



Annual Report 2013



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Belle Grand Rama 9

# Message from the Chairman of the Board of Directors

To All Shareholders,

Our Company “Grand Canal Land Public Company Limited” are the remarkable and unique real estate development company. The key of the real estate development business is the Prime Location and style. In addition to search for the location that ready to develop, the Company sees an opportunities and creates the Prime Locations for our own projects. The Company has plan and invest to add the value of the land and property of the project including to the area around for the long term. The Prime Location normally takes over 30 years to develop e.g. Siam Square but the Prime Location that we create might take only 5-10 years, this is our model that used consistently to develop the project such as the “Grand Rama 9” project and the “Grand Canal Don Muang” project.

The “Grand Rama 9” project, with the construction area of 1.2 million square meters on the land over 73 Rai, consisting of 10 office buildings, 8 residential condominiums, a hotel, Central Plaza Grand Rama 9 and the Shoppes @Belle which started to operate in 2013, retail spaces in every office buildings which are connected to the MRT and a convention center. As for the “Grand Canal Don Muang” project, with the land over 270 rai, this fully integrated residential project consists of single detached houses, townhouses, condominium units and retail space. The Company has the model for develop the project which is gathering all kinds of real estates, completely support and facilitate each project, complete with facilities and transportation, together as our own CBD (Central Business District). This is also being the motivation for other developers to join and develop the area around and make our project growing by leaps and bounds, finally become the new large scale CBD in Bangkok

Moreover, the Company and its subsidiaries will receive income from many sources, income from the sale of condominium units, single detached houses and townhouses, which can be recognized immediately upon transfer of ownership, income from the lease of office space, retail space and hotel, also income from management fees for the affiliates and other company. The Company can be continuously recognized the income, contain stable and consistent income without a limitation from the market conditions.

On behalf of the Board of Directors, and the Management Committee, I am confident and determined to increase efficiency and effectiveness in the Company’s operations as well as build a strong foundation for the Company. In particular, in relation to the Company’s real estate development business, that aspires to be the center of the AEC, ready to compete with other regional CBDs, in order to continue to generate an appropriate return for all shareholders.

Finally, the Board of Directors, the Management Committee as well as all employees would like to thank all shareholders, customers, trade alliances, financial institutions and all associated persons for always believing in and supporting the Company’s operations, resulting in the Company’s success. The new Management Committee would like to assure all of you that that Company is dedicated to operating under the principles of good corporate governance in order for the Company to grow steadily, create products and services to meet the requirements and satisfaction of customers and in order to obtain the optimum benefit to all stakeholders, in return for their continued faith and trust in the Company.



( Mr. Yotin Boondicharern )

Chairman of the Board of Directors



U Place Grand Rama 9

# Board of Directors

## 1. Mr. Yotin Boondicharern

<b>Position</b>	Chairman and Chief Executive Officer	
<b>Age</b>	72	
<b>Percentage of Company shares held</b>	None	
<b>The relationship between directors and executives</b>	Mr. Jatesiri Boondicharern, Ms. Romani Boondicharern and Mr. Jatamongkol Boondicharern's Farther.	
<b>Experience in the last 5 years</b>		
23 Dec 2009 - Present	Chairman and Chief Executive Officer	Grand Canal Land Plc.
2 July 2012 - Present	Chairman	Sterling Equity Co., Ltd.
10 June 2013 - Present	Chairman	Belle Assets Co., Ltd.
23 Aug 2013 - Present	Chairman	BBTV Marketing Co., Ltd.
2007 - Present	Executive Director	Skyway Realty Co., Ltd.
2002 - Present	Chairman	Grand Fortune Co., Ltd.
2002 - Present	Executive Director	Pattanaburi Co., Ltd.
1996 - Present	Director	Central Pattana Nine Square Co., Ltd.
1996 - Present	Chairman	Praram 9 Square Hotel Co., Ltd.
1995 - Present	Chairman and Chairman of the Executive Directors	Praram 9 Square Ltd.
1994 - Present	Chairman	Belle Development Co., Ltd.
2008 - Present	Chairman	Belle Development Co., Ltd.
2009 - Present	Chairman and Chairman of the Executive Directors	Belle Development Co., Ltd.
1994 - Present	Chairman	Chareangkit Enterprise Co., Ltd.

## 2. Assoc. Prof. Prapanpong Vejajiva

<b>Position</b>	Vice Chairman and Nomination and Remuneration Committee Member	
<b>Age</b>	78	
<b>Education</b>	B.A. In Political Science (Second Class Honor) Chulalongkorn University	
	Master of Social Science (MsSc) Stockholm University Sweden	
	Certificate In Business Administration, Stanford University, USA	
	National Defence College Class 28	
<b>Training Course</b>	Director Accreditation Program (DAP)	
	The Role of Chairman Program (RCP)	
	Audit Committee Program (ACP)	

The Role of Compensation Committee (RCC)		
Percentage of Company shares held	None	
The relationship between directors and executives	None	
Experience in the last 5 years		
14 Jan 2010 - Present	Vice Chairman	Grand Canal Land Plc.
23 Dec 2009 - Present	Director, Nomination and Remuneration Committee Member	Grand Canal Land Plc.
2007 - Present	Chairman	The Krungthep Thanakom Co., Ltd. (Bangkok Metropolitan's Enterprise)
2007 - Present	Member of The Board of Directors	SASIN International Business Graduate School of Chulalongkorn University
2007 - Present	Advisor to the President	Huachiew Chalermprakiet University
1992 - Present	Member of the University Council	Huachiew Chalermprakiet University
1986 - Present	Member of the Board of Property Management and Chairman	Red Cross Society of Thailand
2004 - Present	Chairman	C & C International Venture Co., Ltd. (The company of Chulalongkorn University)
2004 - Present	Member of the Council	Saint Louis College
2001 - Present	Director	Belle Development Co., Ltd.
2001 - Present	Director	Charernkit Enterprise Co., Ltd.
1992 - Present	Director	Praram 9 Square Ltd.
1987 - Present	Director	The Dhamnitti Plc.

### 3. Mr. Yongyuth Withyawongsaruchi

Position	Independent Director and Chairman of the Audit Committee	
Age	73	
Education	Bahelor of Accounting (Honor), Thammasat University	
	Bahelor of Commerce (Honor), Thammasat University	
	Mini M.B.A. (Class 1), Thammasat University	
	Certificate of Senior Executive Program (SEP7), SASIN Chulalongkorn University	
Training Course	Director Certification Program (DCP)	
	Audit Committee Program (ACP)	
	Board Performance Evaluation	
	Setting the CEO Performance Plan and Evaluation	
Percentage of Company shares held	None	
The relationship between directors and executives	None	



Experience in the last 5 years		
Apr 2003 - Present	Independent Director and Chairman of the Audit Committee	Grand Canal Land Plc.
8 Dec 2009 - 13 Jan 2010	Vice Chairman	Grand Canal Land Plc.
Apr 2005 - 7 Apr 2010	Independent Director and Audit Committee Member	Bank of Ayudhya Plc.
Apr 2003 - Jan 2009	Independent Director and Audit Committee Member	Eastern Star Real Estate Plc.

#### 4. Mr. Nipon Visityuthasart

<b>Position</b>	Independent Director, Audit Committee Member and Chairman of Nomination and Remuneration Committee Member	
<b>Age</b>	74	
<b>Education</b>	Bachelor of Law, Thammasart University Master of Public Administration Program (NIDA)	
<b>Training Course</b>	Director Accreditation Program (DAP) Certificate for High Level Executive Capital Market Academy (CMA12)	
<b>Percentage of Company shares held</b>	None	
<b>The relationship between directors and executives</b>	None	
Experience in the last 5 years		
14 Jan 2010 - Present	Independent Director and Audit Committee Member Chairman of Nomination and Remuneration Committee Member	Grand Canal Land Plc.
17 Nov 2011 - Present	Independent Director	Country Group Assets Plc.
1999 - Present	Independent Director and Chairman of the Audit Committee	Wanachai Group Plc.
Present	Party-List Representative	Democrat Party
2000 - 2006	Senator, Ang Thong Province and The First Vice Chairman of the Senate	The Senate

#### 5. Mr. Banphot Hongthong

<b>Position</b>	Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member	
<b>Age</b>	66	
<b>Education</b>	B.A. (Economics), Northeastern University, U.S.A. M.A. (Economics Development), Northeastern University, U.S.A.	

Percentage of Company shares held	None	
The relationship between directors and executives	None	
<b>Experience in the last 5 years</b>		
23 Mar 2010 - Present	Member of Nominating and Remuneration Committee	Grand Canal Land Pcl.
14 Jan 2010 - Present	Independent Director and Member of Audit Committee	Grand Canal Land Pcl.
Aug 2011 - Present	Chairman of the Board of Director	Dhipaya Life Insurance Pcl.
Mar 2013 - Present	Chairman of the Board of Director	Exotic Food Pcl.
June 2009 - Present	Director	Evergreen Plus Co., Ltd.
Apr 2013 - Present	Independent Director	Standard Chartered Bank (Thai) Pcl.
Jan 2013 - Present	Advisor	Unicord Pcl.
June 2013 - Present	Advisor	National Power Supply Pcl.
Nov 2013 - Present	Advisor	Shop Global (Thailand) Co., Ltd.
Apr 2012 - Present	President under Royal Patronage	Royal Automobile Association of Thailand
Sep 2013 - Present	Director	University Council of Eastern Asia
Jan 2013 - Present	Advisor to the Impelling Agriculture and Occupation Committee of Phu Fa Project Under the Royal Initiative of H.R.H. Princess Maha Chakri Sirindhorn	Ministry of Agriculture and Cooperatives
Apr 2012 - Present	Director	Foundation for Institute of Business Economics Research and Development
Feb 2012 - Present	Advisor to Nominating and Corporate Governance Committee of the Royal Water Project	Office of the Royal Development Project
Apr 2011 - Present	Director of Fund Raiser for Queen Sirikit's 80 <sup>th</sup> Anniversary Building	Queen Sirikit National Institute of Child Health
Apr 2011 - Present	Advisor to the Board of the Directors and the Working Group of Development Project Under the Royal Initiative, Mae Hong Son Province	Ministry of Agriculture and Cooperatives
Dec 2010 - Present	Advisor to the Board of Directors and Working Committee of the Royal Fruit Development Project, Chanthaburi Province	Ministry of Agriculture and Cooperatives
Dec 2010 - Present	Advisor to the Permanent Secretary of Ministry Agriculture and Cooperatives	Ministry of Agriculture and Cooperatives
Dec 2010 - Present	Advisor to Cooperative Center of the Development Project Under the Royal Initiative	Office of the Royal Development Project

Aug 2010 - Present	Chairman of the Board	Foundation for Sericulture
Apr 2008 - Present	Advisor to Working Group of Royal Project's Administration Center, Amphur Sanpathong, Chiangmai Province	Ministry of Agriculture and Cooperatives
Jan 2008 - Present	Advisor to the Committee of Chaipattana Agriculture Development Sirindhorn Project	Chaipattana Foundation
Nov 2007 - Present	Advisor on Operation of Land Development Department	Land Development Department, Ministry of Agriculture and Cooperatives
Nov 2010 - May 2011	Director of the Project to Renovate the Birth Place of Buddha, Lumpini, Nepal	Thai Pueng Thai Foundation
Sep 2009 - Sep 2011	Expert Member of Civil Servant Sub-Committee	Ministry of Agriculture and Cooperatives
Sep 2009 - June 2010	Advisor to the Minister of the Ministry of Labour	Ministry of Labour
May 2009 - Dec 2011	Member of Sub-Committee for Recruiting and Development of Listed Company	The Stock Exchange of Thailand
Oct 2008 - April 2011	Independent Director and Member of the Corporate Governance Committee	Thai Oil Pcl.
Oct 2008 - Dec 2009	Director	Thai Oil Ethanol Co., Ltd.
Oct 2007 - Feb 2009	Advisor to the Minister of Ministry of Agriculture and Cooperatives	Ministry of Agriculture and Cooperatives
July 2007 - June 2011	Expert Member to University Council	Rajamangala University of Technology Isan
2007	Member of the National Legislative Assembly	Parliament
2003 - 2007	Permanent Secretary	Ministry of Agriculture and Cooperatives

## 6. Mr. Jarern Jirawisan

Position	Director	
Age	72	
Education	Bachelor Degree in Engineering, Chulalongkorn University Master of Management, SASIN Graduate Institution of Business Administration	
Training Courses	Director Accreditation Program (DAP)	
Percentage of Company shares held	None	
The relationship between directors and executives	None	
Experience in the last 5 years		
23 Dec 2009 - Present	Director	Grand Canal Land Plc.
14 Jul 2010 - Present	Director	Exclusive Senior Care International Co., Ltd.
2009 - Present	Director	T - One Capital Co., Ltd.
2008 - Present	Director	Belle Development Co., Ltd.
2008 - Present	Director	Praram 9 Square Hotel Co., Ltd.

2007 - Present	Director	BBTV New Media Co., Ltd.
2006 - Present	Director	Praram 9 Square Ltd.
2006 - Present	Director	Central Pattana Nine Square Co., Ltd.
2006 - Present	Director	Yook Chuan Co., Ltd.
2006 - Present	Director	The Bangkok Lighters Co., Ltd.
2006 - Present	Director	The Thai Tapioca Flour Produce Co., Ltd.
2004 - Present	Director	Dherakupt International Law Office Co., Ltd.
2003 - Present	Director	Cyber Venture Co., Ltd.
2002 - Present	Director	Great Fortune Equity Co., Ltd.
2002 - Present	Director	Grand Fortune Co., Ltd.
2002 - Present	Director	BBTV Satelvision Co., Ltd.
2002 - Present	Director	Belle Assets Co., Ltd.
2001 - Present	Director	BBTV Productions Co., Ltd.
2000 - Present	Director	BBTV Marketing Co., Ltd.
1999 - Present	Director	Bangkok Broadcasting & Television Co., Ltd.
1999 - Present	Director	Sunrise Equity Co., Ltd.
1998 - Present	Director	C.K.R. Co., Ltd.
1997 - Present	Director	BBTV Equity Co., Ltd.
1997 - Present	Director	Tun Rungrueng Co., Ltd.
1997 - Present	Director	GL Assets Co., Ltd.
1997 - Present	Director	Mahakij Holding Co., Ltd.
1996 - Present	Director	Super Assets Co., Ltd.
1996 - Present	Director	Sterling Equity Co., Ltd.
1996 - Present	Director	Stronghold Assets Co., Ltd.
1995 - Present	Director	BBTV Asset Management Co., Ltd.
1994 - Present	Director	Siam Puri Engineering Co., Ltd.
1992 - Present	Director	Siam Purimongkol Co., Ltd.
1990 - Present	Director	Khao Kheow Country Club Co.,Ltd.
1984 - Present	Director	Great Luck Equity Co., Ltd.
1982 - Present	Director	CKS Holding Co., Ltd.

## 7. Mr. Mongkol Pao-in

Position	Director
Age	84
Education	Bachelor of Law, Thammasat University Barrister-at-Law, Thai Bar Association
Percentage of Company shares held	0.02
The relationship between directors and executives	Mr. Sakol Pao-in's Uncle

Experience in the last 5 years		
23 Dec 2010 - Present	Director	Grand Canal Land Plc.
2001 - Present	Vice Chairman	Thaivivat Co., Ltd.
2004 - 20 Oct 2009	Chairman	Prinsiri Plc.
1994 - Present	Director	Charernkit Enterprise Co., Ltd.
2001 - Present	Executive Director	Belle Development Co., Ltd.
1995 - 6 May 2010	Executive Director	Praram 9 Square Ltd.

## 8. Mr. Jatesiri Boondicharern

<b>Position</b>	Director and Managing Director	
<b>Age</b>	42	
<b>Education</b>	Bahelor of Landscape Architect California State Polytechnic University Master of Real Estate Finance and International Business, University of Southern California	
<b>Training Course</b>	Director Accreditation Program (DAP) Certificate for High Level Executive Capital Market Academy (CMA12)	
<b>Percentage of Company shares held</b>	4.32	
<b>The relationship between directors and executives</b>	Mr. Yotin Boondicharern's Son, Ms. Romani Boondicharern and Mr. Jatamongkol Boondicharern's Brother	
<b>Experience in the last 5 years</b>		
23 Dec 2009 - Present	Director and Managing Director	Grand Canal Land Plc.
26 Oct 2012 - Present	Chief Executive Officer and Managing Director	Sterling Equity Co., Ltd.
10 Sep 2013 - Present	Director	Belle Assets Co., Ltd.
10 Sep 2013 - Present	Director	BBTV Marketing Co., Ltd.
14 Jan 2010 - 22 Mar 2010	Nomination and Remuneration Committee Member	Grand Canal Land Plc.
2009 - Present	Executive Director	Praram 9 Square Hotel Co., Ltd.
2009 - Present	Managing Director	Belle Development Co., Ltd.
2008 - Present	Executive Director	Belle Development Co., Ltd.
2008 - Present	Director	Belle Development Co., Ltd.
2009 - Present	Managing Director	Charernkit Enterprise Co., Ltd.
2011 - Present	Executive Director	Charernkit Enterprise Co., Ltd.
2009 - Present	Managing Director	Praram 9 Square Ltd.
2007 - Present	Executive Director	Praram 9 Square Ltd.
2005 - Present	Director	Praram 9 Square Ltd.
2008 - Present	Executive Director	The Future Asset Co., Ltd.
2008 - Present	Executive Director	Belle Park Residence Co., Ltd.
2008 - Present	Executive Director	Breguet Thai Co., Ltd.

