which the related service and non-market vesting conditions are expected to be met.

**(o) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

*Real estate development projects*

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership of the work in progress are transferred to the buyer at a single time, for example at completion or after delivery, revenue is recognised when the criteria described above for sales of goods and services are met.

*Dividend income*

Dividend income is recognised in the profit or loss on the date the Group's right to receive payments is established.

*Interest and other income*

Interest and other income are recognised in the profit or loss as they accrue.

**(q) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(r) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(t) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(u) Segment reporting**

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly primarily the Company's headquarters assets and head office revenues and expenses and tax assets.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 5 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 9 to the financial statements. Relationships with jointly-controlled entities, key management and other related parties were as follows:

| Name of entities                        | Country of incorporation/<br>nationality | Nature of relationships   |
|---|--|---|
| Pruksa HDC Housing Private Limited      | Maldives                                 | Jointly-controlled entity, 80.00% shareholding by a subsidiary  |
| Pruksa - Luxora Housing Private Limited | India                                    | Jointly-controlled entity, 50.00% shareholding by a subsidiary  |
| Kaysorn Construction Co., Ltd.          | Maldives                                 | Branch of Kaysorn Construction Co., Ltd.  |
| Thongma Vjittpongpun                    | Thai                                     | Major shareholder, 10% or more shareholding, and a director   |
| Key management personnel                |  | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

Significant transactions and pricing policies for the years ended 31 December with related parties were as follows:

| Transactions           | Pricing policies     | Separate financial statements |        |
|------------------------|----------------------|-------------------------------|--------|
|                        |                      | 2013                          | 2012   |
|                        |                      | <i>(in million Baht)</i>      |        |
| <b>Subsidiaries</b>    |                      |                               |        |
| Sales of raw materials | Cost plus 5% to 10%  | 536.26                        | 197.18 |
| Sale of lands          | Agreed price         | 38.30                         | 31.99  |
| Dividend income        | The declared amount  | 600.00                        | 90.00  |
| Interest income        | MMR, MLR and MLR +1% | 290.51                        | 194.22 |
| Other income           | Cost plus 1% to 5%   | 2.49                          | 5.69   |
| Interest expense       | MMR and MLR -1.5%    | 21.05                         | 21.00  |

**Key management personnel compensation**

|   | Consolidated financial statements |              | Separate financial statements |              |
|---|-----------------------------------|--------------|-------------------------------|--------------|
|   | 2013                              | 2012         | 2013                          | 2012         |
| <i>(in million Baht)</i>                    |                                   |              |                               |              |
| Short-term employee benefits                | 116.60                            | 86.31        | 116.60                        | 86.31        |
| Share-base payments                         | 3.71                              | 6.19         | 3.71                          | 6.19         |
| Total key management personnel compensation | <b>120.31</b>                     | <b>92.50</b> | <b>120.31</b>                 | <b>92.50</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Balances as at 31 December with related parties were as follows:

|  | Separate financial statements |                 |
|--|-------------------------------|-----------------|
|  | 2013                          | 2012            |
|  | (in million Baht)             |                 |
| <b><i>Receivable from subsidiaries</i></b>                                     |                               |                 |
| Phanalee Estate Co., Ltd.  | 463.19                        | 303.03          |
| Putthachart Estate Co., Ltd.   | 159.08                        | 152.20          |
| Kaysorn Construction Co., Ltd.   | 36.33                         | 5.17            |
| Pruksa Vietnam Construction Co., Ltd.  | 12.50                         | -               |
| Pruksa India Housing Private Limited   | 0.46                          | 1.26            |
|  | <b>671.56</b>                 | <b>461.66</b>   |
| <b><i>Short-term loans to subsidiaries</i></b>                                 |                               |                 |
| Phanalee Estate Co., Ltd.  | 2,287.75                      | 1,138.26        |
| Putthachart Estate Co., Ltd.   | 966.70                        | 1,084.16        |
| Kaysorn Construction Co., Ltd.   | 385.70                        | 393.19          |
| Pruksa HDC Housing Private Limited   | -                             | 0.07            |
|  | <b>3,640.15</b>               | <b>2,615.68</b> |
| <b><i>Accrued interest income-subsidiaries</i></b>                             |                               |                 |
| Phanalee Estate Co., Ltd.  | 60.00                         | 49.78           |
| Putthachart Estate Co., Ltd.   | 85.16                         | 91.51           |
| Kaysorn Construction Co., Ltd.   | 38.10                         | 28.74           |
|  | <b>183.26</b>                 | <b>170.03</b>   |
| <b><i>Total short-term loans and accrued interest income-subsidiaries</i></b>  | <b>3,823.41</b>               | <b>2,785.71</b> |
| <b><i>Trade accounts payable-subsidiaries</i></b>                              |                               |                 |
| Kaysorn Construction Co., Ltd.   | 224.29                        | 306.28          |
| Phanalee Estate Co., Ltd.  | -                             | 1.33            |
| Putthachart Estate Co., Ltd.   | -                             | 15.80           |
|  | <b>224.29</b>                 | <b>323.41</b>   |
| <b><i>Short-term loans from subsidiaries</i></b>                               |                               |                 |
| Pruksa International Co., Ltd.   | 410.00                        | 250.00          |
| Pruksa Oversea Co., Ltd.   | 135.00                        | 220.00          |
| Phanalee Estate Co., Ltd.  | 0.02                          | 14.60           |
| Kaysorn Construction Co., Ltd.   | 7.60                          | 6.32            |
|  | <b>552.62</b>                 | <b>490.92</b>   |
| <b><i>Accrued interest expense-subsidiaries</i></b>                            |                               |                 |
| Pruksa International Co., Ltd.   | 10.50                         | 0.30            |
| Pruksa Oversea Co., Ltd.   | 3.17                          | 15.88           |
| Kaysorn Construction Co., Ltd.   | -                             | 0.46            |
|  | <b>13.67</b>                  | <b>16.64</b>    |
| <b><i>Total short-term loans and accrued interest expense-subsidiaries</i></b> | <b>566.29</b>                 | <b>507.56</b>   |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Movements during the years ended 31 December of short-term loans to subsidiaries were as follows:

|                       | Separate financial statements |                 |
|-----------------------|-------------------------------|-----------------|
|                       | 2013                          | 2012            |
|                       | <i>(in million Baht)</i>      |                 |
| At 1 January          | 2,615.68                      | 1,956.60        |
| Increase              | 2,881.55                      | 1,864.69        |
| Decrease              | (1,857.08)                    | (1,205.61)      |
| <b>At 31 December</b> | <b>3,640.15</b>               | <b>2,615.68</b> |

Movements during the years ended 31 December of short-term loans from subsidiaries were as follows:

|                       | Separate financial statements |               |
|-----------------------|-------------------------------|---------------|
|                       | 2013                          | 2012          |
|                       | <i>(in million Baht)</i>      |               |
| At 1 January          | 490.92                        | 467.80        |
| Increase              | 585.72                        | 989.90        |
| Decrease              | (524.02)                      | (966.78)      |
| <b>At 31 December</b> | <b>552.62</b>                 | <b>490.92</b> |

#### Significant agreements with related parties

The Company entered into lease agreements covering office space (including related service charges) with a major shareholder and also a director of the Company, commencing October 2010 up to October 2015. The rental and service charges for the year ended 31 December 2013 amounted to Baht 3.2 million.

The Company and subsidiaries have partly registered land servitude accumulative value at 31 December 2013 of Baht 4.2 million and Baht 837.3 million, respectively, which is subject to servitudes and restrictions to the projects of the Group for construction of the utilities of the projects with no time limit. During the year ended 31 December 2013, the subsidiaries have registered land servitude and ceded land for the public interest amounting to Baht 355.9 million, respectively and for which the subsidiaries have received compensation of Baht 359.4 million.

In 2011, the Company and subsidiaries entered into loan agreements for loan lines totaling Baht 4,100 million. In addition, the subsidiaries entered into advance agreement with the Company. Loans and advances under such agreements are repayable on demand and bear interest at rates referenced to interest rates quoted by financial institutions.

## 6 CASH AND CASH EQUIVALENTS

|                                      | Consolidated financial statements |            | Separate financial statements |            |
|--------------------------------------|-----------------------------------|------------|-------------------------------|------------|
|                                      | 2013                              | 2012       | 2013                          | 2012       |
|                                      | <i>(in million Baht)</i>          |            |                               |            |
| Cash on hand                         | 12                                | 11         | 10                            | 9          |
| Cash at banks-current accounts       | 75                                | 4          | 49                            | -          |
| Cash at banks-savings accounts       | 167                               | 118        | 28                            | 32         |
| Highly liquid short-term investments | 82                                | 56         | 1                             | -          |
| Cheques on hand                      | 699                               | 526        | 529                           | 459        |
| Others                               | 1                                 | 1          | 1                             | 1          |
| <b>Total</b>                         | <b>1,036</b>                      | <b>716</b> | <b>618</b>                    | <b>501</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

The currency denomination of cash and cash equivalents as at 31 December was as follows:

|              | Consolidated financial statements |            | Separate financial statements |            |
|--------------|-----------------------------------|------------|-------------------------------|------------|
|              | 2013                              | 2012       | 2013                          | 2012       |
|              | <i>(in million Baht)</i>          |            |                               |            |
| Thai Baht    | 850                               | 603        | 618                           | 501        |
| India Rupee  | 89                                | 58         | -                             | -          |
| Rufiyaa      | 9                                 | 29         | -                             | -          |
| US Dollars   | 88                                | 26         | -                             | -          |
| <b>Total</b> | <b>1,036</b>                      | <b>716</b> | <b>618</b>                    | <b>501</b> |

## 7 CURRENT INVESTMENTS

|  | Consolidated financial statements |            | Separate financial statements |            |
|--|-----------------------------------|------------|-------------------------------|------------|
|  | 2013                              | 2012       | 2013                          | 2012       |
|  | <i>(in million Baht)</i>          |            |                               |            |
| <b>Current investments</b>                 |                                   |            |                               |            |
| Mutual fund-available for sale investments | 778                               | 849        | 173                           | 451        |
| Other                                      | 1                                 | 1          | 1                             | 1          |
| <b>Total</b>                               | <b>779</b>                        | <b>850</b> | <b>174</b>                    | <b>452</b> |

Movements during the years ended 31 December of mutual fund-available for sale investments were as follows:

|                           | Consolidated financial statements |            | Separate financial statements |            |
|---------------------------|-----------------------------------|------------|-------------------------------|------------|
|                           | 2013                              | 2012       | 2013                          | 2012       |
|                           | <i>(in million Baht)</i>          |            |                               |            |
| At 1 January              | 849                               | 1,192      | 451                           | 900        |
| Purchases during the year | 25,784                            | 19,823     | 19,798                        | 16,284     |
| Sales during the year     | (25,855)                          | (20,165)   | (20,076)                      | (16,732)   |
| Valuation adjustment      | -                                 | (1)        | -                             | (1)        |
| <b>At 31 December</b>     | <b>778</b>                        | <b>849</b> | <b>173</b>                    | <b>451</b> |

Current investments of the Group as at 31 December 2013 were denominated in Thai Baht amounted to Baht 639 million and in India Rupee amounted to Baht 139 million (2012: Baht 767 million and Baht 82 million), and in Thai Baht amounted to Baht 173 million (2012: Baht 451 million) for the Company