2008 - Present	Executive Director	Skyway Realty Co., Ltd.
2006 - Present	Executive Director	Central Pattana Nine Square Co., Ltd.
2004 - Present	Executive Director	G C & T Co., Ltd.
2002 - Present	Executive Director	Grand Fortune Co., Ltd.
2002 - Present	Executive Director	Pattanaburi Co., Ltd.
2003 - 17 Dec 2009	Executive Director	Grand Canal Co., Ltd.

## 9. Ms. Romani Boondicharern

<b>Position</b>	Director, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group	
<b>Age</b>	27	
<b>Education</b>	Bachelor of Engineering (Civil Engineering), Thammasat University Master of Science Degree (Finance), Chulalongkorn University	
<b>Training Course</b>	Director Certification Program (DCP) Director Accreditation Program (DAP) Executive Development Program (EDP) Young Entrepreneur Program (YEP)	
<b>Percentage of Company shares held</b>	3.46	
<b>The relationship between directors and executives</b>	Mr. Yotin Boondicharern' Daughter, Mr. Jatesiri Boondicharern and Mr. Jatamongkol Boondicharern's Sister	
<b>Experience in the last 5 years</b>		
14 Jan 2010 - Present	Director, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group	Grand Canal Land Plc.
4 July 2012 - Present	Director	Sterling Equity Co., Ltd.
11 July 2013 - Present	Director	Belle Assets Co., Ltd.
23 Aug 2013 - Present	Director	BBTV Marketing Co., Ltd.
2009 - Present	Director, Deputy Managing (Acting)	Charernkit Enterprise Co., Ltd.
6 May 2010 - Present	Director	Belle Development Co., Ltd.
6 May 2010 - Present	Director	Praram 9 Square Ltd.
6 May 2010 - Present	Director	Praram 9 Square Hotel Co., Ltd.
2008 - Present	Executive Director	Skyway Realty Co., Ltd.
2008 - Present	Executive Director	The Future Asset Co., Ltd.
2008 - Present	Executive Director	Breguet Thai Co., Ltd.
2008 - Present	Executive Director	Belle Park Residence Co., Ltd.
Oct 2008 - 17 Dec 2008	Executive Director	Grand Canal Co., Ltd.



G Land Tower Grand Rama 9

# Management Team

## 1. Mr. Yotin Boondicharern

Chairman and Chief Executive Officer  
(Please see the profile from the Board of Directors)

## 2. Mr. Jatesiri Boondicharern

Director and Managing Director  
(Please see the profile from the Board of Directors)

## 3. Ms. Romani Boondicharern

Directors, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group  
(Please see the profile from the Board of Directors)

## 4. Mr. Vira Tanakornpakdi

**Position** Deputy Managing (Acting) and Assistant Managing Director,  
Project Management Group

**Age** 69

**Education** Bachelor of Architecture (Honor) Chulalongkorn University

**Percentage of Company shares held** None

**The relationship between directors and executives** None

### Experience in the last 5 years

14 Jan 2010 - Present	Director, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group	Grand Canal Land Plc.
1 Jan 2010 - Present	Deputy Managing (Acting) and Assistant Managing Director, Project Management Group	Grand Canal Land Plc.
14 Jan 2010 - 31 Dec 2010	Assistant Managing Director, Project Management Group	Grand Canal Land Plc.
1 Nov 2009 - 17 Dec 2009	Assistant Managing Director,	Grand Canal Co., Ltd.



	Project Management Group	
14 Oct 2009 - 31 Oct 2009	Assistant Managing Director, Project Management Group	Charernkit Enterprise Co., Ltd.
1995 - 13 Oct 2009	Architecture Advisor	Charernkit Enterprise Co., Ltd.

## 5. Mr. Jatamongkol Boondicharern

Position	Senior Assistant Managing Director CEO Office	
Age	23	
Training Courses	Director Certification Program (DCP) (on the Training Course)	
Percentage of Company shares held	3.38	
The relationship between directors and executives	Mr. Yotin Boondicharern's Son, Mr. Jatesiri Boondicharern and Ms. Romani Boondicharern's Brother	
Experience in the last 5 years		
1 Aug 2013 - Present	Senior Assistant Managing Director CEO Office	Grand Canal Land Plc.
2010 - Present	General Manager	Breguet Thai Co., Ltd.
2010 - Present	General Manager	Skyway Realty Co., Ltd.
2012 - Present	Executive Director and General Manager	Charernkit Enterprise Co., Ltd.
2010 - Present	Executive Director and General Manager	Belle Park Residence Co., Ltd.

## 6. Mr. Surakit Thantananont

Position	Senior Assistant Managing Director Finance and Accounting Group	
Age	52	
Education	Master Degree in Accounting (Finance), Chulalongkorn University Bachelor Degree in Accounting (Accounting), Chulalongkorn University	
Training Courses	Director Accreditation Program (DAP) Director Certification Program (DCP) (on the Training Course)	
Percentage of Company shares held	None	
The relationship between directors and executives	None	
Experience in the last 5 years		
1 Aug 2013 - Present	Senior Assistant Managing Director Finance and Accounting Group	Grand Canal Land Plc.
16 Mar 2011 - 31 July 2013	Assistant Managing Director Finance and Accounting Group	Grand Canal Land Plc.
16 June 2005 - 15 March 2011	Director and Deputy Managing Director	B.P. Wire Rod Co.,Ltd.
1 Sep 2004 - 15 June 2005	Deputy Vice President, Corporate Banking 3	Thai Military Bank Plc.

2 Jul 1994 - 31 Aug 2004	Deputy Vice President, Project Financing Department 4	The Industrial Finance Corporation of Thailand
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## 7. Mr. Sakol Pao-in

<b>Position</b>	Senior Assistant Managing Director Legal Division	
<b>Age</b>	51	
<b>Education</b>	Bachelor of Law, Thammasat University	
	Certificate of Thai Barristered The Thai Bar	
<b>Training Courses</b>	Director Accreditation Program (DAP)	
	Director Certification Program (DCP)	
<b>Percentage of Company shares held</b>	None	
<b>The relationship between directors and executives</b>	Mr. Mongkol Pao-in's nephew	
<b>Experience in the last 5 years</b>		
1 Aug 2013 - Present	Senior Assistant Managing Director Legal Division	Grand Canal Land Plc.
2008 - 2011	Senior Vice President Corporate Service Division	Prinsiri Plc.
2004 - 2011	Director	Prinsiri Plc.
2003 - 2008	Assistant Managing Corporate Service Division	Prinsiri Plc.
1995 - 1998	Legal Vice President	Ekkapat Finance and Securities Plc.
1992 - 1995	Legal Manager	Ekthana Finance and Securities Plc.
1989 - 1991	Legal Assitant Manager	Ekthanakit Finance Plc.



Belle Grand Rama 9

# Vision and Mission

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## Policy and Overall of the Business Operation

### 1. Policy and Overall of the Business Operation

#### 1.1 Vision and Mission

The Company aims to become a leader in real estate development business in Thailand and create products with qualities to the satisfaction of our customers. The focus is the development of residential single detached house and condominium projects, as well as commercial projects such as quality office buildings and retail space projects. These projects will be leased to target customers, according to their level, requirements with the respective price ranges, in order to accommodate for the various requirements of the customers.

#### 1.2 Important Changes and Developments

Grand Canal Land Public Company Limited (“the Company” or “G-Land”), formerly known as Media of Medias Public Company Limited (“Medias”), was incorporated on 22 April 1985 with an initial capital of Baht 200,000. The Company was listed in the Stock Exchange of Thailand since 8 February 1996. At that time, the Company was carrying on television program production business and commercial spot sales in television programs.

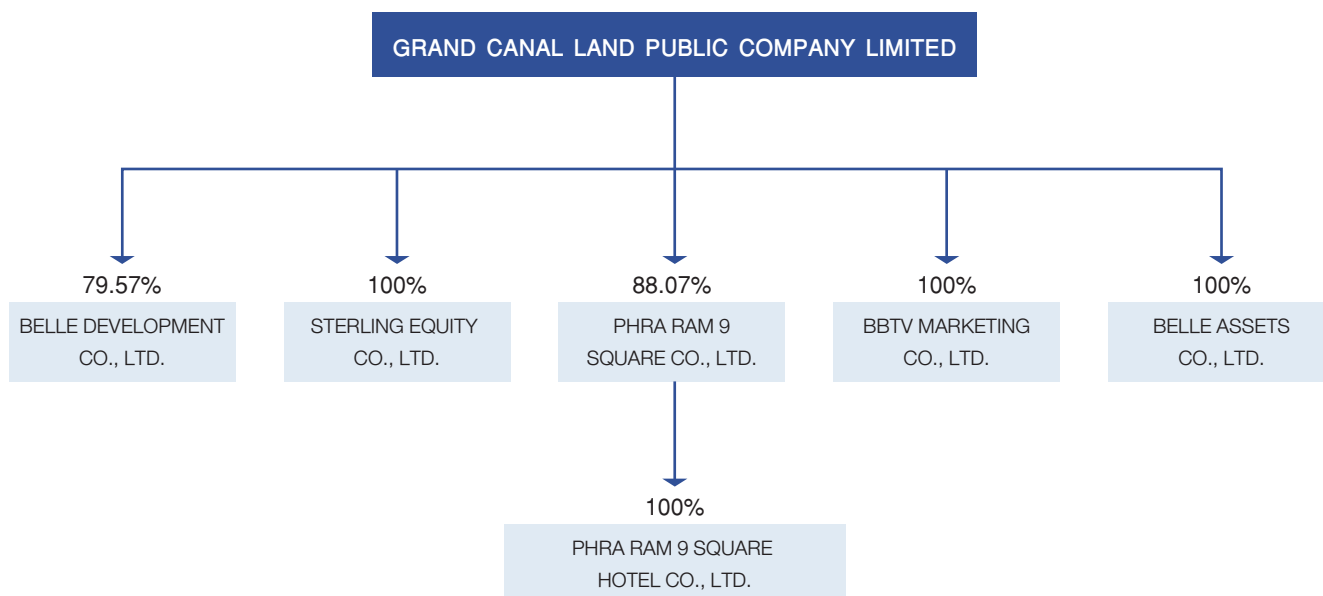
Later, on 17 December 2009, the Extraordinary General Shareholders’ Meeting No. 1/2009 approved the acquisition of assets in the real estate business through an entire business transfer (EBT) from Grand Canal Company Limited, a company in Charernkit Group, and the purchase of assets from Rattanak Group. The transaction was deemed as a backdoor listing which resulted in a major changes in the Company’s business, from the television business to the real estate development business. The Charernkit Group became the major shareholder as well as the executives of the Company. The Stock Exchange approved the listing of the Company’s ordinary shares and reclassified the business category from the media and publication business category, under service industry group, to the property development category under property and construction industry group on 21 January 2010.

On 1 January 2010, the Company transferred all of its employees and operations relating to the media business to Media Studio Company Limited which is its wholly owned subsidiary. Subsequently, on 26 March 2010, the Extraordinary General Shareholders’ Meeting No. 1/2010 approved the sale of all shares in Media Studio Company Limited held by the Company to Stronghold Assets Company Limited. For clarity and to express the intention of the major shareholders in making real estate development as the Company’s main business, the Company changed its company name to Grand Canal Land Public Company Limited on 6 May 2010 and used the stock symbol “GLAND” (G-Land).

On 28 April 2011, the Annual General Shareholders’ Meeting for 2011 approved the sale of shares in Khao Kheow Country Club Company Limited, which was engaged in the golf club business, in the amount of 30,000,000 shares held by the Company to BBTV Equity Company Limited. As a result, the Company’s business is now only real estate development.

### 1.3 Shareholding structure

The Company and its subsidiaries operate in The Real Estate as a main business as per details below:



The Company engages in the property development business, a total of 7 companies, categorized into the following:

1. **Grand Canal Land Public Co., Ltd.** provides commercial services for rental office and retail areas enrolls in the office building project The Shoppes @ The Ninth “The 9th Tower Grand Phra Ram 9”, development of condominium: “Belle Sky”, hotel and service apartment projects, and the management of sales, marketing, construction and general activities.
2. **Belle Development Co., Ltd.** develops properties for sale of Condominium projects enrolls in the development of residential condominium: “Belle Grand Rama 9” The shoppes @ Belle
3. **Sterling Equity Co., Ltd.** develop property project for rental the entire building for “U-Place Grand Rama 9”
4. **Phra Ram 9 Square Co., Ltd.** enrolls in the development of “G Land Tower Grand Rama 9”, office building for rent.
5. **BBTV Marketing Co., Ltd.** At present, there are no ongoing operations.
6. **Belle Assets Co., Ltd.** At present, there are no ongoing operations.
7. **Phra Ram 9 Square Hotel Co., Ltd.** At present, there are no ongoing operations.

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# Nature of Business

## 2. Nature of Business

The corporate group engages in the business of real estate development through affiliated companies. The details of the business operations of each company are as follows:

### **Grand Canal Land Public Company Limited (GLAND)**

Presently, the Company has registered and paid-up capital of Baht 5,318,435,182, divided into 5,318,435,182 ordinary shares, with a par value of Baht 1 each. The Company is currently developing the rental office building projects, namely The Ninth Tower Grand Rama 9 Project, and projects relating to the development of real estate for sale, namely Belle Sky Condominium Project. Moreover, the Company also provides the services relating to sales management, marketing, construction and residential project management.

### **Belle Development Co., Ltd. (“Belle”)**

Belle was incorporated in 1994. Currently, Belle has registered and paid-up capital of Baht 2,064,261,300, divided into 20,642,613 ordinary shares, with a par value of Baht 100 each. Belle operates projects relating to the development of real estate for sale, namely the Belle Grand Rama 9 Project, as well as retail spaces for lease, namely The Shoppes @ Belle.

### **Sterling Equity Co., Ltd. (“Sterling”)**

Sterling was incorporated on 22 April 1996. Currently, Sterling has registered and paid-up capital of Baht 280,000,000, divided into 280,000,000 ordinary shares, with a par value of Baht 100 each. Sterling is now developing an office building project, namely U Place Grand Rama 9.

### **Phraram 9 Square Co., Ltd. (“Phraram 9”)**

Phraram 9 was incorporated in 1995. Currently, Phraram 9 has registered and paid-up capital of Baht 1,100,000,000, divided into 11,000,000 ordinary shares, with a par value of Baht 100 each. Phraram 9 is now developing an office building project, namely GLAND Tower Grand Rama 9.

### **BBTV Marketing Co., Ltd. (“BBTVM”)**

BBTVM was incorporated in 1995. Currently, BBTVM has registered and paid-up capital of Baht 5,000,000, divided into 50,000 ordinary shares, with a par value of Baht 100 each. The Company acquired all of the shares in BBTVM in 2013. BBTVM’s main property is the land on Rama 9 road, located next to a project which the Company is now developing. The Company acquired BBTVM in order to utilize the land for developing an office building project in the future.

### **Belle Assets Co., Ltd. (“Belle Assets”)**

Belle Assets was incorporated in 2002. Currently, Belle Assets has registered and paid-up capital of Baht 11,000,000, divided into 1,100,000 ordinary shares, with a par value of Baht 10 each. Belle Assets owns an empty plot of land surrounding Grand Canal DonMueang which is awaiting development.

### **Phraram 9 Square Hotel Co., Ltd. (“Phraram 9 Hotel”)**

Phraram 9 Hotel was incorporated in 1995. Currently, Phraram 9 Hotel has registered and paid-up capital of Baht 16,000,000, divided into 1,000,000 ordinary shares, with a par value of Baht 16 each. The function of Phraram 9 Hotel is to develop hotel and service projects. Up to the present date, Phraram 9 Hotel has not commenced operations. Phraram 9 Hotel is now conducting feasibility studies on the Ratchada - Rama 9 intersection project.

The table of Company's income structure during the period 2011 - 2013 according to the consolidated financial statement

Business	Operated by	% Shareholding		2013		2012		2011	
		As at (31 Dec 2013)	Million baht	%	Million baht	%	Million baht	%	
Real estate for sale business	Belle Development Co., Ltd.	79.57%	3,287.59	95.23%	983.18	89.50%	-	-	
	Sterling Equity Co., Ltd.	100.00%	6.52	0.19%	-	-	-	-	
Real estate for rental	Grand Canal Land Plc.	-	13.85	0.40%	2.64	0.24%	28.26	28.47%	
	Belle Development Co., Ltd.	79.57%	1.91	0.06%	-	-	-	-	
	Sterling Equity Co., Ltd.	100.00%	1.23	0.04%	-	-	-	-	
Real estate for the project management and services	Grand Canal Land Plc.	-	74.05	2.14%	106.3	9.68%	38.84	39.13%	
Gain on sales of assets	Belle Development Co., Ltd.	79.57%	58.43	1.69%	-	-	-	-	
Other		-	8.85	0.25%	6.45	0.58%	32.16	32.40%	
<b>Total</b>			<b>3,452.43</b>	<b>100.00%</b>	<b>1,098.57</b>	<b>100.00%</b>	<b>99.26</b>	<b>100.00%</b>	

## 2.1 Products and Services


The Company operates various real estate development projects which can be considerably categorized into 2 types; Real Estate for Sale and Real Estate for Lease. Part of the Company's income come from providing services relating to project management. The Company's projects of can be classified as follows:

### 2.1.1 The Grand Rama 9 Project



Currently, the Company is developing the Grand Rama 9 Project which is an large scale real estate project with a size of 73 Rai, located at Rama 9 - Ratchada Road connected to all main roads and accessible to MRT, Rama 9 station. The Company plans to develop this project into a new Central Business District: New CBD. The Grand Rama 9 Project consists of office buildings, retail spaces, conference halls, hotels and condominiums as detailed below.

Project	Type
1. Bell Grand Rama 9	Condominiums
2. The Ninth Tower Grand Rama 9	Office Buildings
3. U Place Grand Rama 9	Office Buildings
4. G-Land Tower Grand Rama 9	Office Buildings
5. Conference Hall and Office Buildings (in the future)	Office Buildings (under research)
6. Hotels (in the future)	Hotels (under research)
7. Office Buildings (in the future)	Office Buildings (under research)

Moreover, the Company has also launched The Shoppes Grand Rama 9 Project.  with retail spaces, shops and food center which will be located in the underground floor, the 1<sup>st</sup> floor and the 2<sup>nd</sup> floor of every towers in The Grand Rama 9.

The Central Plaza Grand Rama 9 Shopping Centre located in front of the project on Ratchadapisek Road has been completely constructed and sold to Central Development Ninth Square Co., Ltd. at the end of 2011.



Photo of The Grand Rama 9 Project

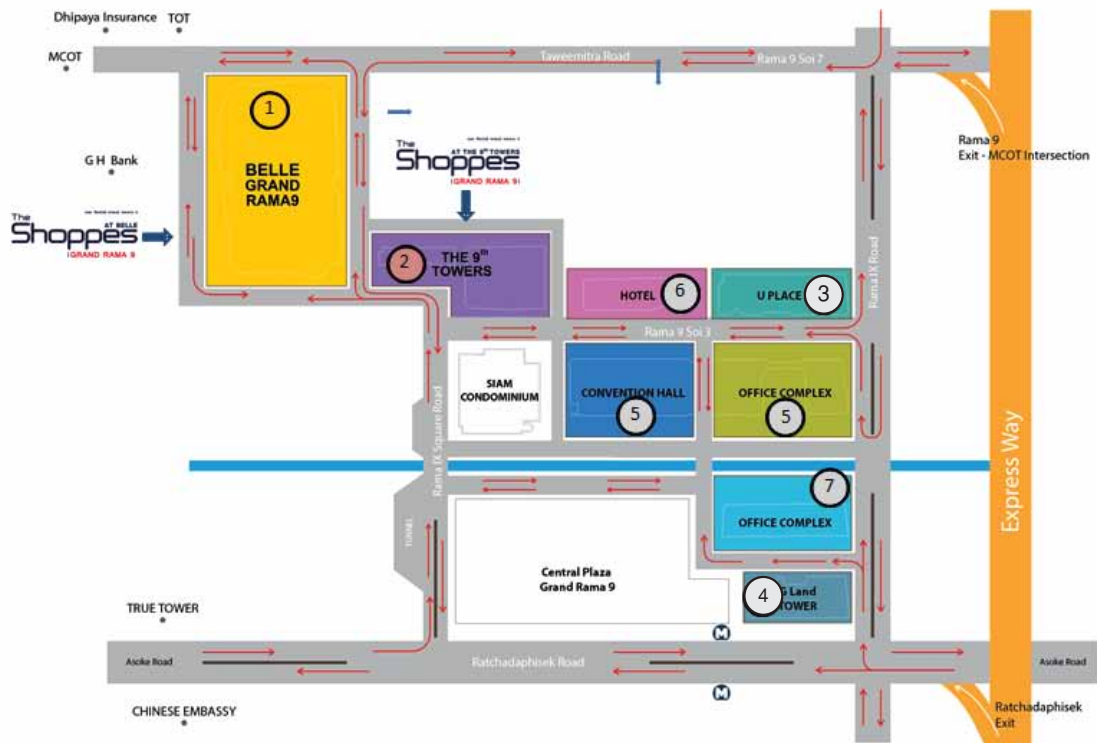


Photo showing the location of The Grand Rama 9 Project



## Details of the Projects in The Grand Rama 9 Projects

### Belle Grand Rama 9 Project

Belle Grand Rama 9 Project is developed by Belle Development Co., Ltd. in which the Company holds 79.57 %



*- Photo of The Belle Grand Rama 9 -*

The Belle Grand Rama 9 Project is a residential condominium for sale with areas for retail space leasing (The Shoppes Grand Rama 9 @ Belle). There are 8 residential buildings comprising of a total of 1,991 units with 2 buildings having 27 stories, 2 buildings having 34 stories, 2 buildings having 36 stories, and 2 buildings having 43 stories, all with basement levels and a total permitted construction area of 356,546 square meters. All buildings are built on 6 storey podiums in which 2 of the stories are to be developed as commercial rental spaces and 4 stories as car parking spaces.

The key selling point of this project is that it is a resort - style condominium with a large recreational area, in addition to a hanging garden, located at the heart of Bangkok near the Ratchada - Rama 9 junction, close to the expressway, the MRT and the Airport link. This project is expected to be one of the condominium projects with the highest potential residential demand in Bangkok, due to its perfect location, adjacent to the new CBD, comprising of residential buildings, office buildings, a shopping complex and Central Plaza Grand Rama 9. The project targets middle to high income earners.

The average selling price is approximately Baht 80,000 per square meter. The unit size ranges from 43 to 320 square meters. Currently, there are 7 buildings, 1,675 units in total, sales have commenced and total sales as at the end of 2013 were 1,347 units estimated to 80 percent of the total opened units.

For retail spaces, the Company has planned to develop it under the concept of Urban Oasis as they have the total space of 11,945 square meters. The total reservation for retail spaces, as of December 2013, is up to 9,836 square meters or 82 percent of the total retail spaces. In addition, the retail spaces has been opened since 9 October 2013.

## The Ninth Tower Grand Rama 9 Project



*- Photo of The Ninth Tower Grand Rama 9 Project -*

The Ninth Tower Grand Rama 9 Project is an office building project with retail space for lease ranging from grade B+ to A-. The office space is comprised of 2 towers sharing the same base structure: Tower A having a height of 36 stories and Tower B having a height of 34 stories with one basement. The parking areas are located between 3rd to 10th floors with a capacity of up to 1,093 cars. The project is located in the Ratchada - Rama 9 junction area, behind Central Plaza Grand Rama 9.

The Ninth Tower Grand Rama 9 Project covers an area of 130,000 square meters, which includes rental office space: 60,465 square meters, retail space: 5,920 square meters, conference halls: 3,068 square meters, public areas: 24,431 square meters and parking space: 33,228 square meters. The total investment is approximately Baht 3,600 Million. The project is expected to be entirely completed by the end of first quarter of 2014.

The key selling point of the project is its location, which is near the Ratchada - Rama 9 junction, the expressway, the MRT station and the Airport Link as well as the reasonable and mid-range rent offered to target tenants.

As of the end of 2013, the reservations for office areas were up to 49 percent. With this great feedback, the Company plans to reach 95 percent by the end of first quarter of 2014. For the retail spaces, the reservations had been made up to 78 percent by the end of 2013. The Company expects to reach over 95 percent by the second quarter of 2014.

## U Place Grand Rama 9 Project



*- Photo of U Place Grand Rama 9 Project -*

U Place Grand Rama 9 Project is developed by Sterling Equity Co., Ltd. (the Company holds 100 % in Sterling). The project is an A grade office building and retail space, consisting of 12 stories with a basement level located in the Ratchada - Rama 9 junction area, with a total construction area of 46,290 square meters divided into office space and retail space of approximately 22,000 square meters.

The total project investment is approximately Baht 1,600 Million. Construction is expected to be complete by the end of 2014.

Targeted customers are grade A office tenants. Currently, the Unilever Group has executed an office lease agreement with a term of 20 years. The rent according to the lease agreement is Baht 640 per square meter, with a provision for adjustments to the rent at every 3-year renewal at a rate of 12.5 percent.

## G-Land Tower Grand Rama 9 Office Building Project



*- Photo of G-Land Tower Grand Rama 9 Office Building Project -*

This project is an A+ grade office building and retail spaces developed by Phraram 9 Square Co., Ltd. (the Company holds 88.07 % in Phraram 9) located on a plot of land under the long term lease agreement of 33 years with an option to renew the lease for another 10 years, and having a total rental office space and retail space of 70,000 square meters. The building is designed in a “G” shape and comprises of 2 buildings with 26 stories and 16 stories respectively based on 14-floor podiums and is located on Ratchada - Rama 9 junction area, next to the MRT station (Rama 9 station) and the Central Plaza Grand Rama 9 Shopping Complex. Targeted customers are Grade A office tenants.

The total project investment is approximately Baht 3,800 million. It is expected to be operated by the end of 2015.

### **Central Plaza Grand Rama 9 Shopping Complex**

Central Plaza Grand Rama 9 Shopping Complex (Phraram 9 holds 3.27 percent of the total shares, and the major shareholder is CPN Group). It was completely constructed and transferred to Central Pattana Nine Square Co., Ltd. at the end of 2011. This project acts as a good magnet which helps to support and attract tenants to the Grand Rama 9 Project, in particular for the office space and other spaces, which will be developed into a center for trading and business with increasing attractiveness.

#### **2.1.2 Belle Sky Condominium Project**

Belle Sky Condominium Project is a residential condominium project covering 94,951 square meters with residential area of 1,856 units located on Kampangetch 6 Road (a Local Road to Vibhavadi Rangsit Road) parallel to the railway, and close to Miracle Grand Convention Hotel. The key selling point of this project is its prime location and the convenient transportation, as the location is adjacent to Vibhavadi Rangsit Road, Don Muang Toll Way and the Government Complex at Chaengwattana and also next to the future Red-Line skytrain.

Currently, this project is being reviewed with respect to the project type. This is because the project type must correspond with Bangkok’s new zoning policies. The project is now under construction.

#### **2.1.3 Real Estate Management Services**

### **Grand Canal Don Muang Project 1 and 2**



*- Photo of Grand Canal Don Muang Project -*



- Photo of Train Station, Grand Canal Don Muang -

The Grand Canal Don Muang Project 1 and 2 are single-detached housing projects located in the Don Muang area, opposite railway station (Grand Canal Station), the second level expressway and the Don Muang Toll Way. Project 1 consists of 194 plots and Project 2 consists of 199 plots. The single-detached housing in the projects project have a land area ranging from 73 - 250 square wah, with a usage area ranging from 197 - 408 square meters, and a selling price ranging from Baht 6.5 - 25 million.

The key selling point of these projects is that they are high quality single-detached housing projects with excellent environments and common facilities. Further, the design concept of the projects depicts the romantic atmosphere of Venice, Italy, and the projects offer competitive prices compared to other housing projects of similar quality. The target customers are middle to high income earners.

At present, the Company receives income from the project management fee as it has the rights to manage, market and sell both projects.

## 2.2 Marketing and Competition Circumstances

### (1) Types of Customers and Target Group Customers

Target customers for residential projects are general customers with an emphasis on individuals earning middle to high income.

Target customers for office buildings will be customers who require A grade or premium grade office space for G-Land Tower Grand Rama 9 Project. The Ninth Tower Grand Rama 9 will target B+ to A grade customers.

Target customers for retail space will cover all target groups: a long term rental tenants, short term rental tenants and minor tenants depending on the particular retail space.

### (2) Pricing Policy

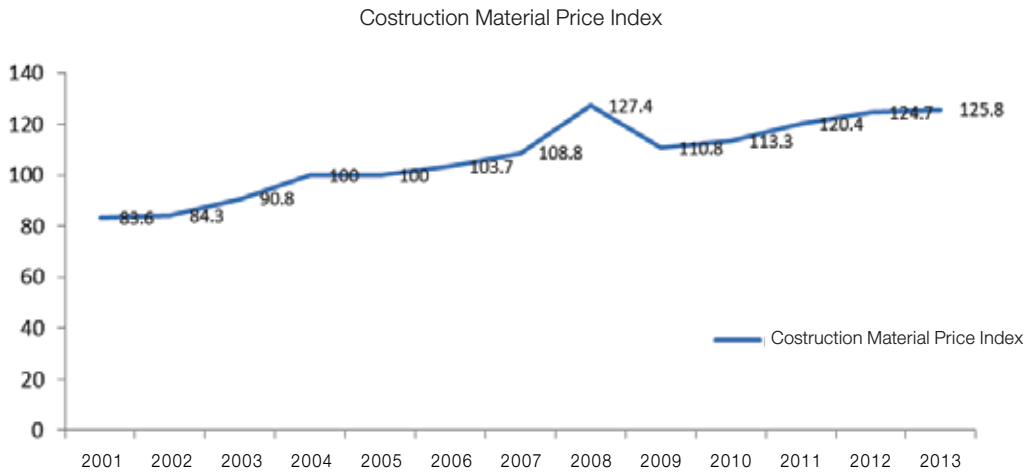
Prescription of the selling price of the real estate will take into account the market price, industry competitors in the same and nearby neighborhood and will also consider cost of the project investment. The main factors in determining an increase in price will be the market price and management costs.

### (3) Industrial and Competitive Conditions

Thailand's economic expansion in 2013 was approximately 2.9 percent due to domestic consumption which expanded 0.2 percent. However, the investment and export sector reduced to 1.9 and 0.2 percent respectively. The estimated general inflation rate was 2.2 percent and the balance of current account ran deficit to 0.6 percent of Gross Domestic Product.

The Office of the National Economic and Social Development Board forecasted that Thai economy will expand only 3.0 – 4.0 percent in 2014. The key economic driving factor dependent on tourism, through confidence of foreign tourists to the domestic political crisis in Thailand and the delays in implementing public infrastructure development plans by the government and making expenditure plans in 2015 fiscal year. These factors could result in the decrease of domestic demand. The export rate is expected to expand to 5.0 – 7.0 percent while domestic consumption and investment will increase to 1.4 and 1.3 percent respectively. For the general inflation rate, it is estimated to range between 1.9 – 2.9 percent and the balance of current account will run deficit to 0.2 percent of Gross Domestic Product.

Graph 1 Price index of construction materials during 2001 - 2013



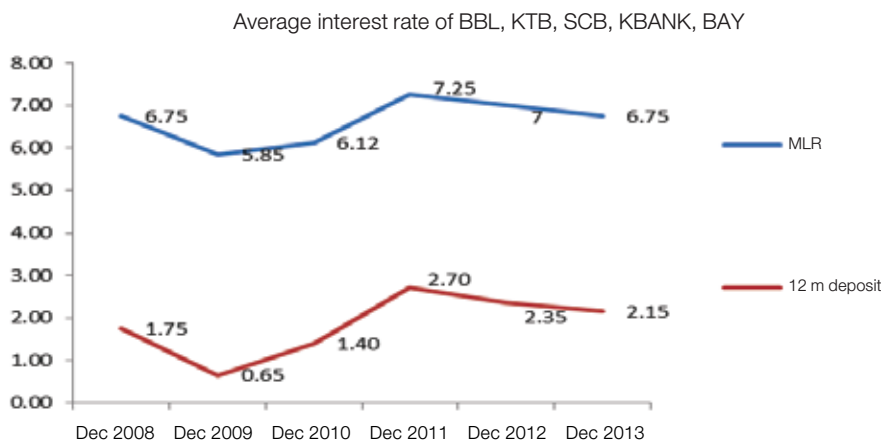
Source: Bureau of Trade and Economic Indices, Ministry of Commerce

The price index of construction materials in 2013 was slightly roared by 0.88 percent, in comparison with the index in 2012, due to a decrease in the price of iron in global market place.

Although there was an increase in demand of materials for constructing infrastructure of public utilities and facilities together with building of private residences along the sky train and subway lines and also several big cities, the effects of flood in several provinces in the third quarter resulted in the decrease in demand for construction materials. Further, the political crisis in the fourth quarter resulted in the interruption of public and private construction.

In 2014, the price of construction materials is expected to be increase at the same rate as 2013 due to the on-going political crisis reflected in the suspension of construction for infrastructure of public utilities and facilities and building of private residences. However, the depreciation of Baht will lead to a higher cost of raw materials for the manufacture of certain construction materials, as well as the rise of petrol gas. All factors will result in an increase in construction material costs as was the case in 2013.

Graph 2 Average interest rate for loans and deposits during 2008 – 2013



Source: Bank of Thailand

In 2013, the interest rate of loans and deposits reduced from the rate in 2012 following the reduction of interest rate policy by the Bank of Thailand with its aim to mainly stimulate domestic economy. After the third quarter, Thai economy had expanded lower than expected due to the political crisis which is a key factor for the growth of Thai economy.

### (3.1) Business Overview of Residential Property Sector

In 2013, the residential property sector expanded from the previous year with a total of 417 projects launched in 2013, totaling 131,645 units, an increase of 15 percent and 29 percent from the previous year, respectively. The total value of the projects launched in 2013 was Baht 385,447 million.

In 2013, the selling price of accommodation per unit was Baht 2.927 million. This is a slight decrease when compared to the average selling price of the previous year of Baht 2.937 Million. This is because most projects launched were medium size projects with reasonably cheap prices and with locations near the BTS expansions such as Bangyai – Bangsue and Bearing – Samutprakarn.