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 8 REAL ESTATE PROJECTS UNDER DEVELOPMENT

|   | Consolidated financial statements |                          | Separate financial statements |               |               |
|---|-----------------------------------|--------------------------|-------------------------------|---------------|---------------|
|   | Note                              | 2013                     | 2012                          | 2013          | 2012          |
|   |                                   | <i>(in million Baht)</i> |                               |               |               |
| Construction materials  |                                   | 439                      | 417                           | 339           | 343           |
| Sample houses   |                                   | 1,007                    | 681                           | 889           | 588           |
| Projects under development  |                                   |                          |                               |               |               |
| - land  |                                   | 25,601                   | 16,116                        | 21,191        | 13,132        |
| - land improvements   |                                   | 1,802                    | 953                           | 1,404         | 747           |
| - construction cost   |                                   | 6,054                    | 4,891                         | 5,538         | 5,108         |
| - public utilities  |                                   | 1,633                    | 1,418                         | 1,298         | 1,193         |
| - overhead costs  |                                   | 2,040                    | 1,505                         | 1,701         | 1,290         |
| - interest costs  |                                   | 886                      | 907                           | 625           | 721           |
|   |                                   | 38,016                   | 25,790                        | 31,757        | 22,191        |
| Land, and land and houses for sale  |                                   | 5,999                    | 4,485                         | 4,876         | 3,844         |
| Land held for development   |                                   | 3,313                    | 6,646                         | 2,456         | 4,979         |
| <b>Total</b>  |                                   | <b>48,774</b>            | <b>38,019</b>                 | <b>40,317</b> | <b>31,945</b> |
| Less allowance for decline in value of real estate projects under development |                                   | (87)                     | (201)                         | (67)          | (182)         |
| <b>Net</b>  |                                   | <b>48,687</b>            | <b>37,818</b>                 | <b>40,250</b> | <b>31,763</b> |
| Finance costs capitalised during the year                                     | 27                                | 689                      | 519                           | 465           | 495           |

|   | Consolidated financial statements |                   | Separate financial statements |            |            |
|---|-----------------------------------|-------------------|-------------------------------|------------|------------|
|   |                                   | 2013              | 2012                          | 2013       | 2012       |
|   |                                   | <i>(projects)</i> |                               |            |            |
| <b>Number of projects under development</b> |                                   |                   |                               |            |            |
| Townhouse                                   |                                   | 146               | 107                           | 102        | 77         |
| Single house                                |                                   | 61                | 41                            | 54         | 39         |
| Twin house                                  |                                   | 3                 | 4                             | 3          | 4          |
| Condominium                                 |                                   | 42                | 15                            | 39         | 15         |
| Foreign                                     |                                   | 3                 | 4                             | -          | -          |
| <b>Total projects</b>                       |                                   | <b>255</b>        | <b>171</b>                    | <b>198</b> | <b>135</b> |

Real estate projects under development (land and structure thereon) are used as collateral for credit facilities from banks (see note 15 to the financial statements).

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 9 INVESTMENTS IN SUBSIDIARIES

|                        | Separate financial statements |              |
|------------------------|-------------------------------|--------------|
|                        | 2013                          | 2012         |
|                        | <i>(in million Baht)</i>      |              |
| At 1 January           | 2,175                         | 1,775        |
| Additional investments | 1,025                         | 400          |
| <b>At 31 December</b>  | <b>3,200</b>                  | <b>2,175</b> |

During the year 2013, the Company additional invested in subsidiaries as follows:

- (a) Putthachart Estate Co., Ltd. called up the additional shares amounting to Baht 300 million (7 million ordinary shares at Baht 42.8 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 6 August 2013 and 25 December 2013.
- (b) Phanalee Estate Co., Ltd. called up the additional shares amounting to Baht 300 million (7 million ordinary shares at Baht 42.8 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 6 August 2013 and 25 December 2013.
- (c) Pruksa Oversea Co., Ltd. called up the additional shares amounting to Baht 50 million (2 million ordinary shares at Baht 25 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 16 August 2013.
- (d) Pruksa International Co., Ltd. called up the additional shares amounting to Baht 375 million (5 million ordinary shares at Baht 75 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 29 July 2013.



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

|   | Type of business                                       | Country of incorporation | Separate financial statements |        |                 |                |              |             |                 |      |
|---|--|--------------------------|-------------------------------|--------|-----------------|----------------|--------------|-------------|-----------------|------|
|   |  |                          | Ownership interest            |        | Paid-up capital |                | Cost method  |             | Dividend income |      |
|   |  |                          | 2013                          | 2012   | 2013            | 2012           | 2013         | 2012        | 2013            | 2012 |
| (in million Baht)                                     |  |                          |                               |        |                 |                |              |             |                 |      |
| <b>Subsidiaries</b>                                   |  |                          |                               |        |                 |                |              |             |                 |      |
| <b>Direct</b>   |  |                          |                               |        |                 |                |              |             |                 |      |
| Kaysorn Construction Co., Ltd.                        | Services, management, home decoration and construction | Thailand                 | 100.00                        | 100.00 | 100.0           | 100.0          | 100.0        | 100.0       | -               | -    |
| Putthachart Estate Co., Ltd.                          | Sale of real estate                                    | Thailand                 | 100.00                        | 100.00 | 800.0           | 800.0          | 500.0        | 500.0       | 300.0           | -    |
| Phanalee Estate Co., Ltd.                             | Sale of real estate                                    | Thailand                 | 100.00                        | 100.00 | 800.0           | 800.0          | 500.0        | 500.0       | 300.0           | 90.0 |
| Pruksa Oversea Co., Ltd.                              | Investment   | Thailand                 | 100.00                        | 100.00 | 500.0           | 500.0          | 450.0        | 450.0       | -               | -    |
| Pruksa International Co., Ltd.                        | Investment   | Thailand                 | 100.00                        | 100.00 | 1,000.0         | 1,000.0        | 625.0        | 625.0       | -               | -    |
| <b>Indirect</b>                                       |  |                          |                               |        |                 |                |              |             |                 |      |
| Pruksa India Housing Private Limited                  | Property development and construction                  | India                    | 100.00                        | 100.00 | 13.1            | 7.0            | -            | -           | -               | -    |
| Pruksa India Construction Private Limited             | Construction   | India                    | 100.00                        | 100.00 | 0.7             | 0.7            | -            | -           | -               | -    |
| Pruksa Vietnam Construction Company Limited           | Construction   | Vietnam                  | 100.00                        | 100.00 | 46.0            | 46.0           | -            | -           | -               | -    |
| Pruksa Vietnam Company Limited                        | Property development and construction                  | Vietnam                  | 100.00                        | -      | 106.1           | -              | -            | -           | -               | -    |
| Pruksa Oversea Service Company Limited                | Service and management                                 | Thailand                 | 100.00                        | 100.00 | 2.5             | 2.5            | -            | -           | -               | -    |
| Pruksa Mohan Mutha Real Estate Private Limited        | Property development and construction                  | India                    | 84.85                         | 84.85  | 0.6             | 0.6            | -            | -           | -               | -    |
| Thanatep Engineering and Construction Company Limited | Construction   | Thailand                 | 51.00                         | -      | 5.0             | -              | -            | -           | -               | -    |
| <b>Total</b>  |  |                          |                               |        | <b>3,200.0</b>  | <b>2,175.0</b> | <b>600.0</b> | <b>90.0</b> |                 |      |

## NOTES TO THE FINANCIAL STATEMENTS

### 10 INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

The following summarised financial information on interests in jointly-controlled entities which have been proportionately consolidated in the consolidated financial statements represents the Group's share:

|   | Type of business                      | Ownership interest (%) | Current assets |           | Non-current assets |           | Total assets |           | Current liabilities |            | Non-current liabilities |   | Total liabilities |   | Total revenues |   | Total expenses |   | Net profit |
|---|---------------------------------------|------------------------|----------------|-----------|--------------------|-----------|--------------|-----------|---------------------|------------|-------------------------|---|-------------------|---|----------------|---|----------------|---|------------|
|   |                                       |                        |                |           |                    |           |              |           |                     |            |                         |   |                   |   |                |   |                |   |            |
| (in million Baht)                       |                                       |                        |                |           |                    |           |              |           |                     |            |                         |   |                   |   |                |   |                |   |            |
| <b>2013</b>                             |                                       |                        |                |           |                    |           |              |           |                     |            |                         |   |                   |   |                |   |                |   |            |
| Pruksa HDC Housing Private Limited      | Property development and construction | 80                     | 84             | 28        | 112                | 4         | -            | 4         | 122                 | 102        | 20                      |   |                   |   |                |   |                |   |            |
| Pruksa - Luxora Housing Private Limited | Property development and construction | 50                     | -              | -         | -                  | -         | -            | -         | -                   | -          | -                       | - | -                 | - | -              | - | -              | - | -          |
| <b>Total</b>                            |                                       |                        | <b>84</b>      | <b>28</b> | <b>112</b>         | <b>4</b>  | <b>-</b>     | <b>4</b>  | <b>122</b>          | <b>102</b> | <b>20</b>               |   |                   |   |                |   |                |   |            |
| <b>2012</b>                             |                                       |                        |                |           |                    |           |              |           |                     |            |                         |   |                   |   |                |   |                |   |            |
| Pruksa HDC Housing Private Limited      | Property development and construction | 80                     | 188            | 1         | 189                | 64        | -            | 64        | 185                 | 164        | 21                      |   |                   |   |                |   |                |   |            |
| Pruksa - Luxora Housing Private Limited | Property development and construction | 50                     | -              | -         | -                  | -         | -            | -         | -                   | -          | -                       | - | -                 | - | -              | - | -              | - | -          |
| <b>Total</b>                            |                                       |                        | <b>188</b>     | <b>1</b>  | <b>189</b>         | <b>64</b> | <b>-</b>     | <b>64</b> | <b>185</b>          | <b>164</b> | <b>21</b>               |   |                   |   |                |   |                |   |            |

The joint venture agreement provides that the joint venturers have joint control and management even though the voting right is less than 50%.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTIES

|  | Consolidated<br>financial statements | Separate<br>financial statements |
|--|--------------------------------------|----------------------------------|
|  | <i>(in million Baht)</i>             |                                  |
| <b>Cost</b>  |                                      |                                  |
| At 1 January 2012                                    | 128                                  | 128                              |
| <b>At 31 December 2012 and 1 January 2013</b>        | <b>128</b>                           | <b>128</b>                       |
| Additions  | 24                                   | 24                               |
| Transfer from real estate projects under development | 583                                  | 366                              |
| <b>At 31 December 2013</b>                           | <b>735</b>                           | <b>518</b>                       |
| <b>Impairment loss</b>                               |                                      |                                  |
| At 1 January 2012                                    | -                                    | -                                |
| <b>At 31 December 2012 and 1 January 2013</b>        | <b>-</b>                             | <b>-</b>                         |
| Additions  | 45                                   | 6                                |
| Transfer from real estate projects under development | 79                                   | 79                               |
| <b>At 31 December 2013</b>                           | <b>124</b>                           | <b>85</b>                        |
| <b>Net book value</b>                                |                                      |                                  |
| At 1 January 2012                                    | 128                                  | 128                              |
| <b>At 31 December 2012 and 1 January 2013</b>        | <b>128</b>                           | <b>128</b>                       |
| <b>At 31 December 2013</b>                           | <b>611</b>                           | <b>433</b>                       |

The Group's and the Company's investment properties comprise land held for which there is no specific intention to use in the future. Investment properties of the Group and the Company as at 31 December 2013 appraised by firms of independent professional valuers, at market values were Baht 771.5 million and Baht 514.8 million (2012: Baht 165.8 million and Baht 165.8 million), respectively.