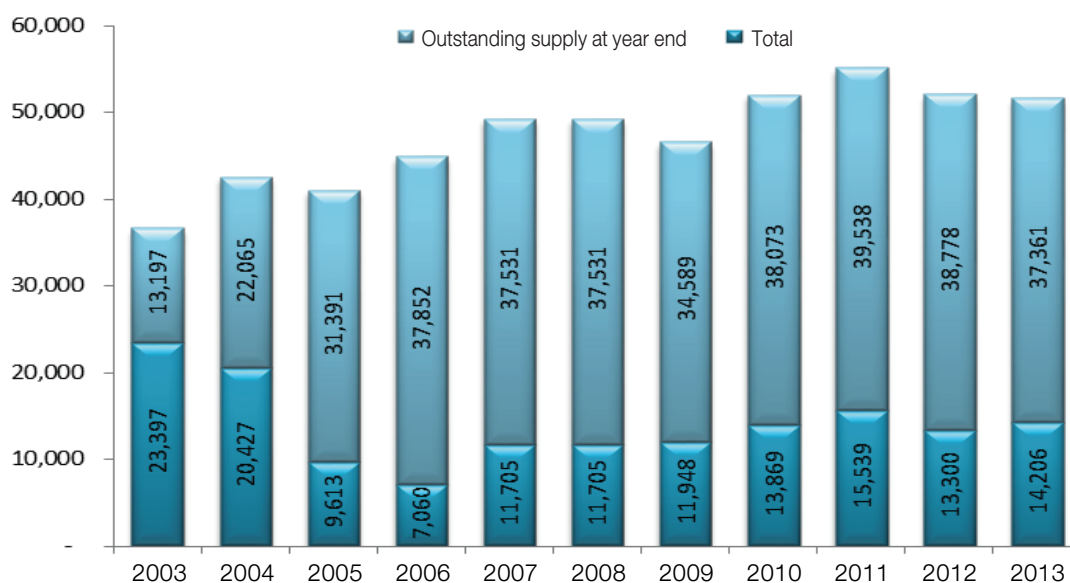
Real estate development of the residential sector can be divided into two categories: horizontal projects (single detached houses, semi-detached houses, and town houses) and vertical projects (condominiums).

#### Horizontal Projects (Single detached houses and town houses)

The sale of single detached houses in 2013 represented 14,206 units, and this slightly increased from 2012 in which the sale represented 13,300 units. This slight increase is calculated at 6.81 percent. As for town houses, the total sales stabilized at 22,025 units, a small decrease from the previous year where 23,593 units were sold. Overall sales of horizontal projects still kept the same level when it was in 2012.

There was a contradiction in the accumulative supply of single detached houses and town houses in 2013. There were new single detached houses totaling 37,361 units representing a decrease of 3.7 percent due to the small number of new single detached houses projects launched in 2013 while town houses rose up to 15.6 percent due to several new launching projects of townhouses. This could imply that there will be new projects in the smaller and cheaper single detached houses.

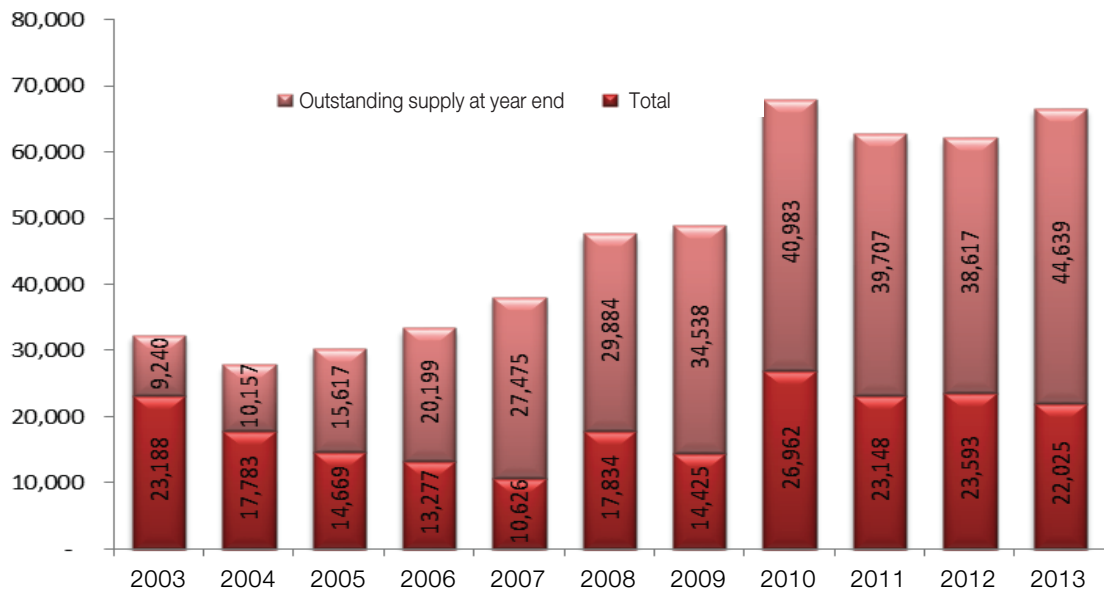
Graph 3 Number of units sold and sales of single detached houses



Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sold	23,397	20,427	9,613	7,060	11,705	11,705	11,948	13,869	15,539	13,300	14,206
Exist	13,197	22,065	31,391	37,852	37,531	37,531	34,589	38,073	39,538	38,778	37,361
Total	36,594	42,492	41,004	44,912	49,236	49,238	46,537	51,942	54,897	52,078	51,567

Source: Agency for the Real Estate Affairs Co., Ltd.

Graph 4 Number of units sold and sales of town houses



Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sold	23,188	17,783	14,669	13,277	10,626	17,834	14,425	26,962	23,148	23,593	22,025
Exist	9,240	10,157	15,617	20,199	27,475	29,884	34,538	40,983	39,707	38,617	44,639
Total	32,428	27,940	30,286	33,476	38,101	47,718	48,963	67,945	62,855	62,210	66,664

Source: Agency for the Real Estate Affairs Co., Ltd

#### Vertical Projects (Condominiums)

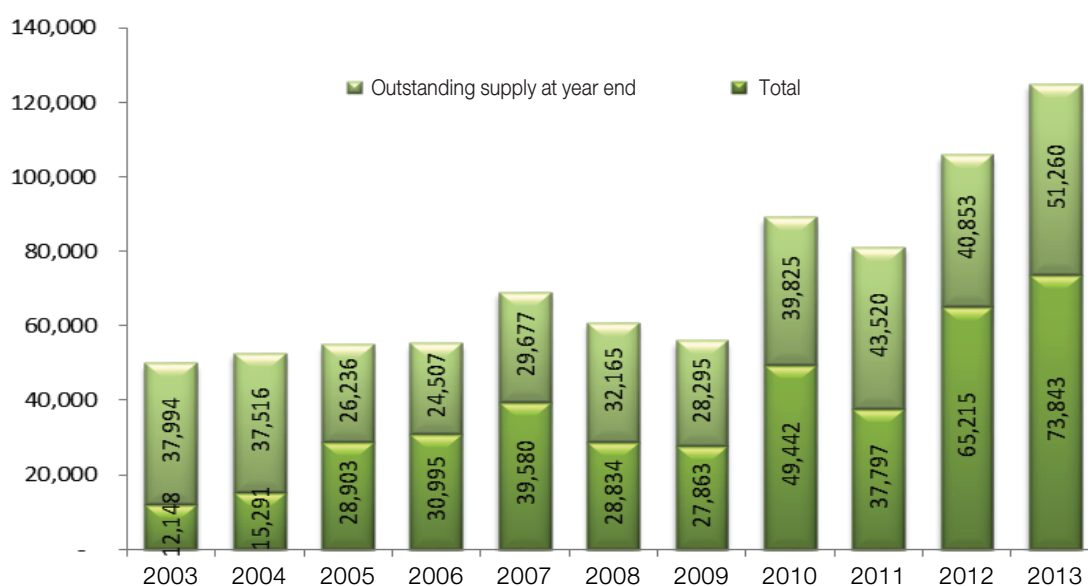
Condominium projects in 2013 slightly decreased but maintained their popularity, as demonstrated by the sale of 73,843 units in 2013, an increase of 13.2 percent when compared to the sales in 2012 which totaled 65,215 units. The sale in 2012 slightly increased from that in 2011.

The remaining accumulative supply of condominiums in 2013 increased to 51,260 units from 2012, representing an increase of 25.5 percent because there were many new projects launched in 2013. There were approximately 80,000 units.

The condominium projects which earned popularity were those in middle-price range located near skytrain or subway lines.



Graph 5 Number of units sold and the accumulated remaining units of the residential sector for condominiums



Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sold	12,148	15,291	28,903	30,995	39,580	28,834	27,863	49,442	37,797	65,215	73,843
Exist	37,994	37,516	26,236	24,507	29,677	32,165	28,295	39,825	43,520	40,853	51,260
Total	50,142	52,807	55,139	55,502	69,257	60,999	56,518	89,267	81,317	106,068	125,103

Source: Agency for the Real Estate Affairs Co., Ltd.

In 2014, it is estimated that the real estate industry in the sector of condominium will experience less growth than in 2013 since there were the number of new projects in 2013. Most of the new projects have not commenced construction. Major developers tend to expand their investment into provincial parts to support the implementation of the AEC in 2015. There is a possibility that more projects will be launched in other provinces which located near the borders between Thailand and neighboring countries such as Ubon Ratchathani, Chiangmai, Nakon Ratcha Sima and Chiangrai while the purchasing demand is forecasted to decline due to the political crisis, which had a direct impact to the purchasing capacity of consumers.

The residential price in 2014 is expected to increase due to an increase in the costs of lands, especially lands along the border, construction materials and labour wage. The developers will encounter the lack of sufficient labors which might cause difficulty for large-scale development projects such as skyscraper projects.

### (3.2) Business Overview of Commercial Real Estate Industry

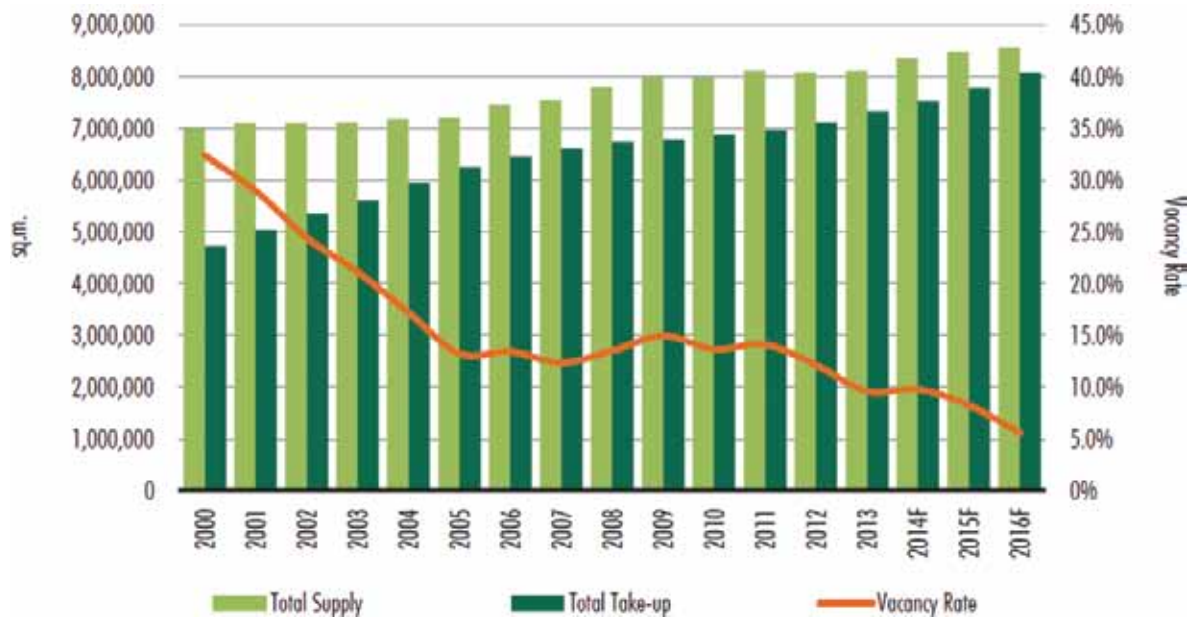
The commercial real estate can be categorized into 2 main types, namely office buildings and retail spaces.

#### Office Buildings

The business of renting office buildings increased in demand while its supply was still limited.

As can be seen, the supply of office building spaces in Bangkok at the end of 2013 totaled 8,113,818 square meters, a slight increase of 0.21 percent from 2012 where the total supply of office building spaces was 8,093,818 square meters. This increase was due to the office buildings of Siam Cement Public Company Limited in Bang Sue area has been completely constructed while the rental rate increased from 87.9 percent in 2012 to 90.4 percent in 2013.

Graph 6 Rate of supply and demand and availability of office space in Bangkok and surrounding provinces

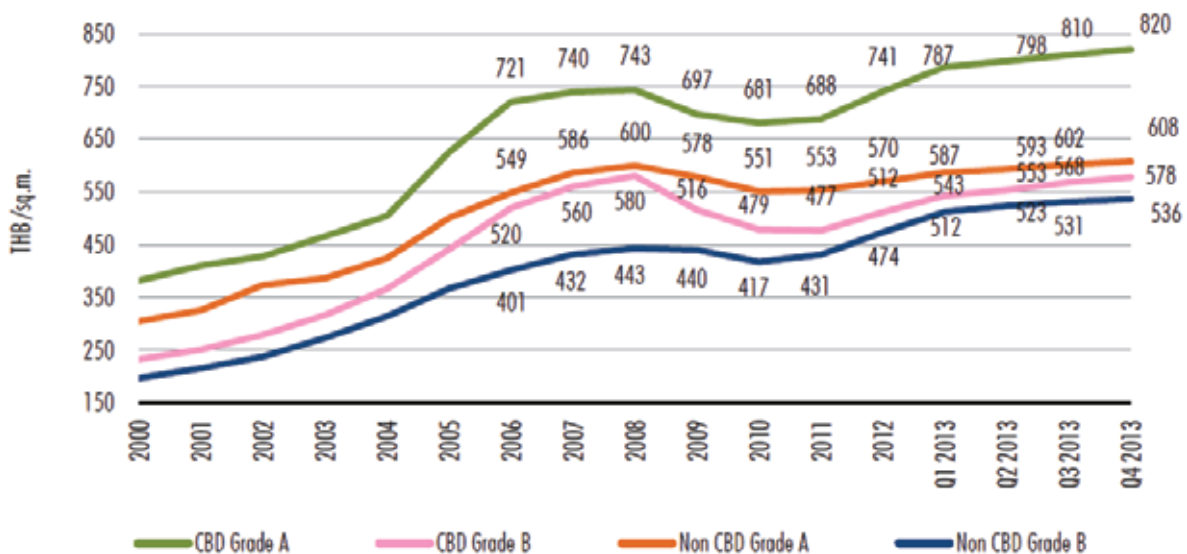


Source: CB Richard Ellis (Thailand) Co., Ltd.

The rental rate of office buildings at the end of 2013 was 90.4 percent. This was the first time since 2000 that the rate exceeded 90 percent and the trend seems to keep increasing, especially for Grade A Office Building Projects, due to the mobility of many tenants to Sathorn Square Building.

While the rental rate of office spaces in CBD and non-CBD increased to 89.6 percent and 91.2 percent respectively. However, CBRE expected that a tendency for rental rate will increase continuously despite the political situations. CB Richard Ellis (Thailand) Co., Ltd. ("CBRE") forecasted that, notwithstanding the political crisis, the demand on office spaces will steadily increase. CBRE also forecasted that new office spaces will be completely constructed in the amount of 450,700 square meters during 2014 – 2016. These office spaces can be divided into be Grade A office spaces at the rate of 57.1 percent and only 29.7 percent will be located in CBD area (the area around Silom, Sathorn, Rama 4 road, PloenChit, Witthayu-Asoke road and the beginning of Sukumhvit road)

Graph 7 Rental rate of office space in Bangkok and its surrounding provinces



Source Source: CB Richard Ellis (Thailand) Co., Ltd.

The rental rate of office spaces in the area of CBD and non-CBD tends to increase continuously. The average rental rate of Grade A office spaces in CBD and non-CBD was Baht 714 per square meter per month while the rate of Grade B office spaces in CBD and non-CBD was Baht 557 per square meter per month. In this respect, CBRE expects that the rental rate of office spaces will steadily increase but in the lower rate. The Grade B office spaces in CBD located nearby public transportation will have a higher rental rate than those Grade A office spaces in CBD located far from public transportation.

**Retail Space**

At the end of 2013, there are retail spaces in Bangkok in the amount of 6,320,456 square meters, an increase of 18 percent from the previous year. Many major developers are now planning for a big project including shopping centers and community malls around suburb areas like Bang Yai, Salaya, Pathumthani and Rangsit. There were many economic indicators showed the decrease of purchasing capacity in consumers due to higher debt from the First Car Project and the political situation.

CBRE forecasted that the retail spaces will be steadily expand, and is expected to increase in the amount of 1,626,842 square meters which would increase retail space area in Bangkok to a total of 7,947,298 square meters. There are also community mall projects covering the area of 314,411 square meters which are expected to be completed by the end of 2014. These projects are mostly located in the city center or suburb areas.

The usage rate of retail spaces at the end of 2013 was 95.93 percent which was a slight reduction from the previous year. The rental rate in suburb was relatively high due to the renovating period of those retail spaces in the city and the new opening project in suburb launched in 2013. In this connection, the highest rental rate was department stores which took 99 percent out of total spaces while the community mall and shopping mall were 95 percent and 93 percent respectively.

**Graph 8 Rental rate of retail space in Bangkok and its surrounding provinces**



Source: CB Richard Ellis (Thailand) Co., Ltd.

**Table 1 The rental rate of retail spaces (Year 2013)**

Area	Ground floor (Baht/Sq.meters/Mth)	Upper floors (Baht/Sq.meters/Mth)
Inner Bangkok (Silom, Sathorn, Ratchadamri, the beginning of Sukhumvit)		
Commercial Building	1,200 - 2,500	700 - 1,000
Shopping Mall	1,800 - 4,000	1,520 - 2,600
Large Super Center	1,000 - 1,500	800 - 1,200
Outer Bangkok (Ladprao, the end of Sukhumvit, Ramkhamhaeng, Bangkapi, Jatujak)		
	1,500 - 2,800	1,040 - 2,100
Suburban Area (Laksi, Don Muang, Rangsit, Ramintra, Sukhapiban, Bangna Trad)		
	1,200 - 3,300	800 - 1,100

*Source: CB Richard Ellis (Thailand) Co., Ltd.*

The rental rate has a tendency to increase, especially for shopping malls in inner Bangkok. The rental rate for retail space in suburb areas was still the lowest rate compared to other areas. At present, the rental rate for the ground floor is still the highest rate.

The rental rates of retail spaces in the city center and suburban areas remained consistent while the rental rate of retail spaces in outer Bangkok increases with the maximum rate of Baht 4,000 per square meter per month.

#### **(4) Impact on Environment**

##### **Single Detached House Projects**

The Company's development projects will be divided into phases. Each phase will develop an area of approximately 100 Rai, with less than 500 houses. Thus, this will not be subject to environmental laws. However, the Company has a system of managing the utilities for the projects in order to avoid detrimental environmental effects, in particular, a system for wastewater treatment and management to ensure that there is adequate green spaces.

##### **Condominium Projects**

The Company is required to conduct an environmental impact assessment and provide a report on the environmental impacts to the relevant government department in order to support applications for construction licenses. The Company's condominium projects have already received approval.

#### **2.3 Provision of Products or Services**

##### **(1) Selection of Land for Development**

The Company acquires land for development from direct sales as well as indirectly through real estate brokers. In the selection of land, the Company will consider the location and the potential for development and will compare the price with the appraisal value and market value before every purchase, in order to ensure that a reasonable price is obtained. Apart from this, prior to each acquisition, the Company will conduct a feasibility study of the laws and limitations regarding construction, including the requirements of customers in the area as well as business competitors to ensure that the land development will be in accordance with the plans and that the targeted returns on investment are achieved.

##### **(2) Selection of Contractors**

The Company does not have an internal construction division. Therefore, the Company outsources contractors for project construction. The contractors can be divided into two main groups as follows:

**(2.1) Contractors for single detached house projects** The Company will select contractors from appropriate

medium and large size contractors who have qualifications according to the standards set by the Company. Contractors to be hired by the Company must have a history of completing good quality work, completing projects on schedule and at a price consistent with the set budget. As the Company places great importance on the management of construction costs, the Company has recruited internal engineers to closely monitor the quality of the work performed by contractors.

**(2.2) Contractors for Office Buildings and Condominiums** The Company will hire main contractors through an open bid for the structural work, architectural work and M&E system of the building or turn-key projects, as deemed appropriate for each project. The selected contractor will generally be a large scale contractor who can ensure that the construction will be in accordance with the set standards and completed within the timeframe. This is because a large contractor has the technology and capability to construct large buildings, as well as potential and sufficient funding in order to construct large buildings when compared with medium and small size contractors. Apart from this, the Company will also hire other companies to monitor the construction and manage the projects to ensure that the construction of the buildings will be in accordance with the set standards, set budget and completed in a timely and efficient manner.

### **(3) Procurement of Construction Materials**

The Company's policy is to procure some of the main construction materials by itself with the reasons stipulated below:

- To minimize risk of fluctuation in the price of construction materials, which may have a tendency to increase e.g. cement, steel rods, and aluminum alloy.
- The Company often receives better offers or conditions from having a long-term relationship with distributors of the construction materials. This facilitates the control of the construction material costs. Apart from this, the Company needs flexibility in specifying design, and types of materials that are to be used in decorating customers' projects. Thus, the Company procures some types of materials directly such as tiles, wood floor, sanitary ware, air conditioning, furniture and paint, etc. The Company offers a choice for customers to choose such materials after reserving houses or condominiums project.

### **(4) Distribution Channels for Sales and Services**

#### **(4.1) Sale of Real Estate**

The sale of the Company's real estate is completed by direct sales through the Company's sales office. Real estate brokers may be recruited when necessary or when special expertise is required. The details are as follows:

**4.1.1 Single Detached Houses** Sales are conducted through a direct sale through the Company's sales office. The product can be divided into 3 categories as follows:

- Housing estate in the project
- Housing estate with fixtures, in the form of constructed houses, ready to be transferred to customers
- Housing estate with a construction contract – Customers will purchase a house from standard housing models of the project after purchasing housing estate in the project. Customers can choose housing models where it is deemed fit for the purchased housing estate.

**4.1.2 Condominiums** Sales are conducted through a direct sale through the Company's sales office and the sales agents represented by real estate brokers. The project will be available for sale in the initial phase of the construction and during the construction period. Customers will pay a down payment, and when the condominiums are completely constructed and opened for use, ownership will be transferred to customers. Customers can decide on the design of the units from the mocked up rooms and floor plans shown by the project.

#### **(4.2) Lease of Building Space**

**4.2.1 Office Building Spaces** The Company will hire brokers having expertise in selling office building spaces.

**4.2.2 Retail Spaces** The Company will organize a special working unit to sell retail space of each project by selling directly to customers.

### **2.4 Inactive Projects**

- none -

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# Risk Factors

## 3. Risk Factors

### 3.1 Real Estate Development Business Risks

#### *3.1.1 Risk of inadequate source of finance for project development*

Real estate development is considered as a high-investment business as funds are required for the purchasing of lands, developing and construction of projects. Therefore, it is indispensable for the Company to depend on loans from financial institutions as the main source of finance for its operations. Inability to procuring adequate funds may inevitably effect to operational plans and business performance.

However, throughout the Company's operational record, the Company has always been financially supported by multiple leading financial institutions, which have been the Company's business allies for an extensive period of time. For previous projects, the Company had secured finance from financial institutions before commencing the project. Furthermore, holding the status as a listed company on the Stock Exchange of Thailand alongside a reputable management committee, all of whom have vast experience in the real estate development industry, the Company has immensely earned such reputable image with investors' confidence. Consequently, investors can be confident that the Company will be able to procure adequate financing for the development of its projects.

#### *3.1.2 Risk regarding interest rate fluctuation and the policies of commercial banks' on credit facilities*

The increase of domestic interest rate has a direct effect to Company's capital cost since its source of finance partly comes from financial institutions. However, considering all relevant factors and project plans, the Company has a policy to raise funds via Project Finance, in order to efficiently control the cost of interest which might be occurred. Moreover, as all Company's projects have been set upon the high-qualified benchmark with distinguished designs and excellent locations, as well as the Company's performance record and good reputation of its executive team, the Company has received attractive interest rate offers from financial institutions.

Another point to be considered is that a higher interest rate may affect the ability to purchase, and to repay loans for minor customers. However, according to a comparative study regarding the effects of increased interest rates with liabilities for installment repayments of the Company's customers, there may not be any severe effects resulting in the Company's customers having reduced purchasing power. This is because the Company's target customers are in the middle and upper income brackets who have only a delicate impact from such issue.

The rules regarding Loan to Value Ratio (LTV) for a detached-house, single house, semi - detached house, and a townhouse had become effective in 2013. The rules state that a loan cannot exceed 95 percent of the property value or the borrower must pay a deposit of 5 percent of the property value. However, the implementation of this rule had not delivered any significant impact on the Company's income since, as mentioned earlier, most of the Company's target customers are in the middle and upper income brackets. Moreover, there has been a relaxation on many restrictions and regulations in order to alleviate financial problems for businesses and the population. This, in addition to the government's policy to stimulate the real estate sector by lowering interest rates or providing interest free loans, are factors which increase the competition between commercial banks with respect to interest rates. Therefore, the Company will continue to closely monitor the economic situation and the commercial banks' lending policies which will affect the Company's business performance. This is so that the Company can adapt its strategies to conform to the changing business environment in time.

#### *3.1.3 Risk from a shortage of contractors and quality labor pool*

The quality of products leading to customer's satisfaction is utmost purpose of the Company's policy. The Company therefore places great importance on the supervision of the infrastructure of its projects in order to maintain high-standard construction quality. Higher qualified and expertise contractors, labor, architects, consultant engineers, engineers, as well as foremen are recruited and higher-quality buildings will be constructed with a competitive price and on schedule. Thus, the Company may have a risk in not being able to procure such contractors and labors during certain periods, in particular, periods of continuous economic growth, where there is a high demand for high-qualified contractors and labor. This may result in the Company not being able to proceed with the projects in accordance with its standards of quality, within the schedule and in accordance with the budgeted costs, which may in turn affect the performance of the Company.

However, to manage this risk, the Company has a policy to continuously build and maintain good relationships with contractors, by selecting only those highly qualified contractors who have worked with the Company over a long period of time. This means that the Company has a certain level of confidence that the construction will be completed and met with the Company's standards and projects can be delivered according to the proposed timeframe. Furthermore, it is the Company's policy for contractors to invoice the Company in installments, and only when each slot of works has been completed. This method allows the Company to maintain control over such payments to contractors to ensure that the payments do not exceed the amount of work actually completed. This, in turn, reduces the Company's risk where the contractor abandons the project as well as allows the inspection to the quality of work and whether the contractors will be able to complete the project within the timeline. Where the Company determines that project may not be delivered within proposed time, the Company can provide personnel in order to support and carry on the project to be completed on time. This will be done by hiring special labor to assist the construction. Further, to supervise the construction and to be continuously assured of the contractor's quality of work, the Company will assign project managers, project engineers, and foremen to verify the contractor's work on a regular basis.

#### ***3.1.4 Risk of fluctuation of Construction Material Price***

In the real estate development business, construction materials are the principal and most significant cost in the development of a project. During the previous year, there was an increase in price for some construction materials. Due to the growth of the real estate development business for residential projects located near the BTS expansion areas, various government projects and recovery of the domestic economy, there was an increase in demand for construction materials. This will affect real estate developers for the prepared budget and price forecasts, as there may be errors which impacts the Company's future performance.

Despite this, the Company has a policy to pass on the risk to the contractor by specifying the amount of construction materials in the construction contract. For construction materials which the Company procures itself, such as steel rods and concrete, the Company's policy is to order large quantities for use in the project, resulting in cost savings in relation to the construction materials as well as increased bargaining power over the seller. This assists the Company in forecasting its costs and profits with a certain amount of accuracy and allows the Company to set its prices in accordance with its costs.

In addition, to lower the risk from the increase in construction costs, the Company utilizes Value Engineering in the design and construction stage of the project. This technique allows the Company to reduce construction costs and at the same time maintain construction quality and standards. In relation to risk of fluctuation in the cost of construction materials, in entering into contracts with contractors, the Company will clearly set out the value of the work by specifying the details of the material i.e. the type, quantity and features of the work, allowing the Company to reduce the risk from a fluctuation in the cost of construction materials.

#### ***3.1.5 Risk of Land Procurement for Future Development Projects***

The Company has a policy not to hold vacant land which is not ready to be developed but estimates to purchase lands pursuant to amount of the Company's projects. The Company will consider each plot individually based on the target customer, if this is the case the Company will develop the project. Therefore, the Company does not have a large amount of vacant land which is not ready to be developed. As a result of this, the Company may have risks in relation to land procurement for future development projects. However, the majority of company's shareholders are those who possess lands in prime areas so the Company could take this as an advantage in order to find the most efficient land to develop in each project.

#### ***3.1.6 Risk of Low Income Recognition and Poor Performance in the Early Stages of the Project***

As office building development projects, such as The Ninth Tower Grand Rama 9, G-Land Tower Grand Rama 9 Office Building Project and the U Place Grand Rama 9, are still under construction. Thus, the Company is unable to recognize its revenue in the early stages of these projects.

However, to maintain consistency of revenue with no significant effect on the performance of Company, the Company plans to develop a variety of project types, such as, a single-detached housing projects in order to recognize revenue quickly, resulting in a more consistent income. Apart from this, the Company is also the project manager and sales manager for the Grand Canal Don Muang 1 and 2 housing projects, which allows the Company to recognize a continuous flow of revenue.

#### ***3.1.7 Risk of amendment of Laws, Regulation, Rules and Ministerial Regulations relating to the Real Estate Development Business***

Amendments to the laws, regulations, rules, and ministerial regulations relating to the real estate development business may lead to an increase in the project's operational costs. For example, where there is a change of the town planning regulation in

relation to the Floor Area Ratio (FAR), new policies on common areas, or the scope and preparation of Environmental Impact Assessment reports (EIA), these may have an adverse effect on the Company's performance.

Despite this, the Company has studied and will continue to study any changes in the laws, rules, and regulations in order to prepare for a change in the government policy. The Company has always developed its projects in accordance with any changed policies, allowing the Company to reduce a certain amount of this risk.

### ***3.1.8 Risk in relation to Leasehold Rights***

The "G-Land Tower Grand Rama 9" office building project, operated by Phraram 9 Square Co., Ltd., is located on a plot of land in which the Company has a 33-year lease agreement along with the right to renew for another 10 years. Even though this is a long-term contract, the landlord could terminate the agreement at any time before expiry if the Company breaches the lease agreement. Therefore the Company must avoid actions which might abuse or breach the lease agreement which may lead to termination or a fine.

## **3.2 Investor Risk**

### ***3.2.1 Risks from Major Shareholders Holding More than 50 Percent of the Shares***

At present, the Charernkit Group holds more than 50 percent of the Company's registered and paid up shares. Thus, the minority shareholders might be suspicious of major shareholders manipulating the Company policy, moving the Company in a certain direction, and the risk of not being able to accumulate the required number of votes to veto, review or balance the major shareholder's power.

However, presently, the audit committee consists of 3 directors who are independent directors, from a total of 9 directors. This assists and increases the efficiency and transparency in the Company management and the balance of power within the Board of Directors. Further, these directors are also representatives of minority shareholders in monitoring and reviewing the Board of Directors' management of the Company. Moreover, the Board of Directors is profoundly realizes the Principles of Good Corporate Governance and will strictly comply with these guidelines. Thus, investors can be assured that all shareholders, including any stakeholders in the Company, will be treated fairly and equally.

### ***3.2.2 The Risk of Lack of Liquidity in the sale and purchase of the Company's shares and the Company having a smaller proportion of minority shareholders than the Specified Criteria***

Currently, the proportion of shares held by minority shareholders was relatively low and the liquidity of the shares was also relatively low. As a result of this, investors are at risk of the shares having low liquidity, resulting in investors not being able to purchase or sell the Company's shares at fair value or not being able to purchase or sell the shares at a time, or in the quantity desired.

In addition to this, in 2013, the Company had managed to increase the liquidity in sales and purchase of shares reflecting in the number of minority shareholders which was gradually increased from 7.10 percent to 14.90 percent of the shares. However, at present, the Company is still unable meet the regulation in accordance with the criteria on maintaining status as a listed company in the Stock Exchange of Thailand, a listed Company must maintain the following characteristics in relation to the distribution of its shares, i.e. the Company must have at least 150 minority shareholders holding not less than 15 percent of the Company's registered and paid-up capital. Currently, the Company is in the process of urgently resolving these liquidity problems by distributing the minority shareholders' shares. This can be done by decreasing the proportion of shares held by shareholders who are involved in management of the Company, as one or as many transactions. The Company will distribute the shares in the Stock Exchange or sell to the public and/or specific investors within the specified period. However, this distribution depends on favorable conditions of the Stock Exchange and the response of investors. If this solution can be accomplished, the liquidity of the Company's shares will be increased.

## **3.3 Risk of External Factors**

### ***3.3.1 Flood***

The impact of the flood in 2011 significantly affected the customers' choice in choosing their residence, especially with regards to location. Some of the Company's projects were affected by the change of purchasing factors. Therefore, the Company has to consider improving the land quality i.e. implementing a higher land fill, additional strengthening of the land, and preparation of an efficient water dispensing system both inside and around the project, as well as by taking into account the risk of future flooding when designing the projects. For The Grand Rama 9 Project, it was not affected by the flood.



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# Corporate Information

## 4. Corporate Information

### General information

Company name	:	Grand Canal Land Public Company Limited
Company Registration Number	:	0107538000118
BusinessType	:	Property Development
Location	:	33/4 Rama 9 Road, Huaykwang, Bangkok 10310
Authorized Share Capital	:	5,540,977,447 ordinary shares, 1.00 baht par value Total 5,540,977,447.00 Baht
Issued and Paid-up Capital	:	5,318,435,182 ordinary shares, 1.00 baht par value Total 5,318,435,182.00 Baht
Home Page	:	<a href="http://www.grandcanalland.com">www.grandcanalland.com</a>
Tel	:	66 (0) 2 246 2323
Fax	:	66 (0) 2 246 1082

### Other References

Share Registrar	:	Thailand Securities Depository Company Limited (TSD) 62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey, Bangkok 10100 Tel : 66 (0) 2 229 2800 Fax : 66 (0) 2 359 1259
Auditor	:	EY Office Limited (Formerly known as Ernst & Young Office Limited) 193/136-137 Lake Rajada Building , Klongtoey, Bangkok 10110 Tel : 66 (0) 2 264 0777 Fax : 66 (0) 2 264 0789-90
Investor Relation	:	Mr. Jatesiri Boondichareern Mr. Surakit Thantananont Tel : 66 (0) 2 246 2323 Fax : 66 (0) 2 247 1082

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Belle Sky

# Management and Corporate Governance

## Securities and shareholder information

### 5. Securities and shareholder information

#### 5.1 The number of registered capital and paid-up capital

At present, the Company has registered capital 5,540,977,447 Baht, the issued and paid-up share capital of 5,318,435,182 Baht which consists of 5,318,435,182 common shares, at 1.00 Baht par value.