*Collateral*

The investment property at book value of Baht 127.8 million as at 31 December 2013 and 2012 of the Company is used as collateral for credit facilities from banks (see note 15 to the financial statements).

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 12 PROPERTY, PLANT AND EQUIPMENT

|   | Consolidated financial statements |                         |                         |  |                  |                          |  | Total        |
|---|-----------------------------------|-------------------------|-------------------------|--|------------------|--------------------------|--|--------------|
|   | Land and land improvement         | Building and decoration | Machinery and equipment | Furniture, fixtures and office equipment | Public utilities | Transportation equipment | Assets under construction and installation |              |
|   | <i>(in million Baht)</i>          |                         |                         |  |                  |                          |  |              |
| <b>Cost</b>   |                                   |                         |                         |  |                  |                          |  |              |
| At 1 January 2012                                   | 302                               | 894                     | 1,934                   | 357                                      | 17               | 77                       | 123  | 3,704        |
| Additions   | -                                 | 1                       | 79                      | 32                                       | -                | 2                        | 26   | 140          |
| Transfers, net                                      | 2                                 | 18                      | 24                      | -  | -                | -                        | (44)                                       | -            |
| Disposals   | -                                 | (3)                     | (121)                   | (13)                                     | -                | (12)                     | (15)                                       | (164)        |
| Transfers to real estate projects under development | -                                 | (24)                    | -                       | -  | -                | -                        | -  | (24)         |
| Effect of movements in exchange rates               | -                                 | -                       | 6                       | 2  | -                | -                        | -  | 8            |
| <b>At 31 December 2012 and 1 January 2013</b>       | <b>304</b>                        | <b>886</b>              | <b>1,922</b>            | <b>378</b>                               | <b>17</b>        | <b>67</b>                | <b>90</b>                                  | <b>3,664</b> |
| Additions   | 502                               | 1                       | 74                      | 71                                       | -                | 5                        | 206  | 859          |
| Transfers, net                                      | 18                                | 36                      | 65                      | (16)                                     | -                | -                        | (103)                                      | -            |
| Disposals   | -                                 | (6)                     | (75)                    | (33)                                     | -                | (18)                     | -  | (132)        |
| Effect of movements in exchange rates               | -                                 | -                       | 2                       | -  | -                | 1                        | -  | 3            |
| <b>At 31 December 2013</b>                          | <b>824</b>                        | <b>917</b>              | <b>1,988</b>            | <b>400</b>                               | <b>17</b>        | <b>55</b>                | <b>193</b>                                 | <b>4,394</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## Consolidated financial statements

|   | Land and land improvement | Building and decoration | Machinery and equipment | Furniture, fixtures and office equipment | Public utilities | Transportation equipment | Assets under construction and installation | Total        |
|---|---------------------------|-------------------------|-------------------------|--|------------------|--------------------------|--|--------------|
| <i>(in million Baht)</i>                              |                           |                         |                         |  |                  |                          |  |              |
| <b>Accumulated depreciation and impairment losses</b> |                           |                         |                         |  |                  |                          |  |              |
| At 1 January 2012                                     | 2                         | 181                     | 766                     | 207                                      | 17               | 62                       | 1  | 1,236        |
| Depreciation charge for the year                      | -                         | 54                      | 219                     | 65                                       | -                | 6                        | -  | 344          |
| Disposals   | -                         | (3)                     | (87)                    | (11)                                     | -                | (11)                     | -  | (112)        |
| Transfers to real estate projects under development   | -                         | (24)                    | -                       | -  | -                | -                        | -  | (24)         |
| <b>At 31 December 2012 and 1 January 2013</b>         | <b>2</b>                  | <b>208</b>              | <b>898</b>              | <b>261</b>                               | <b>17</b>        | <b>57</b>                | <b>1</b>                                   | <b>1,444</b> |
| Depreciation charge for the year                      | 2                         | 66                      | 210                     | 63                                       | -                | 5                        | -  | 346          |
| Disposals   | -                         | (4)                     | (50)                    | (27)                                     | -                | (16)                     | (1)  | (98)         |
| <b>At 31 December 2013</b>                            | <b>4</b>                  | <b>270</b>              | <b>1,058</b>            | <b>297</b>                               | <b>17</b>        | <b>46</b>                | <b>-</b>                                   | <b>1,692</b> |
| <b>Net book value</b>                                 |                           |                         |                         |  |                  |                          |  |              |
| <b>At 1 January 2012</b>                              |                           |                         |                         |  |                  |                          |  |              |
| Owned assets  | 300                       | 713                     | 1,168                   | 132                                      | -                | 15                       | 122  | 2,450        |
| Assets under finance leases                           | -                         | -                       | -                       | 18                                       | -                | -                        | -  | 18           |
|   | <b>300</b>                | <b>713</b>              | <b>1,168</b>            | <b>150</b>                               | <b>-</b>         | <b>15</b>                | <b>122</b>                                 | <b>2,468</b> |
| <b>At 31 December 2012 and 1 January 2013</b>         |                           |                         |                         |  |                  |                          |  |              |
| Owned assets  | 302                       | 678                     | 1,024                   | 99                                       | -                | 10                       | 89   | 2,202        |
| Assets under finance leases                           | -                         | -                       | -                       | 18                                       | -                | -                        | -  | 18           |
|   | <b>302</b>                | <b>678</b>              | <b>1,024</b>            | <b>117</b>                               | <b>-</b>         | <b>10</b>                | <b>89</b>                                  | <b>2,220</b> |
| <b>At 31 December 2013</b>                            |                           |                         |                         |  |                  |                          |  |              |
| Owned assets  | 820                       | 647                     | 930                     | 89                                       | -                | 9                        | 193  | 2,688        |
| Assets under finance leases                           | -                         | -                       | -                       | 14                                       | -                | -                        | -  | 14           |
|   | <b>820</b>                | <b>647</b>              | <b>930</b>              | <b>103</b>                               | <b>-</b>         | <b>9</b>                 | <b>193</b>                                 | <b>2,702</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### Separate financial statements

|   | (in million Baht)         |                         |                         |  |                  |                          |  | Total        |
|---|---------------------------|-------------------------|-------------------------|--|------------------|--------------------------|--|--------------|
|   | Land and land improvement | Building and decoration | Machinery and equipment | Furniture, fixtures and office equipment | Public utilities | Transportation equipment | Assets under construction and installation |              |
| <b>Cost</b>   |                           |                         |                         |  |                  |                          |  |              |
| At 1 January 2012                                     | 302                       | 900                     | 1,707                   | 316                                      | 17               | 64                       | 109  | 3,415        |
| Additions   | -                         | 1                       | 65                      | 30                                       | -                | 3                        | 26   | 125          |
| Transfers, net  | 2                         | 18                      | 23                      | -  | -                | -                        | (43)                                       | -            |
| Disposals   | -                         | -                       | (77)                    | (10)                                     | -                | (10)                     | (6)  | (103)        |
| Transfers to real estate projects under development   | -                         | (24)                    | -                       | -  | -                | -                        | -  | (24)         |
| <b>At 31 December 2012 and 1 January 2013</b>         | <b>304</b>                | <b>895</b>              | <b>1,718</b>            | <b>336</b>                               | <b>17</b>        | <b>57</b>                | <b>86</b>                                  | <b>3,413</b> |
| Additions   | 502                       | -                       | 46                      | 61                                       | -                | 3                        | 193  | 805          |
| Transfers, net  | 18                        | 25                      | 70                      | (12)                                     | -                | -                        | (101)                                      | -            |
| Disposals   | -                         | (4)                     | (59)                    | (29)                                     | -                | (12)                     | -  | (104)        |
| <b>At 31 December 2013</b>                            | <b>824</b>                | <b>916</b>              | <b>1,775</b>            | <b>356</b>                               | <b>17</b>        | <b>48</b>                | <b>178</b>                                 | <b>4,114</b> |
| <b>Accumulated depreciation and impairment losses</b> |                           |                         |                         |  |                  |                          |  |              |
| At 1 January 2012                                     | 2                         | 193                     | 658                     | 188                                      | 17               | 55                       | -  | 1,113        |
| Depreciation charge for the year                      | -                         | 54                      | 177                     | 58                                       | -                | 3                        | -  | 292          |
| Disposals   | -                         | (6)                     | (47)                    | (8)                                      | -                | (8)                      | -  | (69)         |
| Transfers to real estate projects under development   | -                         | (24)                    | -                       | -  | -                | -                        | -  | (24)         |
| <b>At 31 December 2012 and 1 January 2013</b>         | <b>2</b>                  | <b>217</b>              | <b>788</b>              | <b>238</b>                               | <b>17</b>        | <b>50</b>                | <b>-</b>                                   | <b>1,312</b> |
| Depreciation charge for the year                      | 2                         | 56                      | 166                     | 52                                       | -                | 3                        | -  | 279          |
| Disposals   | -                         | (5)                     | (37)                    | (23)                                     | -                | (12)                     | -  | (77)         |
| <b>At 31 December 2013</b>                            | <b>4</b>                  | <b>268</b>              | <b>917</b>              | <b>267</b>                               | <b>17</b>        | <b>41</b>                | <b>-</b>                                   | <b>1,514</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

|   | Separate financial statements |                         |                         |  |                  |                          |  | Total        |
|---|-------------------------------|-------------------------|-------------------------|--|------------------|--------------------------|--|--------------|
|   | Land and land improvement     | Building and decoration | Machinery and equipment | Furniture, fixtures and office equipment | Public utilities | Transportation equipment | Assets under construction and installation |              |
|   | <i>(in million Baht)</i>      |                         |                         |  |                  |                          |  |              |
| <b>Net book value</b>                         |                               |                         |                         |  |                  |                          |  |              |
| <b>At 1 January 2012</b>                      |                               |                         |                         |  |                  |                          |  |              |
| Owned assets                                  | 300                           | 707                     | 1,049                   | 110                                      | -                | 9                        | 109  | 2,284        |
| Assets under finance leases                   | -                             | -                       | -                       | 18                                       | -                | -                        | -  | 18           |
|   | <b>300</b>                    | <b>707</b>              | <b>1,049</b>            | <b>128</b>                               | <b>-</b>         | <b>9</b>                 | <b>109</b>                                 | <b>2,302</b> |
| <b>At 31 December 2012 and 1 January 2013</b> |                               |                         |                         |  |                  |                          |  |              |
| Owned assets                                  | 302                           | 678                     | 930                     | 80                                       | -                | 7                        | 86   | 2,083        |
| Assets under finance leases                   | -                             | -                       | -                       | 18                                       | -                | -                        | -  | 18           |
|   | <b>302</b>                    | <b>678</b>              | <b>930</b>              | <b>98</b>                                | <b>-</b>         | <b>7</b>                 | <b>86</b>                                  | <b>2,101</b> |
| <b>At 31 December 2013</b>                    |                               |                         |                         |  |                  |                          |  |              |
| Owned assets                                  | 820                           | 648                     | 858                     | 75                                       | -                | 7                        | 178  | 2,586        |
| Assets under finance leases                   | -                             | -                       | -                       | 14                                       | -                | -                        | -  | 14           |
|   | <b>820</b>                    | <b>648</b>              | <b>858</b>              | <b>89</b>                                | <b>-</b>         | <b>7</b>                 | <b>178</b>                                 | <b>2,600</b> |

The gross amount of the Company and the Group's fully depreciated property, plant and equipment but was still in use as at 31 December 2013 amounted to Baht 372 million and Baht 382 million, respectively.