#### 5.2 Shareholders

List of top 10 shareholders as at 9 December 2013, the latest date the Company closed the registration book:

	Number of Shares	%
<b>1. Charemkrit Enterprise Co., Ltd. Group</b>		
Charemkrit Enterprise Co., Ltd.	1,843,084,563	34.65
Belle Park Residence Co., Ltd.	285,286,131	5.36
Grand Fortune Co., Ltd.	79,053,600	1.49
Mr. Jatesiri Boondicharearn	229,291,315	4.31
Ms. Romani Boondicharearn	183,791,315	3.46
Mr. Jatamongkol Boondicharearn	179,800,000	3.38
Mr. Mongkol Pao-in	920,000	0.02
<b>Total Charemkrit Enterprise Co., Ltd. Group</b>	<b>2,801,226,924</b>	<b>52.67</b>
<b>2. Bangkok Broadcasting &amp; Television Co., Ltd. Group</b>		
Bangkok Broadcasting & Television Co., Ltd.	973,329,451	18.30
Great Fortune Equity Co., Ltd.	250,918,651	4.72
BBTV Asset Management Co. Ltd.	126,022,720	2.37
GL Assets Co. Ltd.	<b>102,929,695</b>	1.94
BBTV Satelvision Co., Ltd.	8,590,568	0.16
<b>Total Bangkok Broadcasting &amp; Television Co., Ltd. Group</b>	<b>1,461,791,085</b>	<b>27.49</b>
<b>3. KR &amp; Associates Co., Ltd. Group</b>		
KR & Associates Co., Ltd.	336,155,387	6.32
K Group Co., Ltd.	47,192,200	0.89
<b>Total KR &amp; Associates Co., Ltd. Group</b>	<b>383,347,587</b>	<b>7.21</b>
<b>4. Kim Eng Securities (Hong Kong) Limited</b>	<b>164,324,324</b>	<b>3.09</b>
<b>5. Thai NVDR Co., Ltd</b>	<b>37,263,322</b>	<b>0.70</b>
<b>6. Mr. Kiat Srichomkwan</b>	<b>29,517,608</b>	<b>0.56</b>
<b>7. Mrs. Surang Prempree</b>	<b>16,302,900</b>	<b>0.31</b>
<b>8. BTS Group Holding Pcl.</b>	<b>14,004,437</b>	<b>0.26</b>
<b>9. Mr. Prakit Laovisit</b>	<b>11,350,023</b>	<b>0.21</b>
<b>10. Mr. Chokchai Sethiwan</b>	<b>10,501,500</b>	<b>0.20</b>
<b>Total</b>	<b>4,929,629,710</b>	<b>92.69</b>

(Investors may view updated list of top 10 shareholders information at the Company website prior to the Annual General Shareholders' Meeting)

### 5.3 Issuance of other securities

- Warrants to purchase the ordinary shares No.1

Warrant	G LAND – W1
Duration (Years)	3
Expire Date	May 26, 2014
Total issued warrants (Units)	164,375,658
Total Allotted warrants (Units)	164,375,658
Offering Date	May 27, 2011
Exercise Ratio (Update)	1 : 1.029
Exercise Price (Baht/share) (Update)	1
Total number of exercised warrants as of Dec 31, 2013 (Units)	154,230,251
Total number of non-exercised warrants as of Dec 1, 2013 (Units)	10,145,407

- Warrants to purchase the ordinary shares No.2

Warrant	G LAND – W2
Duration (Years)	3 years 53 days
Expire Date	June 30, 2016
Total issued warrants (Units)	212,655,816
Total Allotted warrants (Units)	212,655,816
Offering Date	May 9, 2013
Exercise Ratio (Update)	1 : 1
Exercise Price (Baht/share) (Update)	1
Total number of exercised warrants as of Dec 31, 2013 (Units)	688,320
Total number of non-exercised warrants as of Dec 31, 2013 (Units)	211,967,496

### 5.4 Dividend Policy

Dividend payout policy of the Company and its subsidiaries is at least 50 percent of net profit after tax and legal reserve under the consolidated financial statements. Nonetheless, the Board of Directors is authorized in considering to omit this policy or to change it from time to time, under condition that it will be made highest benefit to the shareholders, e.g. reserving for loan payments, business expansion, or market impact which will lead to the Company and its subsidiaries' future cash flows.

# Management Structure

## 6. Management Structure

### 6.1 The Board of Directors

The Board of Directors (qualified under Section 68 of the Companies Act 2535 and announcement according by the Office of Securities and Exchange Commission) comprise of 9 members, 3 of whom are independent directors and appointed as Audit Committee members by the Board of Directors

1. Mr. Yotin Boondicharern	Chairman and Chief Executive Officer
2. Associate Professor PrapanpongVejjajiva	Vice Chairman and Nomination and Remuneration Committee Member
3. Mr. Yongyuth Withyawongsaruchi	Independent Director and Chairman of the Audit Committee
4. Mr. Nipon Wisityuthasart	Independent Director, Chairman of Nomination and Remuneration Committee and Audit Committee Member
5. Mr. Banphot Hongthong	Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member
6. Mr. Jarern Jirawisan	Director
7. Mr. Mongkol Pao-in	Director
8. Mr. Jatesiri Boondicharern	Director and Managing Director
9. Ms. Romani Boondicharern	Director, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group

Ms. Supapan Wisaruetapa is appointed as the Company secretary.

### The Authorized Directors

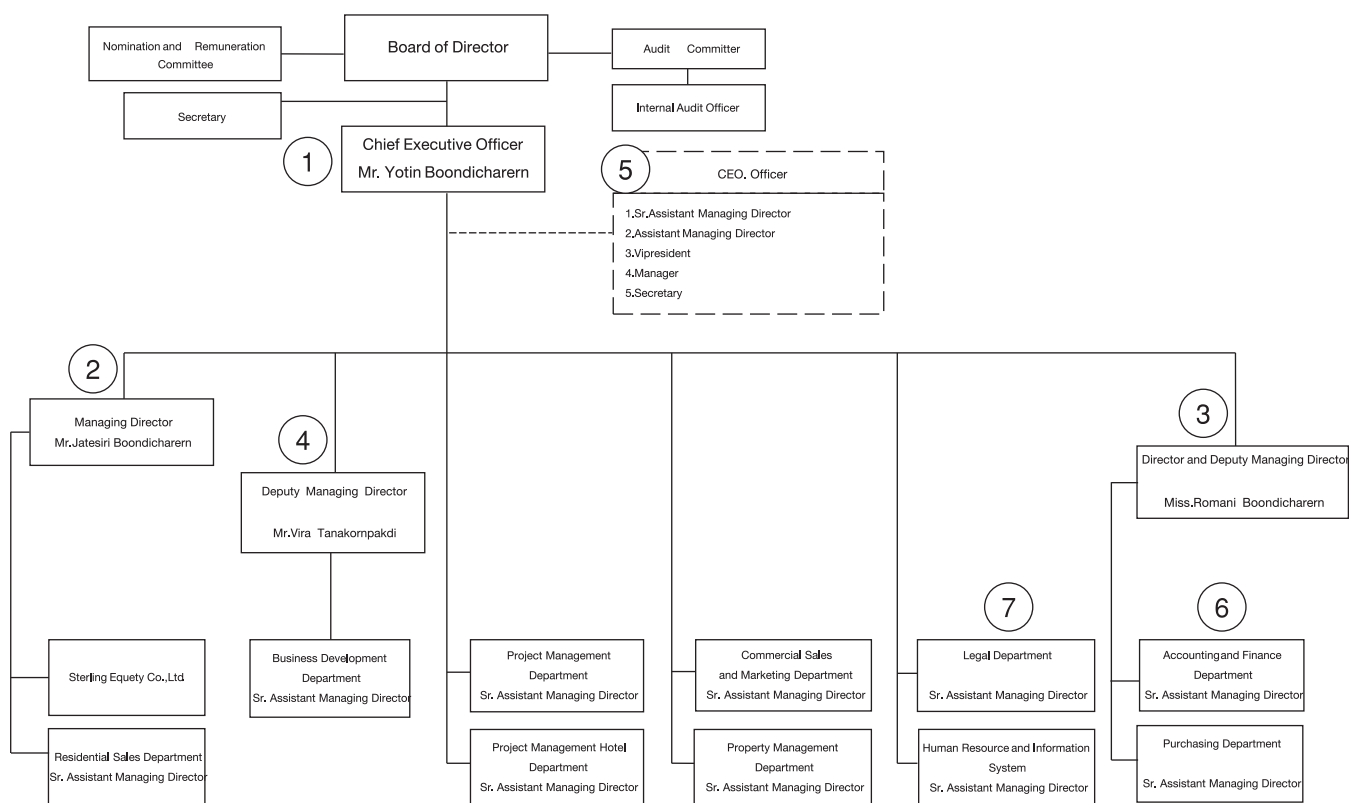
The Authorized Directors of the Company are Mr. Yotin Boondicharern or Mr. Jatesiri Boondicharern or Associate Professor Prapanpong Vejjajiva or Mr. Jarern Jirawisan or Mr. Mongkol Pao-in or Ms. Romani Boondicharern, two directors from six directors above co-signed and seal with the Company Seal.

### 6.2 Management Team

As of 31 December 2013 the Company has 7 members of the management team as follow ;

Name	Position
1. Mr. Yotin Boondicharern	Chairman and Chief Executive Officer
2. Mr. Jatesiri Boondicharern	Director and Managing Director
3. Ms. Romani Boondicharern	Director, Deputy Managing Director of Accounting and Finance Group and Deputy Managing Director of Purchasing and General Administration Group
4. Mr. Vira Tanakornpakdi	Deputy Mananging (Acting) and Assistant Managing Director, Project Management Group
5. Mr. Jatemongkol Boondicharern	Senior Assistant Managing Director CEO Office
6. Mr. Surakit Thantananont	Senior Assistant Managing Director Finance and Accounting Group
7. Mr. Sakol Pao-in	Senior Assistant Managing Director Legal Division

## Company Management Structure as of 31 December 2013



### 6.3 The Company Secretary

Ms. Supapan Wisaruetapa is appointed as the Company secretary.

#### Ms. Supapan Wisaruetapa

<b>Position</b>	Company Secretary
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<b>Age</b>	51
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<b>Education</b>	Bachelor of Accounting Chulalongkorn University Master of Accounting Thammasat University
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<b>Training Courses</b>	Director Certification Program (DCP) Corporate Secretary Development Program CFO (Certification Program)
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<b>Number of Company shares held</b>	None
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<b>The relationship between directors and executives</b>	None
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Experience in the last 5 years		
21 Mar 2008- Present	Company Secretary	Grand Canal Land Plc.
Aug 2007 - Present	Secretary of the Board of Directors	Grand Canal Land Plc.
Apr 2009 - 13 Jan 2010	Director	Media of Medias Plc.
Mar 49 - Dec 2009	Deputy Managing Director of Accounting and Investment	Media of Medias Plc.
Sep 2011 - Present	Managing Director	Media Studio Co.,Ltd.
June 2010 - Present	Director	Media Studio Co.,Ltd.
Dec 2012 - Present	Director and Managing Director	Media Now Co.,Ltd.
May 2013 - Present	Director	Media Scene Co.,Ltd.
Sep 2010 - Present	Director	BBTV Production Co.,Ltd.
Sep 2010 - Present	Director	Razorfish & Partner Co.,Ltd.

In 2013, the Company paid the remunerations to Directors and Executives as follow:

(Unit: Baht)

Directors	Transportation Allowances for Directors	The meeting Allowances for Directors	Total
Mr. Yotin Boondicharern	600,000.00	150,000.00	750,000.00
Mr. Yongyuth Withyawongsaruchi	600,000.00	135,000.00	735,000.00
Assoc. Prof. Prapanpong Vejjajiva	600,000.00	120,000.00	720,000.00
Mr. Nipon Visityuthasart	540,000.00	100,000.00	640,000.00
Mr. Bunphot Hongtong	540,000.00	90,000.00	630,000.00
Mr. Jarern Jirawisan	420,000.00	100,000.00	520,000.00
Mr. Mongkol Pao-In	420,000.00	100,000.00	520,000.00
Mr. Jatesiri Boondicharearn	420,000.00	80,000.00	500,000.00
Ms. Romani Boondicharern	420,000.00	90,000.00	510,000.00
<b>Total</b>	<b>4,560,000.00</b>	<b>965,000.00</b>	<b>5,525,000.00</b>

(1) Remuneration in form of cash

(a) Remuneration for the Company Directors

(b) Total remuneration for Directors as an Executive and Executives in total 7 persons is:

Salary 15,586,567.08 Baht

(2) Other remunerations:

(a) Other remunerations for Directors - None

(b) Other remuneration for Directors as an Executive and Executives in total 7 persons is:

Provident Fund 353,368.23 Baht

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# Corporate Governance

## 7. Corporate Governance

### 7.1 Policy of corporate governance

The Board of Directors has realized the importance of good corporate governance as a vital factor for strong and sustainable business operations. It means that the Company has efficient, transparent, and able to audit management systems that create trust and confidence amongst its shareholders, investors, other stakeholders and all relevant parties.

The Board of Directors sets a written policy on good corporate governance and business ethics that is reviewed annually. Also, this information is disclosed on the Company's website and Intranet as guidelines for directors, executives, and employees to follow. These guidelines include transparency of work procedure, provision of fair and equitable treatment to all shareholders and stakeholders involved in operations according to the law, punctual disclosure of reliable information, as well as the creation of internal control and internal audit system.

In addition, the Company complies with the Principles of Good Corporate Governance for Listed Companies that the Stock Exchange of Thailand has adopted as specified in the following five categories:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

#### 1. Rights of Shareholders

The Company recognizes the importance of the rights of shareholders to attend meetings to obtain the Company's information. The Company discloses the financial statements and the annual overview of the Company's operations to shareholders through SET. The Company will distribute invitation notice and documents for the Shareholders' Meeting to shareholders at least 7 days prior to the meeting date, of which include opinion of the Board of Directors in every session. The Company also advertises the invitation notice on its website: [www.grandcanalland.com](http://www.grandcanalland.com). In addition, the Company will organize the meeting place, date, time of the meeting, and coordinate the advance registration period of 1 hour prior to the beginning of the meeting. During the meeting, the Company facilitates each session, allowing shareholders to express their opinions and ask their questions. On 25 April 2013 the Company held an Annual General Shareholders' Meeting, shareholders and proxies attended representing 4,821,277,840 shares, accounting for 93.3654 percent of the total number of paid-up ordinary shares.

#### 2. Equitable Treatment of Shareholders

The Company gives the importance and pays respect to rights of shareholders by implementing a policy to treat all shareholders on an equitable basis. The Company protects not only the basic rights of every shareholder but also gives equal treatment toward shareholders during meetings and protect inside trading.

##### 2.1 Shareholders' meetings

To show the transparency of management and operations and be fair to all shareholders, shareholders are entitled to express their opinions or make inquiries to executives and also participate in decision making. Therefore, important issues must be submitted to the shareholders meeting for consent or approval such as operating results, last year's profit appropriation, election of Directors, the appointment of auditors, etc. Aiming to give all shareholders equal rights, the Company gives shareholders advance notice of agenda items to be raised in the meetings.



Besides the invitation notice and list of documents submitted to shareholder, the Company also provides proxy forms to shareholders unable to attend the meeting. The proxy form is prepared such that shareholders can dominate the direction of the vote and assign proxies to attend the meeting to vote on their behalf. For the meeting in 2012, the Company offered additional alternatives to shareholders by proposing a list of Independent Directors for shareholders to choose as proxies to attend the meeting.

In the meeting, the Company Secretary informs all shareholders attending, the list of criteria for casting votes before starting with the meeting. Shareholders have the right to vote for or against or abstain, as they deem appropriate. On the election of Directors, it is specified that shareholders can vote in favor, vote against, or abstain each Director. During the meeting, the chairman of the meeting shall give the opportunity to all attending shareholders on equal basis to fully examine the Company's operations, make inquiries, express opinions/comments and give recommendations. In this respect, the directors and the related executive officers shall reply to the shareholders' queries while accepting the shareholders' opinions and suggestions for further consideration and action as deemed necessary.

With the shareholders' meeting decision, the Company Secretary shall inform all shareholders of each meeting agenda item, how many votes were cast by the shareholders in favor, how many against, and how many abstentions. All resolutions shall be decided by the majority vote. The resolutions, with the number of votes cast on each agenda item, are recorded and the minutes of the meeting are recorded accurately and completely. Copies of minutes of the meeting are then delivered to the related agencies concerned within a specified time and are disseminated on the Company's website: [www.grandcanalland.com](http://www.grandcanalland.com), for the shareholders and the general public to examine.

The Company has a commitment to seek and support shareholders' rights to attend meetings and check the equitable treatment of shareholders.

## 2.2 Measures to curb inside trading

To prevent Directors and executives from trading inside or gaining advantages for themselves or others, the Company has implemented section 59 of the Royal Decree on Securities and Exchange, B.E. 2535. Directors and executives have to report their transactions in a timely manner in the Board of Directors' meeting. In addition, the Company prohibits the executives or employees to neither disclose internal information to the public nor trade the Company's security a month before being made public. Directors and executives will strictly carry out the policy.

## 3. Role of Stakeholders

The Company recognizes the importance of rights of every stakeholder including shareholders, customers, trading partners, Company's employees and the society. In addition, the Company treats stakeholders in each group with fairness, transparency, and in line with provisions or requirements of the laws, rules, and regulations concerned. These are for cooperation between the Company and all groups of stakeholders to bring about advantages in operating performance and the stability of the organization. The Company has taken actions relating to stakeholders as follow:

- **Shareholders** The Company respects shareholders' right and treats all shareholders fairly and equitably.
- **Customers** The Company focuses on conducting business that is honest and responsive to customers' need by providing quality product. The Company also provides complete and accurate information.
- **Trading partners** The Company treats trading partners in accordance with trading conditions. The Company is responsible for contracts and agreement that are made with their trading partners.
- **Employees** The Company treats its employees fairly, provides appropriate compensation and welfare, and continuously promotes and develops all employees.
- **Society** The Company aims for the awareness of the environment, well being and the quality of living of the society. Our architecture and landscape design is specially developed and carefully planned to be environmentally friendly and also in compliance with the laws and regulations set by the law. The Company has projected the main central park to be spacious and is specially designed to give the community a recreational area, with a peace of mind, a jogging space and a friendly relaxing green zone.

## **4. Disclosure and Transparency**

### **4.1 Disclosure of information**

The Company recognizes the importance of disclosing accurate, complete, timely, and transparent information, following the financial rules of SEC and SET, the general information to investors through various channels of SET and the Company website. The Company assigns the Managing Director to be responsible for informing all information to investors, shareholders, and related government sectors.

Disclosure of the Company's information includes financial and non-financial reporting (under the regulations of SEC, SET) and related information, i.e., policy and implementation on corporate governance, information related to the Board of Directors, the responsibility of the Board of Directors, and policy and compensation given to Directors.

#### **4.1.1 Financial Reports and Responsibility of the Board of Directors for financial reporting**

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information appearing in the annual report. These financial statements have been prepared in accordance with the accounting principles and there is adequate disclosure of important information in the notes of the financial statements. In addition, the financial statement have passed the examination of Certified Public Accountants and verified by Audit Committee. The Board of Directors has also prepared a report entitled "Responsibility of the Board of Directors for Financial Reporting" as attached herewith in the annual report.

#### **4.1.2 Policy and Implementation on Corporate Governance**

The Board of Directors always follows the Principles of Good Corporate Governance in the same approach specified by SET to ensure confidence of shareholders, investors, and related parties.

#### **4.1.3 Policy and Compensation given to Directors and Executives**

The Nomination and Remuneration Committee proposes directors' remuneration for the shareholders' approval on a yearly basis. Compensation for top executives is proposed by the Nomination and Remuneration Committee to the Board of Directors for approval, depending on the responsibilities and the Company's annual earnings performance. In 2013, remuneration payment to the Board of Directors and the Executives are mentioned under the topic of "Remuneration for Directors and Executives".

### **4.2 Relationship with Investors**

The Company assigns the tasks of information dissemination and investor relations to the Managing Director, who oversees relationships with both existing shareholders and potential shareholders. Interested investors could contact the Company's Investor Relation Department at 0-2246-2323 for more details. During 2012, the Investor Relation Department together with the Company's top executives, occasionally organized analysts meetings.

## **5. Responsibilities of the Board**

### **5.1 Committee Structures**

The Company's committee structure consists of three committee bodies: the Board of Directors, Audit Committee, Nomination and Remuneration Committee, and Executive Committee.

- Board of Directors - In 2013, there are 9 members of the Board of Directors, consisting of 3 independent directors. The Board of Directors has limited period ruled by the Company's regulation and is able to be re-appointed after retirement.
- Audit Committee - consists of 3 independent directors. Each member is in charge for a period of 3 years, the member may be re-appointed after retirement.
- Nomination and Remuneration Committee - consists of 2 independent directors and 1 director. Each member is in charge for a period of 3 years, the member may be re-appointed after retirement.

The composition, membership, selection method, and scope of authority for each of the committee, along with the name of the committee members were mentioned under the topic of "Management Structure".

## 5.2 Roles, duties and responsibilities of the Board of Directors

The scope of authority of the Company's committee has been mentioned under the topic of a sub-committee- "Corporate Governance". The Board of Directors plays a vital role to determine and approve the visions, goals, strategies, and budget of the Company, to follow up the executives' performance, to ensure the appropriate internal control system including the appropriate risk management. The Board of Directors is responsible for the preciseness, completion, and appropriate accounting principles of the financial report.

The Board of Directors sets a written policy on good corporate governance which is reviewed annually.

The Board of Directors sets a written policy on business ethics, which is disclosed on the Company's website as guidelines for directors, executives, and employees of all levels to follow.

The Board of Directors was informed and/or approved the appropriate connected transactions and conflict-of-interest transaction in accordance with the SET regulation and disclosed in the annual report and Form 56-1.

The Board of Directors realizes the importance of the internal control system of the Company. An independent internal audit team is set up to review work performance in accordance with the Company policies and to suggest solutions and improvement. To ensure that the audit team has independence and full control, the team is to report directly to the Audit Committee. In addition, the Board of Directors requires the Audit Committee to follow the regulations as operational guideline.

Risk management is the responsibility of the Chief Executive Officer, Managing Director and the Executives. The Company arranges risk evaluation, reviews, and tries to prevent risk that may occur. The Company realizes the significance of risk and obstructions affecting the business and strives for the success of the Company.

## 5.3 The Board of Directors' Meeting

The Board of Directors usually schedules meetings on a quarterly basis. The Chairman and the Group of the Executive will set agendas for the meeting. The Company Secretary is responsible for meeting appointments, preparing meeting agendas including the consideration of operations, preparing any documents submitted to the Board of Directors not less than 7 days prior to the meeting date and taking minutes of meeting. In the meeting, directors can express their opinions independently. In some occasions, the top executives are invited to attend the meeting to present their work assigned completely.

In 2013, there were a total of 10 meetings and the number of the Board of Directors attended is as follow:

Name	Number of Meetings Attended / Number of Meeting
1. Mr. Yothin Boondicharern	10 / 10
2. Assoc. Prof. Prapanpong Vejjajiva	8 / 10
3. Mr. Yongyuth Withayawongsaruchi	9 / 10
4. Mr. Nipon Wisityuthasart	10 / 10
5. Mr. Banphot Hongtong	9 / 10
6. Mr. Jarern Jirawisan	10 / 10
7. Mr. Mongkol Pao-in	10 / 10
8. Mr. Jatesiri Boondicharern	8 / 10
9. Ms. Romani Boondicharern	9 / 10

As for the Audit Committee's meeting, there is an Audit Committee Charter indicating that the meeting will be held at least 4 times a year. In 2013, there were a total of 9 meetings and the number of Audit Committee attended is as follow:

Name	Number of Meetings Attended / Number of Meeting
1. Mr. Yongyuth Withayawongsaruchi	8 / 9
2. Mr. Nipon Wisityuthasart	9 / 9
3. Mr. Banphot Hongtong	9 / 9

For the Nomination and Remuneration Committee's meeting, there is a rule from the Committee indicating that the meeting will be held at least 2 times a year or as necessary and appropriately. In 2013, there were 2 meetings and the number of Nomination and Remuneration Committee attended is as follow:

Name	Number of Meetings Attended / Number of Meeting
1. Mr. Nipon Wisityuthasart	2/2
2. Assoc. Prof. Prapanpong Vejjajiva	2/2
3. Mr. Banphot Hongtong	2/2

#### 5.4 Remuneration

The Board of Directors oversee the practices and rules relating to remuneration policies and schemes which are equitable and reasonable based on the consideration of comparable experiences, duty, the scope of actions, and the responsibility that is equivalent to other companies in the similar industry. The task includes:

1. Considering and reviewing the remuneration scheme for directors and sub-committee members and submitting it to the shareholder's meeting for approval, and;
2. Considering and reviewing the remuneration scheme for top executives and submitting it to the Board of Directors for approval.

#### 5.5 Development of Directors and Executives

The Company is aware of the importance of the Board of Directors looking after shareholders' rights in a corrective and fair manner to gain the confidence of the people concerned and also for the Company's long-term growth. Therefore, the Company has nominated persons with knowledge and competency as well as experiences to perform the duties of the members of the Board of Directors and the Management team.

The Company encouraged Directors, executives, and staff to attend seminars and workshops to help them better serve and contribute to the Company.

The following board members and executive officers went through training/seminar programs organized by the Thai Institute of Directors Association (IOD):

Directors and Executive	Topics / Curriculum / Seminars
Assoc. Prof. Prapanpong Vejjajiva Director, Vice Chairman, Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• The Role of Chairman Program (RCP)</li> <li>• Audit Committee Program (ACP)</li> <li>• The Role of Compensation Committee (RCC)</li> </ul>
Mr. Yongyuth Withayawongsaruchi Independent Director and Chairman of the Audit Committee	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> <li>• Audit Committee Program (ACP)</li> <li>• Board Performance Evaluation</li> <li>• Setting the CEO Performance Plan and Evaluation</li> </ul>
Mr. Nipon Wisityuthasart Independent Director, Audit Committee Member and Chairman of Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> </ul>
Mr. Jarern Jirawisan Director	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> </ul>
Ms. Romani Boondichareern Director, Deputy Managing Director of Accounting and Finance Group / Purchasing and General Administration Group	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Director Certification Program (DCP)</li> <li>• Executive Development Program (EDP)</li> <li>• Young Entrepreneur Program (YEP)</li> </ul>
Mr. Jatamongkol Boondichareern Senior Assistant Managing Director CEO Office	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP) (on the Training Course)</li> </ul>
Mr. Surakit Thantananont Senior Assistant Managing Director of Finance and Accounting Group	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Director Certification Program (DCP) (on the Training Course)</li> </ul>
Mr. Sakol Pao-in Senior Assistant Managing Director Legal Division	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Director Certification Program (DCP)</li> </ul>

## 7.2 Sub-committee

The structure of the Board of Directors comprises of 3 committees: Board of Directors, Audit Committee and, Nomination and Remuneration Committee.

### The Board of Directors

The Board of Directors (qualified under Section 68 of the Companies Act 2535 and announcement according by the Office of Securities and Exchange Commission) comprise of 9 members, 3 of whom are independent directors and appointed as Audit Committee members by the Board of Directors.

### The Roles and Duties of the Board of Directors

1. To perform with honest and careful, under the law, objectives, and rules of the Company and the legally resolution of the Shareholders, expect those matters which priory granted approval from the shareholders' meeting as well as regulations of the Stock Exchange of Thailand (SET) and / or other related matters, e.g., connected transaction, acquisition and disposal of major assets.

2. To have authorities to designate directors and/or top executives as a management team to operate one and/or multi duties delegated from Board of Directors. Moreover, their authorities include the designation for Chief Executive Officer who is authorized to appoint Managing Director and any management committees such as audit committees and nomination and remuneration committees as appropriated. Furthermore, their authorities can be appointed and delegated to any persons to perform on behalf of Board of Directors with control by Board of Directors to cancel, revoke, amend, and change any authorities and roles as appropriated.

3. To appoint and replace the Director who is authorized to sign Company documents.

4. To order sub-committees to monitor and control the Company's management and internal control as regulated by the Company's policies.

5. To determine the Company's policies, methods, strategies and budget, as well as, to conduct the management and other authorized persons' work to comply with the Company's policies.

6. To consider, reconsider, investigate and approve the Company's policies, directions, strategies and plans for operations as proposed by the Management.

7. To follow up the Company's operation to continually comply with the strategies and budget.

8. To consider and approve investments, diversify, and thoroughly join investment with other companies.

9. To consider and approve other matters for the Company's benefits and interest.

10. To regulate and oversee conflict of interests between the Company and interested persons.

11. To consider and approve borrowing, pledge, mortgage, guaranty and financial transaction with financial institution, shareholders or related persons with approval credit line.

12. To consider and approve to pay the shareholders such interim dividends as appeared to the directors to be justified by the profits of the company and report such interim dividends to the next shareholders' meeting.

#### **Audit Committee**

The Board of Directors appoints the Audit Committee, which is a sub-committee of the Company, consisting of one Chairman and at least 2 but not exceeding 4 members. Each member is in charge for the 3 - year period; after the end of the contract, the member may be re-appointed.

The Audit Committee comprised of 3 independent directors with expertise in accounting and finance and experiences in the financial statement review, as follows:

1. Mr. Yongyuth Withyawongsaruchi	Chairman of the Audit Committee
2. Mr. Nipon Wisityuthasart	Member of the Audit Committee
3. Mr. Banphot Hongthong	Member of the Audit Committee

Mr. Sakol Pao-in is appointed as the Audit Committee's Secretary .

#### **Duties and Responsibilities of Audit Committee**

1. Carry out auditing to verify that the quarterly and annually financial reports correctly follow the accounting standard and are sufficiently disclosed to co-operate between the Company management and the auditor. The Audit committee has duties to highlight financial statement, accounting practice, continuing of firm, the major change of accounting standard, and indicating reasons of change to Management before presentation and publication to the shareholders and investors.

2. Develop internal control guidelines and carry out internal auditing to ensure that the Company has appropriate and effective internal control and auditing in cooperation with both external and internal auditors. Review the internal control year plan (Audit Plan) and evaluate the result with auditors and internal controller on the problem and constrain of the financial statement, including computer security systems to prevent the corruption and un-lawful activities of employees.

3. To review the Company and its subsidiaries to ensure that their operations are in accordance with the security laws and the Stock Exchange of Thailand's ("SET") legal requirements, the SET rules and regulations, as well as other laws that may be related to the Company's business.

4. Consider the selection and proposals to appoint an independent person as an auditor of the Company and consider the auditors' remuneration by highlighting on the trustiness, resourceful, and workload of that audit firm with the auditor's experience. The Audit committee needs to set up meetings with the auditor by having no management team's involvement at least once a year.

5. Consider the completeness and correctness of the disclosure of Company information regarding the transactions, transactions with conflicts of interest and the acquiring/disposal of asset. Also to approve the transaction and reporting to the Board of Director and/or shareholder's meeting in accordance to related rule and regulation.

6. Consider the independency of the internal control division or related division; appoint, transfer, and termination of the contract.

7. Carry legally audit committee report to be disclosed in the Company's annual report which shall consist of complete information and be signed by Chairman of audit committees.

8. To take care of any other matters assigned by the Board of Directors approved by audit committee.

#### **Nomination and Remuneration Committee**

The Board of Directors appoints the Nomination and Remuneration Committee, which is a sub-committee of the Company, consisting of one Chairman and at least 2 members. The Audit Committee and Board of Directors must be an independent director and each member is in charge for a 3 year period; after the termination of the 3 year period, the member may be re-appointed.

The Nomination and Remuneration Committee comprise of 2 independent directors and 1 director as follows:

1. Mr. Nipon Wisityuthasart	Chairman of the Nomination and Remuneration Committee
2. Assoc. Prof. Prapanpong Vejjajiva	Member of the Nomination and Remuneration Committee
3. Mr. Banphot Hongthong	Member of the Nomination and Remuneration Committee

#### **Duties and Responsibilities of the Nomination and Remuneration Committee**

1. To consider criteria and procedures to nominate qualified, knowledgeable, competent and high experiences candidates to act as directors, audit committee, the nomination and remuneration committee and the risk management committee (if any), and seek the approval in the Company's Board of Directors and/or Shareholders meeting.

2. To consider an appropriate remuneration scheme for directors, members of sub-committees, and top executives, as well as overseeing that such remuneration schemes are in line with their duties and responsibilities, comparable and equitable with the industrial and other business piers, and seek for approval in the shareholders' meeting.

3. Assist in other matters assigned by the Board of Directors.

### **7.3 Nominations and Appointment of Directors and Executive Officers**

#### **(1) Independent Directors**

The independent directors have the following qualifications:

1. Not holding shares in their own names or on behalf of the related persons in the amount exceeding 0.5 percent of voting shares in the Company, its subsidiaries or affiliated companies.

2. Not participating in the management, not being employees or consultants who receive regular salary or any other benefit from the Company, its subsidiaries or affiliated companies, not having a control over the Company, its subsidiaries or affiliated companies, not having a conflict of interest with the said entities, including not having a relationship with persons who provide professional services to the Company, its subsidiaries or affiliated companies. If a nominated person has been in any above mentioned positions, such person must have vacated such positions for at least one year.

3. Not having a business relationship, benefit or interest, neither direct nor indirect, both in terms of finance and management of the Company, its subsidiaries or affiliated companies or persons who may have conflict of interest, in a way that can lead to the lack of independence.

4. Not being relatives of executives or major shareholders of the Company, its subsidiaries or affiliated companies or persons who may have conflict of interest and not being nominated as representatives to ensure the benefit of directors or major shareholders.

## **(2) Recruitment of Directors and Executive Officers**

To recruit persons to be directors of the Company, the Nomination and Remuneration Committee will nominate persons who have knowledge and understanding of business of the Company, proper qualifications, and whom do not have prohibited characteristics under the laws and regulations of regulatory agencies for public companies, in order to take up a position of directors. The Committee will present such persons to the Board of Directors for consideration and later to the shareholders' meeting for appointment.

The rules and procedures relating to the appointment of the Company's directors at the shareholders' meeting is in accordance with the relevant articles of the Articles of Association of the Company, Section 3 Directors, Articles 13 to 15. Specifically, the Company's Board of Directors consists of no less than 5 persons. The maximum number of the Company directors is not specified. No less than half of the directors must reside in Thailand.

The appointment of directors must be conducted together at once in the shareholders' meeting. Each shareholder shall have a right to one vote per one share held and may use all of his/her votes to elect one or more persons to be directors. However, shareholders are not allowed to divide votes between candidates. The persons who have receive the most number of votes will be elected to be directors, equal to the number of directors the shareholders must elect in such meeting. Where persons who were elected in the later order received the same number of votes and the number exceeds the number of directors to be elected in that shareholders' meeting, the Chairman of the meeting shall have the casting vote.

At every Annual General Meeting, one-third of the directors must retire. The director with the longest term must retire first, or if there is more than one director with the longest term, the name of the director to retire shall be drawn by lots. If this number is not a multiple of three, then the number nearest to one-third, must retire. A retiring director is eligible for re-election.

The removal of directors can only be done with the approval of the shareholders' meeting with the majority of votes of not less than three-fourth of the total votes of shareholders attending the meeting and eligible to cast the votes.

For the nomination of sub-committees and executives, the Nomination and Remuneration Committee shall nominate a list of candidates with proper qualifications to take up each position in order to present to the Company's Board of Directors for approval.