#### Collaterals

At 31 December 2013, the Company's property, plant and equipment with a net book value of Baht 954 million (2012: Baht 690 million) are used as collateral for credit facilities with banks (see note 15 to the financial statements).



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 13 INTANGIBLE ASSETS

|   | <b>Consolidated<br/>financial statements</b> | <b>Separate<br/>financial statements</b> |
|---|--|--|
|   | Software licenses                            | Software licenses                        |
|   | <i>(in million Baht)</i>                     |  |
| <b>Cost</b>                                   |  |  |
| At 1 January 2012                             | 247  | 228                                      |
| Additions                                     | 38   | 39                                       |
| <b>At 31 December 2012 and 1 January 2013</b> | <b>285</b>                                   | <b>267</b>                               |
| Additions                                     | 93   | 93                                       |
| <b>At 31 December 2013</b>                    | <b>378</b>                                   | <b>360</b>                               |
| <b>Accumulated amortisation</b>               |  |  |
| At 1 January 2012                             | 74   | 65                                       |
| Amortisation charge for the year              | 24   | 22                                       |
| <b>At 31 December 2012 and 1 January 2013</b> | <b>98</b>                                    | <b>87</b>                                |
| Amortisation charge for the year              | 27   | 25                                       |
| <b>At 31 December 2013</b>                    | <b>125</b>                                   | <b>112</b>                               |
| <b>Net book value</b>                         |  |  |
| At 1 January 2012                             | 173  | 163                                      |
| <b>At 31 December 2012 and 1 January 2013</b> | <b>187</b>                                   | <b>180</b>                               |
| <b>At 31 December 2013</b>                    | <b>253</b>                                   | <b>248</b>                               |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 14 DEFERRED TAX

Movements in total deferred tax assets and liability during the years were as follows:

|   | Consolidated financial statements |   |                                  | As at<br>31 December<br>2013 |
|---|-----------------------------------|---|----------------------------------|------------------------------|
|   | As at<br>1 January<br>2013        | (Charged) / credited to<br>Profit or<br>loss<br>(Note 28) | Other<br>comprehensive<br>income |                              |
|   | (in million Baht)                 |   |                                  |                              |
| <b>Deferred tax assets</b>                          |                                   |   |                                  |                              |
| Real estate projects under development              | 49                                | (33)  | -                                | 16                           |
| Property, plant and equipment                       | 26                                | 27  | -                                | 53                           |
| Employee benefit obligations                        | 17                                | 3   | -                                | 20                           |
| Customers' deposits                                 | 59                                | 25  | -                                | 84                           |
| Provision for litigation and claims                 | 21                                | 7   | -                                | 28                           |
| Foreign currency translation for foreign operations | 19                                | -   | (1)                              | 18                           |
| Others  | 10                                | 2   | -                                | 12                           |
| <b>Total</b>  | <b>201</b>                        | <b>31</b>   | <b>(1)</b>                       | <b>231</b>                   |
| <b>Deferred tax liability</b>                       |                                   |   |                                  |                              |
| Property, plant and equipment                       | (19)                              | (12)  | -                                | (31)                         |
| <b>Total</b>  | <b>(19)</b>                       | <b>(12)</b>   | <b>-</b>                         | <b>(31)</b>                  |
| <b>Net</b>  | <b>182</b>                        | <b>19</b>   | <b>(1)</b>                       | <b>200</b>                   |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

|   | Consolidated financial statements |                                |                                  | As at<br>31 December<br>2013 |
|---|-----------------------------------|--------------------------------|----------------------------------|------------------------------|
|   | As at<br>1 January<br>2013        | (Charged) / credited to        |                                  |                              |
|   |                                   | Profit or<br>loss<br>(Note 28) | Other<br>comprehensive<br>income |                              |
| <i>(in million Baht)</i>                            |                                   |                                |                                  |                              |
| <b>Deferred tax assets</b>                          |                                   |                                |                                  |                              |
| Real estate projects under development              | 100                               | (51)                           | -                                | 49                           |
| Property, plant and equipment                       | 26                                | -                              | -                                | 26                           |
| Employee benefit obligations                        | 12                                | 5                              | -                                | 17                           |
| Customers' deposits                                 | (30)                              | 89                             | -                                | 59                           |
| Provision for litigation and claims                 | 25                                | (4)                            | -                                | 21                           |
| Foreign currency translation for foreign operations | 21                                | -                              | (2)                              | 19                           |
| Others  | 2                                 | 8                              | -                                | 10                           |
| <b>Total</b>  | <b>156</b>                        | <b>47</b>                      | <b>(2)</b>                       | <b>201</b>                   |
| <b>Deferred tax liability</b>                       |                                   |                                |                                  |                              |
| Property, plant and equipment                       | -                                 | (19)                           | -                                | (19)                         |
| <b>Total</b>  | <b>-</b>                          | <b>(19)</b>                    | <b>-</b>                         | <b>(19)</b>                  |
| <b>Net</b>  | <b>156</b>                        | <b>28</b>                      | <b>(2)</b>                       | <b>182</b>                   |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

|  | Separate financial statements |   |                              |
|--|-------------------------------|---|------------------------------|
|  | As at<br>1 January<br>2013    | (Charged) /<br>credited to<br>profit or loss<br>(Note 28) | As at<br>31 December<br>2013 |
|  | <i>(in million Baht)</i>      |   |                              |
| <b>Deferred tax assets</b>             |                               |   |                              |
| Real estate projects under development | 34                            | (21)  | 13                           |
| Property, plant and equipment          | 25                            | 14  | 39                           |
| Employee benefit obligations           | 16                            | 4   | 20                           |
| Customers' deposits                    | 69                            | 15  | 84                           |
| Provision for litigation and claims    | 21                            | 7   | 28                           |
| Others                                 | 10                            | 1   | 11                           |
| <b>Total</b>                           | <b>175</b>                    | <b>20</b>   | <b>195</b>                   |
| <b>Deferred tax liability</b>          |                               |   |                              |
| Property, plant and equipment          | (19)                          | (12)  | (31)                         |
| <b>Total</b>                           | <b>(19)</b>                   | <b>(12)</b>   | <b>(31)</b>                  |
| <b>Net</b>                             | <b>156</b>                    | <b>8</b>  | <b>164</b>                   |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

|  | Separate financial statements |   |                              |
|--|-------------------------------|---|------------------------------|
|  | As at<br>1 January<br>2012    | (Charged) /<br>credited to<br>profit or loss<br>(Note 28) | As at<br>31 December<br>2012 |
|  | (in million Baht)             |   |                              |
| <b>Deferred tax assets</b>             |                               |   |                              |
| Real estate projects under development | 35                            | (1)   | 34                           |
| Property, plant and equipment          | 26                            | (1)   | 25                           |
| Employee benefit obligations           | 12                            | 4   | 16                           |
| Customers' deposits                    | (8)                           | 77  | 69                           |
| Provision for litigation and claims    | 25                            | (4)   | 21                           |
| Others                                 | 2                             | 8   | 10                           |
| <b>Total</b>                           | <b>92</b>                     | <b>83</b>   | <b>175</b>                   |
| <b>Deferred tax liability</b>          |                               |   |                              |
| Property, plant and equipment          | -                             | (19)  | (19)                         |
| <b>Total</b>                           | <b>-</b>                      | <b>(19)</b>   | <b>(19)</b>                  |
| <b>Net</b>                             | <b>92</b>                     | <b>64</b>   | <b>156</b>                   |

As of 31 December 2012, deferred tax assets resulting from temporary differences on impairment loss of assets and loss carry forward were not recognized in the consolidated financial statements totalling Baht 15.6 million as the Group has significant tax losses and it is not probable that the Group will be able to utilise the benefits in the foreseeable future.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 15 INTEREST-BEARING LIABILITIES

|   | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|---|--------------------------------------|---------------|----------------------------------|---------------|
|   | 2013                                 | 2012          | 2013                             | 2012          |
|   | <i>(in million Baht)</i>             |               |                                  |               |
| <b>Current</b>  |                                      |               |                                  |               |
| Bank overdrafts Unsecured                             | -                                    | 79            | -                                | 79            |
| Short-term loans from financial institutions          |                                      |               |                                  |               |
| Secured   | 1,018                                | 850           | 1,018                            | 600           |
| Unsecured   | 5,680                                | 600           | 5,680                            | 600           |
| Current portion of long-term loans                    |                                      |               |                                  |               |
| Secured   | -                                    | 1,930         | -                                | 1,930         |
| Unsecured   | 250                                  | 1,300         | 250                              | 1,300         |
| Current portion of long-term debentures               |                                      |               |                                  |               |
| Unsecured   | -                                    | 4,500         | -                                | 4,500         |
| Short-term loans from subsidiaries Unsecured          | -                                    | -             | 553                              | 491           |
| Current portion of finance lease liabilities          | 7                                    | 10            | 7                                | 10            |
| <b>Total current interest-bearing liabilities</b>     | <b>6,955</b>                         | <b>9,269</b>  | <b>7,508</b>                     | <b>9,510</b>  |
| <b>Non-current</b>                                    |                                      |               |                                  |               |
| Long-term loans from financial institutions           |                                      |               |                                  |               |
| Unsecured   | -                                    | 250           | -                                | 250           |
| Long-term debentures                                  |                                      |               |                                  |               |
| Unsecured   | 14,000                               | 8,000         | 14,000                           | 8,000         |
| Finance lease liabilities                             | 7                                    | 8             | 7                                | 8             |
| <b>Total non-current interest-bearing liabilities</b> | <b>14,007</b>                        | <b>8,258</b>  | <b>14,007</b>                    | <b>8,258</b>  |
| <b>Total</b>  | <b>20,962</b>                        | <b>17,527</b> | <b>21,515</b>                    | <b>17,768</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

|                                      | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|--------------------------------------|--------------------------------------|---------------|----------------------------------|---------------|
|                                      | 2013                                 | 2012          | 2013                             | 2012          |
|                                      | <i>(in million Baht)</i>             |               |                                  |               |
| Within one year                      | 6,955                                | 9,269         | 7,508                            | 9,510         |
| After one year but within five years | 14,007                               | 8,258         | 14,007                           | 8,258         |
| <b>Total</b>                         | <b>20,962</b>                        | <b>17,527</b> | <b>21,515</b>                    | <b>17,768</b> |

As at 31 December 2013, unutilised credit facilities totaled Baht 30,498 million and India Rupee 65 million for the Group, and Baht 30,124 million and India Rupee 65 million for the Company.

Credit facilities of the Company and the Group that used assets as collateral as at 31 December 2013 were as follows:

- (a) Loan lines from banks of Baht 5,445 million for the Company and the Group.
- (b) Bank overdraft lines of Baht 61 million for the Company and the Group.
- (c) Letter of guarantee lines of Baht 6,186 million and Indian Rupee 65 million for the Company and Baht 6,909 million and India Rupee 65 million for the Group.
- (d) Promissory note line from bank of Baht 13,095 million for the Company and the Group.
- (e) Other credit facilities of Baht 555 million for the Company and Baht 575 million for the Group.

Credit facilities were secured on the following assets at carrying value:

|   | Consolidated financial<br>statements |               | Separate financial<br>statements |               |
|---|--------------------------------------|---------------|----------------------------------|---------------|
|   | 2013                                 | 2012          | 2013                             | 2012          |
|   | <i>(in million Baht)</i>             |               |                                  |               |
| Property, plant and equipment                                   | 954                                  | 690           | 954                              | 690           |
| Investment properties   | 128                                  | 128           | 128                              | 128           |
| Real estate projects under development<br>(Land and properties) | 11,005                               | 10,105        | 10,007                           | 9,689         |
| <b>Total</b>  | <b>12,087</b>                        | <b>10,923</b> | <b>11,089</b>                    | <b>10,507</b> |

In addition, some part of credit facilities are guaranteed by the Company.

#### *Loans from financial institutions*

Loans from financial institutions bear interest at market rates.

Certain loans contain restrictions on financial ratios, interest-bearing liabilities to equity ratio and payment of dividends.



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Debenture*

Debentures of the Group as at 31 December 2013 and 2012 were unsecured and unsecured with face value of Baht 1,000 per unit. At shareholders' meetings of the Company, the shareholders approved the issuance and offer for sale of debt securities as follows:

| Type of debenture   | Interest rate<br>(% per annum) | Interest payment due | Term             | Issuance date  | Maturity date  | Consolidated financial statements /<br>Separate financial statements |      |        |       |
|---------------------|--------------------------------|----------------------|------------------|----------------|----------------|--|------|--------|-------|
|                     |                                |                      |                  |                |                | Units<br>(million units)   |      | Amount |       |
|                     |                                |                      |                  |                |                | 2013   | 2012 | 2013   | 2012  |
| <b>No. 1/2010*</b>  |                                |                      |                  |                |                |  |      |        |       |
| Set 1               | 3.20% (former 3.00%)           | every 3 months       | 3 years          | June 2010      | June 2013      | -  | 1.5  | -      | 1,500 |
| Set 2               | 3.95% (former 3.75%)           | every 3 months       | 5 years          | June 2010      | June 2015      | 1.0  | 1.0  | 1,000  | 1,000 |
| <b>No. 2/2010*</b>  |                                |                      |                  |                |                |  |      |        |       |
| Set 1               | 3.30% (former 3.10%)           | every 3 months       | 3 years          | November 2010  | November 2013  | -  | 3.0  | -      | 3,000 |
| Set 2               | 3.95% (former 3.75%)           | every 3 months       | 5 years          | November 2010  | November 2015  | 2.0  | 2.0  | 2,000  | 2,000 |
| <b>No. 1/2012**</b> |                                |                      |                  |                |                |  |      |        |       |
| Set 1               | 4.22%                          | every 3 months       | 3 years 6 months | September 2012 | March 2016     | 0.6  | 0.6  | 600    | 600   |
| Set 2               | 4.50%                          | every 3 months       | 5 years          | September 2012 | September 2017 | 0.6  | 0.6  | 600    | 600   |
| Set 3               | 4.22%                          | every 3 months       | 3 years 6 months | September 2012 | March 2016     | 2.4  | 2.4  | 2,400  | 2,400 |
| Set 4               | 4.50%                          | every 3 months       | 5 years          | September 2012 | September 2017 | 1.4  | 1.4  | 1,400  | 1,400 |

## NOTES TO THE FINANCIAL STATEMENTS

| Type of debenture   | Interest rate<br>(% per annum) | Interest payment due | Term            | Issuance date | Maturity date | Units       |            |               | Amount       |      |      |
|---|--------------------------------|----------------------|-----------------|---------------|---------------|-------------|------------|---------------|--------------|------|------|
|   |                                |                      |                 |               |               | 2013        | 2012       | 2013          | 2012         | 2013 | 2012 |
| <b>No. 1/2013***</b>  |                                |                      |                 |               |               |             |            |               |              |      |      |
| Set 1   | 3.58%                          | every 3 months       | 3 years 1 month | May 2013      | June 2016     | 3.0         | -          | -             | 3,000        | -    | -    |
| Set 2   | 3.99%                          | every 3 months       | 5 years         | May 2013      | May 2018      | 3.0         | -          | -             | 3,000        | -    | -    |
| <b>Total</b>  |                                |                      |                 |               |               | 14.0        | 12.5       | 14,000        | 12,500       |      |      |
| Less current portion of long-term debentures                            |                                |                      |                 |               |               | -           | (4.5)      | -             | (4,500)      |      |      |
| <b>Unsubordinated and unsecured debentures - net of current portion</b> |                                |                      |                 |               |               | <b>14.0</b> | <b>8.0</b> | <b>14,000</b> | <b>8,000</b> |      |      |

\* At the meeting of the debenture holders of the Company held on 24 April 2012, the debenture holders approved the increase in interest rate by 0.20% from the original rate, effective from the approval date to the maturity date and approved the adjustment of liabilities to equity ratio that the Company is required to maintain from 1.5:1 to 2:1.

\*\* At the annual general meeting of the shareholders of the Company held on 27 April 2012, the shareholders approved the issue and offer for sales of debt securities not exceeding Baht 7,000 million to decrease the financial costs and support the expansion of project development. Such debentures will be offered to public investors and / or private investors following the declaration of the Securities and Exchange Commission that the Company may offer one-time sales and/or separate sales from time to time. During the third quarter of 2012, the Company issued debenture no. 1/2012 amounting to Baht 5,000 million.

\*\*\* At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders approved the issue and offer for sales of debt securities to support future expansion of the Company in the aggregate principal amount of not exceeding Baht 6,000 million and maturity not exceeding 5 years. The type and interest rate of debt securities depend upon the market condition at the time of the issue and offer for sale. During the second quarter of 2013, the Company issued debenture no. 1/2013 amounting to Baht 6,000 million.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Movements during the years ended 31 December of debentures were as follows:

|                         | Consolidated financial statements/<br>Separate financial statements |               |
|-------------------------|---|---------------|
|                         | 2013  | 2012          |
|                         | <i>(in million Baht)</i>  |               |
| At 1 January            | 12,500  | 9,000         |
| Issued during the year  | 6,000   | 5,000         |
| Matured during the year | (4,500)   | (1,500)       |
| <b>At 31 December</b>   | <b>14,000</b>   | <b>12,500</b> |

Interest-bearing liabilities of the Group and the Company as at 31 December 2013 and 2012 are entirely in Thai Baht.

## 16 TRADE ACCOUNTS PAYABLE

|                 | Note | Consolidated financial<br>statements |              | Separate financial<br>statements |              |
|-----------------|------|--------------------------------------|--------------|----------------------------------|--------------|
|                 |      | 2013                                 | 2012         | 2013                             | 2012         |
|                 |      | <i>(in million Baht)</i>             |              |                                  |              |
| Related parties | 5    | -                                    | -            | 224                              | 323          |
| Other parties   |      | 2,090                                | 1,527        | 1,687                            | 1,308        |
| <b>Total</b>    |      | <b>2,090</b>                         | <b>1,527</b> | <b>1,911</b>                     | <b>1,631</b> |

The currency denomination of trade accounts payable as at 31 December was as follows:

|              | Consolidated financial<br>statements |              | Separate financial<br>statements |              |
|--------------|--------------------------------------|--------------|----------------------------------|--------------|
|              | 2013                                 | 2012         | 2013                             | 2012         |
|              | <i>(in million Baht)</i>             |              |                                  |              |
| Thai Baht    | 2,072                                | 1,490        | 1,911                            | 1,631        |
| US dollars   | 5                                    | 22           | -                                | -            |
| India Rupee  | 13                                   | 7            | -                                | -            |
| Rufiyaa      | -                                    | 8            | -                                | -            |
| <b>Total</b> | <b>2,090</b>                         | <b>1,527</b> | <b>1,911</b>                     | <b>1,631</b> |

## 17 OTHER CURRENT LIABILITIES

|  | Consolidated financial<br>statements |              | Separate financial<br>statements |              |
|--|--------------------------------------|--------------|----------------------------------|--------------|
|  | 2013                                 | 2012         | 2013                             | 2012         |
|  | <i>(in million Baht)</i>             |              |                                  |              |
| Accrued for real estate projects under development | 786                                  | 298          | 679                              | 228          |
| Accrued for public utility                         | 487                                  | 404          | 417                              | 359          |
| Accrued bonus                                      | 348                                  | 245          | 323                              | 233          |
| Retention payable                                  | 284                                  | 174          | 266                              | 157          |
| Accrued interest expense                           | 48                                   | 40           | 48                               | 40           |
| Accrued withholding tax                            | 47                                   | 38           | 41                               | 35           |
| Others   | 353                                  | 323          | 298                              | 253          |
| <b>Total</b>                                       | <b>2,353</b>                         | <b>1,522</b> | <b>2,072</b>                     | <b>1,305</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 18 EMPLOYEE BENEFIT OBLIGATIONS

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

| Consolidated financial statements     |                          |      |      |      |      |
|---------------------------------------|--------------------------|------|------|------|------|
|                                       | 2013                     | 2012 | 2011 | 2010 | 2009 |
|                                       | <i>(in million Baht)</i> |      |      |      |      |
| Present value of unfunded obligations |                          |      |      |      |      |
| Post-employment benefit               | 115                      | 94   | 76   | 50   | 41   |
| Separate financial statements         |                          |      |      |      |      |
|                                       | 2013                     | 2012 | 2011 | 2010 | 2009 |
|                                       | <i>(in million Baht)</i> |      |      |      |      |
| Present value of unfunded obligations |                          |      |      |      |      |
| Post-employment benefit               | 112                      | 92   | 75   | 47   | 39   |

Movement in the present value of the defined post-employment benefit obligations:

|   | Consolidated financial statements |           | Separate financial statements |           |
|---|-----------------------------------|-----------|-------------------------------|-----------|
|   | 2013                              | 2012      | 2013                          | 2012      |
|   | <i>(in million Baht)</i>          |           |                               |           |
| Defined benefit obligations at 1 January          | 94                                | 76        | 92                            | 75        |
| Current service costs                             | 18                                | 16        | 17                            | 16        |
| Interest cost                                     | 3                                 | 3         | 3                             | 2         |
| Benefits paid by the plan                         | -                                 | (1)       | -                             | (1)       |
| <b>Defined benefit obligations at 31 December</b> | <b>115</b>                        | <b>94</b> | <b>112</b>                    | <b>92</b> |
| <b>Expense recognised in profit or loss</b>       |                                   |           |                               |           |
| Current service cost                              | 18                                | 16        | 17                            | 16        |
| Interest on obligation                            | 3                                 | 3         | 3                             | 2         |
| <b>Total</b>                                      | <b>21</b>                         | <b>19</b> | <b>20</b>                     | <b>18</b> |

Principal actuarial assumptions at the reporting date:

|                            | Consolidated financial statements |           | Separate financial statements |           |
|----------------------------|-----------------------------------|-----------|-------------------------------|-----------|
|                            | 2013                              | 2012      | 2013                          | 2012      |
| Discount rate (%)          | 3.6                               | 3.6       | 3.6                           | 3.6       |
| Future salary increase (%) |                                   |           |                               |           |
| Employees                  | 5 and 8                           | 5 and 8   | 5 and 8                       | 5 and 8   |
| Daily wage staffs          | 3.5 and 5                         | 3.5 and 5 | 3.5 and 5                     | 3.5 and 5 |
| Retirement age (year old)  | 60                                | 60        | 60                            | 60        |

Assumptions regarding future mortality are based on published statistics and mortality tables.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 19 SHARE CAPITAL

|                           | Par value<br>per share<br><br>(in Baht) | 2013                               |              | 2012         |              |
|---------------------------|---|------------------------------------|--------------|--------------|--------------|
|                           |   | Number                             | Amount       | Number       | Amount       |
|                           |   | (million shares / in million Baht) |              |              |              |
| <b>Authorised</b>         |   |                                    |              |              |              |
| At 1 January              |   |                                    |              |              |              |
| ordinary shares           | 1                                       | 2,251                              | 2,251        | 2,251        | 2,251        |
| Increase                  | 1                                       | 15                                 | 15           | -            | -            |
| <b>At 31 December</b>     |   |                                    |              |              |              |
| <b>ordinary shares</b>    | 1                                       | <b>2,266</b>                       | <b>2,266</b> | <b>2,251</b> | <b>2,251</b> |
| <b>Issued and paid-up</b> |   |                                    |              |              |              |
| At 1 January              |   |                                    |              |              |              |
| ordinary shares           | 1                                       | 2,213                              | 2,213        | 2,209        | 2,209        |
| Warrant exercise          | 1                                       | 10                                 | 10           | 4            | 4            |
| <b>At 31 December</b>     |   |                                    |              |              |              |
| <b>ordinary shares</b>    | 1                                       | <b>2,223</b>                       | <b>2,223</b> | <b>2,213</b> | <b>2,213</b> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Increase of authorised ordinary share capital*

At the annual general meeting of shareholders of the company held on 26 April 2013, the shareholders approved the increase in the Company's authorised share capital from Baht 2,251 million (2,251 million ordinary shares with a par value of Baht 1 per share) to Baht 2,266 million (2,266 million ordinary shares with a par value of Baht 1 per share). The Company registered the increase in the authorized share capital with the Ministry of Commerce on 7 May 2013.

*Issue of ordinary shares*

During the year ended 31 December 2013, holders of 6.1 million (2012: 2.8 million) PS-WC warrants exercised their option to purchase 6.1 million (2012: 2.8 million) ordinary shares of the Company at the exercise price of Baht 14.35 per share and holders of 3.5 million (2012: 1.0 million) PS-WD warrants exercised their option to purchase 3.5 million (2012: 1.0 million) ordinary shares of the Company at the exercise price of Baht 15.3 per share.

*Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 20 WARRANTS

## PS-WC

At the annual general shareholders' meeting held on 27 April 2010, the shareholders passed resolutions to approve the issuance of 22 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries. The details are as follows:

| Description                                | Details   |
|--|---|
| Type of warrants                           | No value  |
| Terms of warrants                          | 3 years from the issuance date of warrant   |
| Propose to                                 | Directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries   |
| Issued and allotted as at 31 December 2013 | 14,796,000 units (actual units granted)   |
| Exercise ratio                             | 1 warrant to 1 ordinary share   |
| Exercise price                             | Baht 14.35 per share  |
| Exercise period and proportion             | Four times a year in February, May, August and November of each year (first year is 2011), the exercise rights are not to exceed 1/3 of total rights in each year for the period of 3 years. In case of partial exercise, the holders can roll over to the next period. |

Movements during the year ended 31 December 2013 and 2012 in the units of PS-WC warrants were as follows:

|   | 2013                     | 2012       |
|---|--------------------------|------------|
|   | <i>(in million unit)</i> |            |
| At 1 January                                  | 6.3                      | 10.8       |
| Warrants exercised during the year            | (6.2)                    | (2.8)      |
| Cancelation of warrants of resigned employees | -                        | (1.7)      |
| <b>At 31 December</b>                         | <b>0.1</b>               | <b>6.3</b> |

## PS-WD

At the annual general shareholders' meeting held on 22 April 2011, the shareholders passed resolutions to approve the issuance of 22 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries as followings:

| Description                                | Details   |
|--|---|
| Type of warrants                           | No value  |
| Terms of warrants                          | 4 years from the issuance date of warrant   |
| Propose to                                 | Directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries   |
| Issued and allotted as at 31 December 2013 | 11,689,700 units (actual units granted)   |
| Exercise ratio                             | 1 warrant to 1 ordinary share   |
| Exercise price                             | Baht 15.30 per share  |
| Exercise period and proportion             | Four times a year in February, May, August and November of each year (first year is 2012), the exercise rights are not to exceed 1/4 of total rights in each year for the period of 4 years. In case of partial exercise, the holders can roll over to the next period. |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Movements during the year ended 31 December 2013 and 2012 in the units of PS-WD warrants were as follows:

|   | 2013                     | 2012       |
|---|--------------------------|------------|
|   | <i>(in million unit)</i> |            |
| At 1 January                                  | 9.9                      | 11.7       |
| Warrants exercised during the year            | (3.5)                    | (1.0)      |
| Cancelation of warrants of resigned employees | (0.2)                    | (0.8)      |
| <b>At 31 December</b>                         | <b>6.2</b>               | <b>9.9</b> |

The Thai Financial Reporting Standard 2 (TFRS2): Share-based Payment was effective for share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS2, the Company has to measure the fair value of the PS-WD Project warrants on the grant date.

**Measurement of fair value**

The fair value of the PS-WD warrants granted was measured based on the Binomial option pricing model. Expected volatility is estimated by considering historic at average share price volatility during the period 19 April 2010 to 19 April 2012.

The inputs used in the measurement of the fair values of PS-WD warrants were as follows:

|   |           |
|---|-----------|
| Average fair value at grant date (Baht) | 3.55      |
| Share price at grant date (Baht)        | 14.6      |
| Exercise price (Baht)                   | 15.3      |
| Expected volatility (%)                 | 45.0      |
| Expected dividends (%)                  | 3.1       |
| Risk-free interest rate (%)             | 3.00-3.53 |
| Termination rate (%)                    | 10.0      |

The Company granted the rights to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries on 19 April 2012, which is the date that the Company informed conditions and agreements of the rights to exercise options to the directors and employees.

The expense recognised in respect of share-based payment transactions for the year ended 31 December 2013 was Baht 12.3 million and Baht 12.3 million (2012: Baht 20.6 million and Baht 20.6 million), respectively, for the consolidated and separate financial statements.

Movements during the year ended 31 December 2013 and 2012 in the fair value of PS-WD warrants were as follows:

|                                    | 2013                     | 2012        |
|------------------------------------|--------------------------|-------------|
|                                    | <i>(in million unit)</i> |             |
| At 1 January                       | 17.2                     | -           |
| Warrants granted during the year   | 12.3                     | 20.6        |
| Warrants exercised during the year | (11.1)                   | (3.4)       |
| <b>At 31 December</b>              | <b>18.4</b>              | <b>17.2</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*PS-WE*

At the annual general shareholders' meeting held on 26 April 2013, the shareholders passed resolutions to approve the issuance of 15 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries. The details are as follows:

| Description                    | Details  |
|--------------------------------|--|
| Type of warrants               | No value   |
| Terms of warrants              | 4 years from the issuance date of warrant                            |
| Exercise ratio                 | 1 warrant to 1 ordinary share  |
| Exercise price                 | Baht 28.19 per share   |
| Exercise period and proportion | Four times a year in February, May, August and November of each year |

As at 31 December 2013, there were no warrants in issue.

**21 RESERVES**

*Reserves comprise:*

***Appropriations of profit and/or retained earnings******Legal reserve***

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

**Other components of equity****Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

**22 SEGMENT INFORMATION**

The Group comprised the following reportable segments:

|           |                   |   |
|-----------|-------------------|---|
| Segment 1 | SBU Townhouse:    | Baan Pruksa, Pruksa Ville, The Connect, and SD3   |
| Segment 2 | SBU Condominium:  | Condominium I, Condominium II, and Condominium IV |
| Segment 3 | SBU Single house: | Pruksa Town, Passorn, and Pruksa Village          |



## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## Information about reportable segments:

|   | Segment 1           |        | Segment 2           |       | Segment 3           |        | Total               |        |        |       |        |        |
|---|---------------------|--------|---------------------|-------|---------------------|--------|---------------------|--------|--------|-------|--------|--------|
|   | reportable segments |        | reportable segments |       | reportable segments |        | reportable segments |        | Others |       | Total  |        |
|   | 2013                | 2012   | 2013                | 2012  | 2013                | 2012   | 2013                | 2012   | 2013   | 2012  | 2013   | 2012   |
| <i>(in million Baht)</i>                |                     |        |                     |       |                     |        |                     |        |        |       |        |        |
| External revenue                        | 17,970              | 14,002 | 7,767               | 2,955 | 11,306              | 9,104  | 37,043              | 26,061 | 1,794  | 905   | 38,837 | 26,966 |
| Inter-segment revenue                   | -                   | -      | -                   | -     | -                   | -      | -                   | -      | 2,055  | 1,611 | 2,055  | 1,611  |
| Other revenue                           | 31                  | 21     | 31                  | 7     | 16                  | 11     | 78                  | 39     | 50     | 34    | 128    | 73     |
| Total segment revenues                  | 18,001              | 14,023 | 7,798               | 2,962 | 11,322              | 9,115  | 37,121              | 26,100 | 3,899  | 2,550 | 41,020 | 28,650 |
| Segment profit (loss) before income tax | 3,571               | 2,697  | 1,581               | 427   | 2,189               | 1,732  | 7,341               | 4,856  | (176)  | (85)  | 7,165  | 4,771  |
| Segment assets as at 31 December        | 18,170              | 13,373 | 11,178              | 8,660 | 14,180              | 12,720 | 43,528              | 34,753 | 5,830  | 2,907 | 49,358 | 37,660 |
| Segment liabilities as at 31 December   | 10,702              | 7,177  | 6,643               | 6,205 | 7,116               | 4,693  | 24,461              | 18,075 | 3,422  | 1,818 | 27,883 | 19,893 |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

|  | 2013                     | 2012          |
|--|--------------------------|---------------|
|  | <i>(in million Baht)</i> |               |
| <b>Revenues</b>                              |                          |               |
| Total revenue from reportable segments       | 37,121                   | 26,100        |
| Other revenue                                | 3,899                    | 2,550         |
|  | 41,020                   | 28,650        |
| Elimination of inter-segment revenue         | (2,055)                  | (1,611)       |
| Other unallocated amounts                    | 76                       | 102           |
| <b>Consolidated revenue</b>                  | <b>39,041</b>            | <b>27,141</b> |
| <b>Profit or loss</b>                        |                          |               |
| Total profit for reportable segments         | 7,341                    | 4,856         |
| Other profit                                 | (176)                    | (85)          |
|  | 7,165                    | 4,771         |
| Elimination of inter-segment profits         | 67                       | (71)          |
| Unallocated amounts                          | (33)                     | 321           |
| <b>Consolidated profit before income tax</b> | <b>7,199</b>             | <b>5,021</b>  |
| <b>Assets</b>                                |                          |               |
| Total assets for reportable segments         | 43,528                   | 34,753        |
| Other assets                                 | 5,830                    | 2,907         |
|  | 49,358                   | 37,660        |
| Other unallocated amounts                    | 6,836                    | 6,161         |
| <b>Consolidated total assets</b>             | <b>56,194</b>            | <b>43,821</b> |
| <b>Liabilities</b>                           |                          |               |
| Total liabilities for reportable segments    | 24,461                   | 18,075        |
| Other liabilities                            | 3,422                    | 1,818         |
|  | 27,883                   | 19,893        |
| Other unallocated amounts                    | 3,379                    | 3,846         |
| <b>Consolidated total liabilities</b>        | <b>31,262</b>            | <b>23,739</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

**Geographical information**

|                     | Revenues                 |               | Non-current assets |              |
|---------------------|--------------------------|---------------|--------------------|--------------|
|                     | 2013                     | 2012          | 2013               | 2012         |
|                     | <i>(in million Baht)</i> |               |                    |              |
| Thailand            | 38,527                   | 26,670        | 3,622              | 2,568        |
| India               | 393                      | 261           | 24                 | 25           |
| Maldives            | 120                      | 209           | 41                 | 53           |
| Vietnam             | 1                        | 1             | 16                 | 4            |
| Deferred tax assets | -                        | -             | 200                | 182          |
| <b>Total</b>        | <b>39,041</b>            | <b>27,141</b> | <b>3,903</b>       | <b>2,832</b> |

As disclosed in note 3(c) to the financial statements, following the adoption of TFRS 8 - Operating Segments from 1 January 2013, and the change in operating segments from 19 August 2013, the Group has changed its policy for reporting information on operating segments.

## 23 SELLING EXPENSES

|                       | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|-----------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                       | 2013                                 | 2012         | 2013                             | 2012         |
|                       | <i>(in million Baht)</i>             |              |                                  |              |
| Advertising expenses  | 994                                  | 574          | 844                              | 512          |
| Specific business tax | 1,265                                | 880          | 1,058                            | 766          |
| Sales promotion       | 460                                  | 284          | 383                              | 254          |
| Transfer fee          | 262                                  | 180          | 220                              | 157          |
| Others                | 65                                   | 32           | 65                               | 32           |
| <b>Total</b>          | <b>3,046</b>                         | <b>1,950</b> | <b>2,570</b>                     | <b>1,721</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 24 ADMINISTRATIVE EXPENSES

|   | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---|--------------------------------------|--------------|----------------------------------|--------------|
|   | 2013                                 | 2012         | 2013                             | 2012         |
|   | <i>(in million Baht)</i>             |              |                                  |              |
| Employee benefit expenses               | 1,843                                | 1,249        | 1,764                            | 1,198        |
| Allowance for impairment loss on assets | -                                    | 37           | -                                | 30           |
| Professional fee                        | 133                                  | 87           | 117                              | 77           |
| Rental fee                              | 141                                  | 110          | 126                              | 99           |
| Depreciation                            | 89                                   | 99           | 76                               | 81           |
| Utilities expense                       | 70                                   | 85           | 63                               | 71           |
| Provision for litigation and claims     | 37                                   | -            | 35                               | -            |
| Transportation expense                  | 73                                   | 58           | 69                               | 56           |
| Repair fee                              | 29                                   | 23           | 29                               | 23           |
| Others                                  | 616                                  | 227          | 500                              | 448          |
| <b>Total</b>                            | <b>3,031</b>                         | <b>1,975</b> | <b>2,779</b>                     | <b>2,083</b> |

## 25 EMPLOYEE BENEFIT EXPENSES

|                                 | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|---------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                 | 2013                                 | 2012         | 2013                             | 2012         |
|                                 | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Management</b>               |                                      |              |                                  |              |
| Wages and salaries              | 76                                   | 63           | 76                               | 63           |
| Contributions to provident fund | 3                                    | 2            | 3                                | 2            |
| Others-bonus and welfare        | 41                                   | 28           | 41                               | 28           |
|                                 | <b>120</b>                           | <b>93</b>    | <b>120</b>                       | <b>93</b>    |
| <b>Other employees</b>          |                                      |              |                                  |              |
| Wages and salaries              | 1,413                                | 1,032        | 1,297                            | 959          |
| Contributions to provident fund | 43                                   | 30           | 39                               | 28           |
| Bonus                           | 715                                  | 407          | 659                              | 384          |
| Welfare                         | 420                                  | 263          | 362                              | 227          |
|                                 | <b>2,591</b>                         | <b>1,732</b> | <b>2,357</b>                     | <b>1,598</b> |
| <b>Total</b>                    | <b>2,711</b>                         | <b>1,825</b> | <b>2,477</b>                     | <b>1,691</b> |

*Defined benefit plan*

Details of the defined benefit plan are given in note 18 to the financial statements.

*Defined contribution plan*

The defined contribution plan comprises provident fund established by companies in the Group for their employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate 4% of their basic salaries and by the Group at rate 4% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 26 EXPENSES BY NATURE

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirement of various TFRS were as follows:

|   | Note | Consolidated<br>financial statements |        | Separate<br>financial statements |       |
|---|------|--------------------------------------|--------|----------------------------------|-------|
|   |      | 2013                                 | 2012   | 2013                             | 2012  |
| <i>(in million Baht)</i>  |      |                                      |        |                                  |       |
| Changes in land, land and houses for sale, and real estate projects under development |      | (13,743)                             | 2,187  | (10,604)                         | 1,141 |
| Raw materials and consumables used  |      | 11,098                               | 10,790 | 8,562                            | 8,348 |
| Employee benefit expenses   | 25   | 2,711                                | 1,825  | 2,477                            | 1,691 |
| Depreciation and amortisation   |      | 374                                  | 368    | 304                              | 314   |

## 27 FINANCE COSTS

|   | Note | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|---|------|--------------------------------------|------------|----------------------------------|------------|
|   |      | 2013                                 | 2012       | 2013                             | 2012       |
| <i>(in million Baht)</i>                                |      |                                      |            |                                  |            |
| Finance costs   |      |                                      |            |                                  |            |
| Subsidiaries  | 5    | -                                    | -          | 21                               | 21         |
| Financial institutions                                  |      | 1,104                                | 824        | 867                              | 789        |
| Total   |      | 1,104                                | 824        | 888                              | 810        |
| Less amounts included in the cost of qualifying assets: |      |                                      |            |                                  |            |
| - real estate projects under development                | 8    | (689)                                | (519)      | (465)                            | (495)      |
| <b>Net</b>  |      | <b>415</b>                           | <b>305</b> | <b>423</b>                       | <b>315</b> |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 28 INCOME TAX EXPENSE

*Income tax recognised in profit or loss*

|                                    | Note | Consolidated<br>financial statements |              | Separate<br>financial statements |             |
|------------------------------------|------|--------------------------------------|--------------|----------------------------------|-------------|
|                                    |      | 2013                                 | 2012         | 2013                             | 2012        |
| <i>(in million Baht)</i>           |      |                                      |              |                                  |             |
| <b>Current tax expense</b>         |      |                                      |              |                                  |             |
| Current year                       |      | 1,420                                | 1,146        | 1,017                            | 921         |
| Adjustment for prior years         |      | (2)                                  | 5            | -                                | 5           |
|                                    |      | <b>1,418</b>                         | <b>1,151</b> | <b>1,017</b>                     | <b>926</b>  |
| <b>Deferred tax expense</b>        | 14   |                                      |              |                                  |             |
| Movements in temporary differences |      | (21)                                 | (47)         | (8)                              | (82)        |
| Income tax reduction - deferred    |      | 2                                    | 19           | -                                | 18          |
|                                    |      | <b>(19)</b>                          | <b>(28)</b>  | <b>(8)</b>                       | <b>(64)</b> |
| <b>Total</b>                       |      | <b>1,399</b>                         | <b>1,123</b> | <b>1,009</b>                     | <b>862</b>  |

*Reconciliation of effective tax rate*

|  | Consolidated financial statements |                   |           |                   |
|--|-----------------------------------|-------------------|-----------|-------------------|
|  | 2013                              |                   | 2012      |                   |
|  | Rate (%)                          | (in million Baht) | Rate (%)  | (in million Baht) |
| Profit for the year                            |                                   | 5,800             |           | 3,898             |
| Total income tax expense                       |                                   | 1,399             |           | 1,123             |
| Profit before tax                              |                                   | 7,199             |           | 5,021             |
| Income tax using the Thai corporation tax rate | 20                                | 1,440             | 23        | 1,155             |
| Income tax reduction - deferred                |                                   | 2                 |           | 19                |
| Income not subject to tax                      |                                   | (214)             |           | (105)             |
| Expenses not deductible for tax purposes       |                                   | 25                |           | 26                |
| Eliminated income                              |                                   | 151               |           | 26                |
| Under (over) provided in prior years           |                                   | (2)               |           | 5                 |
| Others   |                                   | (3)               |           | (3)               |
| <b>Total</b>                                   | <b>19</b>                         | <b>1,399</b>      | <b>22</b> | <b>1,123</b>      |

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

|  | Separate financial statements |                   |           |                   |
|--|-------------------------------|-------------------|-----------|-------------------|
|  | 2013                          |                   | 2012      |                   |
|  | Rate (%)                      | (in million Baht) | Rate (%)  | (in million Baht) |
| Profit for the year                            |                               | 5,175             |           | 3,267             |
| Total income tax expense                       |                               | 1,009             |           | 862               |
| Profit before tax                              |                               | 6,184             |           | 4,129             |
| Income tax using the Thai corporation tax rate | 20                            | 1,237             | 23        | 950               |
| Income tax reduction - deferred                |                               | -                 |           | 18                |
| Income not subject to tax                      |                               | (247)             |           | (130)             |
| Expenses not deductible for tax purposes       |                               | 21                |           | 22                |
| Under provided in prior years                  |                               | -                 |           | 5                 |
| Others   |                               | (2)               |           | (3)               |
| <b>Total</b>                                   | <b>16</b>                     | <b>1,009</b>      | <b>21</b> | <b>862</b>        |

## Income tax recognised in other comprehensive income

|   | Consolidated financial statements |                       |            |            |                       |            |
|---|-----------------------------------|-----------------------|------------|------------|-----------------------|------------|
|   | 2013                              |                       |            | 2012       |                       |            |
|   | Before tax                        | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
|   | (in million Baht)                 |                       |            |            |                       |            |
| Foreign currency translation differences for foreign operations | 6                                 | (1)                   | 5          | (3)        | (2)                   | (5)        |

## Income tax reduction

Royal Decree No. 530 B.E. 2011 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

## 29 PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to developing a housing project for persons who have low or middle income (where the usable area in each unit shall not be less than 31 square meters and the contracted sale amount is less than Baht 600,000).

On 10 June 2009, the Board of Investment added a new condition in respect to pricing for projects located in zone 1 requiring that any apartment building must have area per unit of at least 28 square meters and with a maximum selling price of Baht 1 million (including land cost) and any town house or detached house, area per unit must not be less than 70 square meters with a maximum selling price of Baht 1.2 million (including land cost).

The principal privilege is the exemption from corporate income tax for a period of 5 years from the start of business operations related to these privileges.

As promoted companies, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## 30 EARNINGS PER SHARE

**Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

|   | Consolidated<br>financial statements      |                 | Separate<br>financial statements |                 |
|---|---|-----------------|----------------------------------|-----------------|
|   | 2013                                      | 2012            | 2013                             | 2012            |
|   | <i>(in million Baht / million shares)</i> |                 |                                  |                 |
| <b>Profit attributable to equity holders of the Company (basic)</b>   | <b>5,801.82</b>                           | <b>3,898.14</b> | <b>5,175.03</b>                  | <b>3,266.80</b> |
| Number of ordinary shares at 1 January                                | 2,213.22                                  | 2,209.41        | 2,213.22                         | 2,209.41        |
| Effect of shares issued 30 August 2012                                | -   | 1.18            | -                                | 1.18            |
| Effect of shares issued 30 November 2012                              | -   | 0.50            | -                                | 0.50            |
| Effect of shares issued on 28 February 2013                           | 6.83                                      | -               | 6.83                             | -               |
| Effect of shares issued on 31 May 2013                                | 0.65                                      | -               | 0.65                             | -               |
| Effect of shares issued on 30 August 2013                             | 0.02                                      | -               | 0.02                             | -               |
| Effect of shares issued on 29 November 2013                           | 0.03                                      | -               | 0.03                             | -               |
| <b>Weighted average number of ordinary shares outstanding (basic)</b> | <b>2,220.75</b>                           | <b>2,211.09</b> | <b>2,220.75</b>                  | <b>2,211.09</b> |
| <b>Earnings per share (basic) (in Baht)</b>                           | <b>2.61</b>                               | <b>1.76</b>     | <b>2.33</b>                      | <b>1.48</b>     |

**Diluted earnings per share**

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

|   | Consolidated<br>financial statements      |                 | Separate<br>financial statements |                 |
|---|---|-----------------|----------------------------------|-----------------|
|   | 2013                                      | 2012            | 2013                             | 2012            |
|   | <i>(in million Baht / million shares)</i> |                 |                                  |                 |
| <b>Profit attributable to equity holders of the Company (diluted)</b>   | <b>5,801.82</b>                           | <b>3,898.14</b> | <b>5,175.03</b>                  | <b>3,266.80</b> |
| Weighted average number of ordinary shares outstanding (basic)          | 2,220.75                                  | 2,211.09        | 2,220.75                         | 2,211.09        |
| Effect of exercise of share options                                     | 2.44                                      | 0.36            | 2.44                             | 0.36            |
| <b>Weighted average number of ordinary shares outstanding (diluted)</b> | <b>2,223.19</b>                           | <b>2,211.45</b> | <b>2,223.19</b>                  | <b>2,211.45</b> |
| <b>Earnings per share (diluted) (in Baht)</b>                           | <b>2.61</b>                               | <b>1.76</b>     | <b>2.33</b>                      | <b>1.48</b>     |

The Company did not adjust the effect of exercise of share options in PS-WD project warrant to calculate diluted earnings per share for the year ended 31 December 2012 because the Company's warrant's exercise price per unit was higher than the average market price for the year.



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## NOTES TO THE FINANCIAL STATEMENTS

## 31 DIVIDENDS

At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders approved the appropriation of dividend of Baht 0.5 per share, amounting to Baht 1,110 million. The dividend was paid to shareholders on 17 May 2013.

At the annual general meeting of the shareholders of the Company held on 27 April 2012, the shareholders approved the appropriation of dividend of Baht 0.4 per share, amounting to Baht 884 million. The dividend was paid to shareholders on 17 May 2012.

## 32 FINANCIAL INSTRUMENTS

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure. In addition, the Group has to maintain interest-bearing liabilities to equity ratio as stipulated in loan facility and debentures agreements, and requires to have debenture credit rating by qualified credit rating institutions.

***Interest rate risk***

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 Group is primarily exposed to interest rate risk from its borrowings (note 15). The Group mitigates this risk by entering that the majority of its borrowings at fixed interest rates and uses derivative financial instrument, interest rate swaps, to manage exposure to fluctuations in interest rates on specific borrowings.

***Foreign currency risk***

The Group has risk from foreign currency as stated in related notes to financial statements. Management believes that the Group has minimal currency exchange rate risk. However, the Group enters into forward exchange rate contracts to hedge risks from purchasing machinery in foreign currency.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

***Determination of fair values***

The Group uses the following methods and assumptions in estimating the fair values of financial instruments.

Cash and cash equivalents, and current investments and receivables and payables approximate their fair values due to the relative short-term maturity of these financial instruments.

## PRUKSA REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Bank overdrafts and short-term loans and long-term loans approximate their fair values because these financial instruments bear interest at market rates.

As at 31 December 2013, the carrying and fair value of debentures amounted to Baht 14,000 million and Baht 14,030 million, respectively (2012: Baht 12,500 million and Baht 12,554 million, respectively). The fair value is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest for similar liabilities at the reporting date.

## 33 COMMITMENTS WITH NON-RELATED PARTIES

|  | Consolidated<br>financial statements |              | Separate<br>financial statements |              |
|--|--------------------------------------|--------------|----------------------------------|--------------|
|  | 2013                                 | 2012         | 2013                             | 2012         |
|  | <i>(in million Baht)</i>             |              |                                  |              |
| <b>Office building operating lease commitments</b> |                                      |              |                                  |              |
| Within one year                                    | 88                                   | 60           | 83                               | 56           |
| After one year but within five years               | 136                                  | 146          | 127                              | 140          |
| <b>Total</b>                                       | <b>224</b>                           | <b>206</b>   | <b>210</b>                       | <b>196</b>   |
| <b>Other operating lease commitments</b>           |                                      |              |                                  |              |
| Within one year                                    | 81                                   | 48           | 71                               | 46           |
| After one year but within five years               | 80                                   | 39           | 76                               | 38           |
| <b>Total</b>                                       | <b>161</b>                           | <b>87</b>    | <b>147</b>                       | <b>84</b>    |
| <b>Other commitments</b>                           |                                      |              |                                  |              |
| Land purchasing agreements                         | 3,058                                | 3,804        | 3,058                            | 3,804        |
| Development and construction agreements            | 2,377                                | 1,967        | 1,879                            | 1,693        |
| Services and professional consulting agreements    | 25                                   | 63           | 24                               | 63           |
| Forward contract                                   | 143                                  | 65           | 143                              | -            |
| Machinery purchasing agreements                    | 447                                  | -            | 447                              | -            |
| <b>Total</b>                                       | <b>6,050</b>                         | <b>5,899</b> | <b>5,551</b>                     | <b>5,560</b> |

**Others**

As at 31 December 2013;

- (a) the Company and its subsidiaries had commitment for letters of guarantee issued by certain local banks totaling Baht 5,802 million (2012: Baht 5,110 million).
- (b) The Company had commitment as a guarantor of overdraft lines of Baht 80 million, letters of guarantee lines of Baht 4,373 million, promissory note lines of Baht 8,700 million, and other credit facilities of Baht 520 million of the subsidiaries (2012: Baht 80 million, Baht 723 million, Baht 900 million and Baht 500 million, respectively).

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## NOTES TO THE FINANCIAL STATEMENTS

## 34 CONTINGENT LIABILITY

At 31 December 2013, the Company and its subsidiaries have been sued by other companies and persons in cases of alleged violation of agreements, prosecution claims and other cases totaling Baht 317 million (2012: Baht 297 million). Presently, the cases are being considered by the court. However, the Group has set aside provision of Baht 143 million (2012: Baht 106 million) for liabilities that may arise as a result of these cases, based on the opinion of their management and legal department.

## 35 EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting held on 17 February 2014, the Board passed a resolution proposing to the annual general shareholders' meeting the following topics;

- (a) Approval of the payment of dividends for the year 2013, at the rate of Baht 0.85 per share, amounting to Baht 1,889.41 million. The proposed dividends shall be submitted for approval by the shareholders at the Annual General Meeting to be held on 25 April 2014.
- (b) Approval of reduction of authorised shares capital of the Company from Baht 2,265,812,000 to Baht 2,255,298,800 by canceling 10,513,200 ordinary shares which are reserved for the exercising of warrants.
- (c) Approval of issuance and allotment of new warrants to purchase the Company's ordinary shares to the Company's and/or its subsidiaries' directors and management no. 6 (PS-WF) of 15,000,000 units. The exercise ratio is 1 unit of warrant to 1 new ordinary share. In this regard, the Company needs to increase its authorised share capital by Baht 15,000,000 from Baht 2,255,298,800 to Baht 2,270,298,800 by issuing 15,000,000 ordinary shares with a par value of Baht 1 and reserve those ordinary shares entirely for the exercising of the warrants to purchase ordinary shares of the Company.
- (d) Approval of the issue of a financial debt instrument as appropriate within the credit line of Baht 7,000 million with a contractual maturity within 7 years by allotment to investors in accordance with the rules announced by the Thai Securities and Exchange Commission.

## 36 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

| TFRS                  | Topic  | Year effective |
|-----------------------|--|----------------|
| TAS 1 (revised 2012)  | Presentation of Financial Statements             | 2014           |
| TAS 7 (revised 2012)  | Statement of Cash Flows                          | 2014           |
| TAS 12 (revised 2012) | Income Taxes                                     | 2014           |
| TAS 17 (revised 2012) | Leases   | 2014           |
| TAS 18 (revised 2012) | Revenue Recognition                              | 2014           |
| TAS 19 (revised 2012) | Employee Benefits                                | 2014           |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates | 2014           |
| TAS 24 (revised 2012) | Related Party Disclosures                        | 2014           |
| TAS 31 (revised 2012) | Interests in Joint Ventures                      | 2014           |
| TAS 34 (revised 2012) | Interim Financial Reports                        | 2014           |
| TAS 38 (revised 2012) | Intangible Assets                                | 2014           |
| TFRS 2 (revised 2012) | Share-based Payment                              | 2014           |
| TFRS 8 (revised 2012) | Operating Segments                               | 2014           |

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| TFRS     | Topic  | Year effective |
|----------|--|----------------|
| TFRIC 1  | Changes in Existing Decommissioning, Restoration and Similar Liabilities     | 2014           |
| TFRIC 4  | Determining whether an Arrangement contains a Lease                          | 2014           |
| TFRIC 10 | Interim Financial Reporting and Impairment                                   | 2014           |
| TIC 15   | Operating Leases-Incentives  | 2014           |
| TIC 27   | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 2014           |
| TIC 32   | Intangible Assets-Web Site Costs   | 2014           |

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



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