## **7.4 Governance over Operations of Subsidiaries and Affiliated Companies**

To govern the operations of subsidiaries and affiliated companies, the Company has assigned the Company's directors as representatives to act as directors in its subsidiaries according to the shareholding ratio. This is in order to manage and be responsible for the operation of subsidiaries and affiliated companies, resulting in the optimum benefit of those subsidiaries or affiliated companies.

Apart from this, for subsidiaries, directors that have been appointed by the Company must ensure that the subsidiaries disclose its financial information, performance and transactions between the subsidiaries and its connected persons, acquisition or disposal of assets or any other transactions of the subsidiaries. The information must be complete, accurate and use the same criteria which the Company uses for the disclosure of details and undertaking of transactions with the same nature.

## **7.5 Monitoring the Handling of Information**

According to the Company's regulation, section 3 Board of Directors, stating in the prohibition for the Board of Directors in issue 27, that the director must inform the Company once the director interferes in any transaction, gain or loss, and possesses more or less share in the Company or any related Company. As announced in issue 28, the director is prohibited to run similar



business or acts as a competitor against the Company. The director is also prohibited to be a director in any private or public Company which commences the same or related business and is likely to be competitors for the Company. This point will be put into consideration only if this has been brought up in the shareholders' meeting before making an election.

The Directors of the Company and all the executives must strictly follow rules and regulations as set in the SET and SEC, concerning the preparation and disclosure the stock report. The Directors or executives must inform the Company Secretary once they sell or purchase stocks of the Company, in order to report to SET and SEC.

#### 7.6 The Accuracy of Auditor's Remuneration Details

##### FOR THE FISCAL YEAR ENDED 31 DECEMBER 2013

##### Audit Fee

NO.	Company's Name	Auditor's Name	Audit fee (Baht)
1	Grand Canal Land Plc.	Ms. Waraporn Prapasirikul	1,435,000.-
2	Belle Development Co., Ltd.	Ms. Waraporn Prapasirikul	885,000.-
3	Praram 9 Square Co., Ltd.	Ms. Waraporn Prapasirikul	380,000.-
4	Praram 9 Square Hotel Co., Ltd.	Ms. Waraporn Prapasirikul	70,000.-
5	Sterling Equity Co., Ltd.	Ms. Waraporn Prapasirikul	290,000.-
6	Belle Assets Co., Ltd.	Ms. Waraporn Prapasirikul	200,000.-
7	BBTV Marketing Co., Ltd.	Ms. Waraporn Prapasirikul	330,000.-
<b>Total audit fee</b>			<b>3,590,000.-</b>

##### Non-Audit Fee

- None -

##### Remuneration of auditor

The Company and its subsidiaries paid the remuneration for auditing to the audit firm, in which the auditor was employed, in the years of 2012 and 2011, in the amount of Baht 2,860,000 and Baht 1,835,000 respectively.

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# Corporate Social Responsibility

## 8. Corporate Social Responsibility

The Company's Board of Directors places importance in relation to our responsibility to our community and the environment, which is considered as part of the Company's business operations. The Company imposes this policy on itself and its subsidiaries, to express its corporate social responsibility from setting our vision, objectives, strategies, operational risk assessment and business operations, such as construction process, treatment of employees, treatment of customers and contractors, etc. Moreover, the Company also monitors itself to ensure that its business operations comply with all relevant laws.

### Fair Business Practices

The Company's policy is to engage in business with all stakeholders through the principle of honesty and transparency. Conducting business with customers or contractors must never be detrimental to the Company's reputation or violate any laws.

- Procurement is done through Closed Bidding and the sealed documents will only be opened by appointed committee members.
- All relevant information relating to customers or contractors will remain confidential and will not be used for the benefit of the Company or third parties.
- The Company will not infringe any form of intellectual property and encourage the Company's executives and employees to respect copyrighted products and services.
- The Company will treat its contractors in accordance with the conditions and the terms agreed upon.

### Anti-corruption

The Company operates its business by adhering to justice and integrity, and places importance on anti-corruption by stating as such in the employee's code of conduct. The Company's Board of Directors also imposes the following guidelines on the internal anti-corruption as follows:

- Encourage the employees to strictly comply with rules, regulations, the Company's articles of association and relevant laws.
- Prohibit the Company's directors, executives and employees from taking any action which requests or accepts properties or any other benefits for themselves or other persons which may lead to performing or omitting to perform duties in an abusive way or may cause the Company losses of rightful benefits.
- Prohibit the Company's directors, executives and employees from giving or offering properties or any other benefits to third parties in order to persuade persons to take or omit to take any action which violates the laws or conflicts with their positions.

### Respect for Human Rights

The Company supports the use of foreign labors in accordance with Thai laws, and will ensure that the treatment of those foreign labors is fair and equal in respect of safety, health and reasonable benefits.

### Fair Treatment of Labors

The Company will treat its employees fairly and equally without prejudice, bias or double standard. The Company also provides decent welfares and profit to the employees and encourages them to learn and develop their own skills to be more efficient and successful.

### Consumer Responsibility

The Company will conduct its business on the basis of honesty and sincerity by complying with terms and conditions under the agreements concluded with its customers. Further, the Company will supply the customers with quality products in accordance with the standards specified by laws. The Company also provides intelligible precise and fair information relating to houses or condominium to the costumers, inclusive of establishing the customer relation division to handle with the after sale services which will support and assist the customers to promptly solve any problem which may occur in houses or condominiums and will be a center to communicate with the community in order to ensure convenience and peace in the community.

### Environmental Protection

The Company places importance on both sustainable development and environmental protection. Therefore, the Company not only determines layout of its projects and designs in respect of the architecture and landscape architecture in accordance with laws and regulations under relevant government agencies but also takes into account living quality of the customers and the community surrounding the projects developed by the Company, such as, provision of common spaces in the amount exceeding that specified by laws in order to increase the space for green zones, sporting area and other social activities. The Company has also planned to manage and protect any pollution caused from construction by using all anti-dust materials and control smoke, noise and contaminated chemical elements in restricted area under the law.

Furthermore, the Company annually organizes several kinds of social activities, apart from those regular business operations, which benefit the community and the environment on a regular basis. Those activities are as follows:

- 1) Religious - Holding the merit events in temples to provide foods and those other basic needs to monks and nun in various occasions i.e. New Year Festival, Song Kran Festival and other religious days.
- 2) Traditional and Cultural - Organizing the traditional events such as Loy Krathong, Song Kran, etc.
- 3) Public Contributions - Organizing trips to grow mangrove trees and construct buildings other religious places, etc.

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# Internal Controls and Risk Management

## 9. Internal Controls and Risk Management

During the Company's Board of Directors' Meeting No. 3/2014 held on 14 March 2014, three members of the Audit Committee also participated in this meeting. The Board reviewed and assessed the adequacy and competency of the Company's internal control system in the five following aspects;

1. The Internal Control: the Company set up appropriate bodies to oversee the Company's operation and management. Among these bodies is the Board of Directors, which comprises of nine members, three of whom are independent directors. The Audit Committee and the Nomination and Remuneration Committee formed to assist the Board as a subcommittee with suitable qualifications as prescribed by regulatory concerns. The operations of the Company are directed under a prescribed budget and in accordance with corporate objective which periodically monitored and reviewed

2. Risk Management: Even though the Company has not formed a Risk Management Committee to administer its risk factors, the current Board of Directors, and other executives certainly realize and are fully aware of possible problems that may relate to the risk aspects, and take care to mitigate and manage them. The Board of the Company has approved and announced the Risk Management Policy in the Company and the executives often analyze, evaluate and report, to the Board of Directors, external risk factors which may effected to the Company's operations. As well as the Accounting and Finance Group work together to assist the management in assessing the corporate risk exposure and find measures to protect the Company against possible risks, such as an operational risk. In this regard, appropriate measures are prescribed to guard the Company against occurrence of any operational errors, and to lay down acceptable levels for operational risk.

3. Management Control: The Board of Directors to appoint 2 sub-committees consists of the Audit Committee and the Nomination and Remuneration Committee. Approval procedures and authorized limits are set to control management's actions. The scope of authorization is prescribed in writing and the appropriate authority is reviewed frequently and notified to all parties concerned for compliance. Executives and officers from all levels are subject to these prescribed authorization rules. In cases whereby an excess of prescribed authorization limit, or out of scope activities is required, approval from the Board of Directors is then required. In principle, the Chief Executive Officer has operational power to make authorization decisions. The Accounting and Finance Group is in charge of bookkeeping and taking records of the transactions. The Administration Group oversees the corporate assets. Transactions undertaken with major shareholders, directors and their related parties are made in compliance with rules and regulations of SET and SEC. Including bring the Information Technology System to control the operation processes. The Company also prescribes in writing, relevant charters for the Audit Committee and Internal Audit Division which are applied to control and monitor work performed by various internal functions.

4. Information Technology & Communication: Matters presented to the Board of Directors for consideration are submitted through the Company Secretary who will issue meeting notifications and send them to the Board members, together with relevant attachments, that require the Board's perusal. The notifications and its attachments are submitted to the Board members within the time frame prescribed by law. Minutes of meetings are issued and records are kept for future review and reference. The Company applies the generally accepted accounting principles and accounting procedures which are appropriate and accountable for its business operation. Accounting records are completed and properly safeguarded. Moreover, the adequate information in concern with shareholders and investors is posted on the Company's website.

5. Follow-up System: The Company set operational objectives and report its actual performance in comparison with its targeted objectives. The Internal Audit Unit reviews the compliance of the prescribed internal controls and regularly reports its findings to the Audit Committee for further presentation to the Board of Directors for adjustment method determination within time. Moreover the Internal Audit Unit evaluated the internal controls as a plan quarterly and annually.

The Board of Directors views that the Company adequately and effectively follows the prescribed guidance and assessment criteria set by SEC. In addition, it also concludes that the Company has adequate internal controls that govern transactions with its major shareholders, directors, executives, and their related parties.

The Audit Committee agrees with the Board of Directors' opinions and no additional notice about the Assessment of the Internal Control System in the subjects above.

The Company's auditor, EY Office Limited (Formerly known as Ernst & Young Office Limited), who audited the Company's 2013 financial statement also expressed opinion that there is no material imperfection in the Company's internal control system as reported on 31 December 2013.

The Company appointed Burapha Accounting Office which has the internal auditing service and advisory for the operation system, to be the internal auditor of the Company. Burapha Accounting Office has appoint Mr. Pravit Wongkanit, Managing Partner as Team Leader.

**Educational Background / Experience / Training of Mr. Pravit Wongkanit**

**Degree / Certificate** Education BBA (Accounting) 2nd Class Honor, Ramkhamheang University.  
M.S. (Applied Statistics), National Institute of Development Administration.  
Graduate Diploma (Auditing), Chulalongkorn University.  
CPA of Thailand.

**Experience and Training** 25 years working in the field of accounting and internal audit and external audit.  
Certified Professional Internal Auditor of Thailand (CPIAT - 19)

In this regard, the appointment, dismissal or removal of the chief of the internal audit division is subject to the approval of the Audit Committee. The Audit Committee is of the opinion that Mr. Pravit Wongkanit, the chief of the internal audit division of the Company, has the necessary qualifications for effectively performing such duties. This is because he is an expert in internal audits and operating systems, independent, and has performed his assigned duties in an excellent manner.

## Transactions with related parties

### 10. Transactions with related parties

The Company has business transactions with its related parties, which are within the scope of normal business and general trading conditions. Details of the relationship of the Company and related companies (excluding subsidiaries and associates) are summarized as follows:

Company	Relationship
• Central Pattana Nine Square Co., Ltd.	Co - directors / Co - shareholders
• BBTV Equity Co., Ltd.	Co - directors / Co - shareholders
• Bangkok Broadcasting & Television Co., Ltd.	Co - directors / Co - shareholders
• Bangkok Thanakom Co., Ltd.	Co - directors
• Breguet Thai Co., Ltd	Co - directors / Co - shareholders
• Chareangkit Enterprise Co., Ltd.	Co - directors / Co - shareholders
• Grand Fortune Co., Ltd.	Co - directors / Co - shareholders
• Belle Assets Co., Ltd. (Formerly known as Tonson Ploenchit Co., Ltd.) (The list is a subsidiary company)	Co - directors / Co - shareholders
• BBTV Marketing Co., Ltd. (The list is a subsidiary company)	Co - directors / Co - shareholders
• K Group Co., Ltd	Co - shareholders
• Great Fortune Equity Co., Ltd	Co - directors / Co-shareholders' related Company
• C.K.S. Holding Co., Ltd. and Supper Asset Co., Ltd.	Co - directors / Co - shareholders
• Italian - Thai Development Pcl.	Co - shareholders
• BBTV Asset Management Co., Ltd.	Co - directors
• GL Assets Co., Ltd.	Co - directors
• Tun Rungrueng Co., Ltd.	Co - directors
• Dhipaya Life Insurance Pcl.	Co - directors
• Mr. Yotin Boondicharearn	Co-Management directors / Co-shareholders
• Mr. Jatesiri Boondicharearn	Co-Management directors / Co-shareholders
• Ms. Romani Boondicharearn	Co-Management directors / Co-shareholders
• Mr. Krit Ratanarak	Director in Shareholder's Company
• Assoc. Prof. Prapanpong Vejjajiva	Director
<b>Subsidiary Held By Praram 9 Square Ltd.</b>	
• Praram 9 Square Hotel Co., Ltd.	Co - directors / Co - shareholders



Belle Grand Rama 9

# Financial Status and Operational Results

## Summary of Important Financial Information

### 11. Summary of Important Financial Information

#### Financial Ratios

(Liquidity Ratio)	Unit	2013	2012	2011
Liquidity Ratio	times	0.96	1.31	1.98
Quick Ratio	times	0.07	0.04	0.05
Receivable Turnover	times	4.37	6.52	3.99
Average Collection Period	Day	82.41	55.22	90.17
Payable Turnover	times	3.25	4.12	6.78
Payment Period	Day	110.62	87.45	53.09

(Profitability Ratio)	Unit	2013	2012	2011
Gross Profit	%	37.82	32.24	10.26
Net Profit	%	16.99	5.50	(13.58)
Return on Equity: ROE	%	8.16	0.92	(0.462)

(Efficiency Ratio)	Unit	2013	2012	2011
Return on Asset: ROA	%	3.74	0.498	(0.297)
Return on Fixed Asset	%	7.33	1.74	0.43
Total Asset Turnover Ratio	times	0.22	0.09	0.02

(Financial Policy Ratio)	Unit	2013	2012	2011
Debt to Equity Ratio	times	1.28	1.08	0.60

Data per Share	Unit	2013	2012	2011
Book value per share	Baht	1.43	1.36	1.28
Earning per share	Baht	0.088	0.0117	(0.0059)
Dividend per share(Baht)	Baht (Pending Approval)		-	0.03

Growth Rate	Unit	2013	2012	2011
Total Assets	%	21.39	40.77	29.81
Total Liabilities	%	31.13	95.54	42.41
Revenues	%	210	1,527.63	(76.91)
Operating Expense	%	164.28	464.08	(42.50)
Net Profit	%	871	327	69



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# Analysis of Operating Results and Financial Status

## 12. Analysis of Operating Results and Financial Status

### 12.1 Increase in Revenues and Net Profits

In 2013, the Company and its subsidiaries had increased revenues because the subsidiaries recognized revenue from the transfer of ownership in condominium units in phase 1 and 2, representing sales of Baht 3,294.11 million. In 2012, the subsidiaries only recognized revenue from Phase 1 in the amount of Baht 983.18 million. Further, the Company received revenue of Baht 58.43 Million as commission for procuring purchasers to buy condominium units.

In 2013, the Company and its subsidiaries obtained net profits (shareholder's equity) of Baht 464.51 million or Baht 0.088 per share, an increase from the previous year in which the Company obtained net profits of Baht 58.92 million, primarily due to the increase in the transfer of condominium units. Moreover, the increased selling price resulted in an increase in Gross Profit Margin for the sale of condominiums which increased to 39.35 percent in 2013, while the Gross Profit Margin in 2012 was 32.25 percent.

The losses from asset writing-off and from impairment were Baht 20.13 million and Baht 21.52 million respectively. They were from the writing off of equipment installed in the Ninth Towers Building e.g. air-conditioning system, lifts and the electrical system etc. which the Company modified such equipment to be more efficient and modern to support the Ninth Towers Building which will be completed in the near future. The Ninth Towers Building will be opened in the first quarter of 2014.

### 12.2 Decrease in Current Assets and Substantial Increase in Non-current Assets

In 2013, the Company and its subsidiaries had current assets in the amount of Baht 6,109.79 million, a decrease from Baht 6,895.49 million in 2012, as a result of the transfer of condominium units amounting to Baht 2,001.09 million, as the cost of goods sold. As a result, the cost of real estate development projects (inventories) has decreased.

The non-current assets in 2013 was Baht 11,112.91 million while in 2012 this was Baht 7,292.47 million. This increase in non-current assets resulted from investing in real estate for investment (office buildings and rental retail spaces). Progress of the construction of the buildings for lease in 2013 is as follows:

• The Ninth Towers Building	increased	1,284 Million Baht
• The Shoppes @ Belle	increased	386 Million Baht
• U Place Building	increased	377 Million Baht
• G Land Towers Building	increased	248 Million Baht
Total of the construction increased		2,295 Million Baht

In addition, there was an investment in BBTVM Marketing Co., Ltd. (BBTVM) which owns land with a value of Baht 1,357 million.

### 12.3 Increase in Liabilities and Shareholder's Equity

The Company and its subsidiaries had total liabilities in 2013 in the amount of Baht 9,665.52 million while in 2012 this was Baht 7,371.15 million. The increase resulted from loans from banks for the investment in buildings being constructed and loans from related companies for the purchase of BBTVM.

Shareholder's equity in 2013 was Baht 7,557.18 million which increased Baht 740.36 million from the previous year. This resulted from the exercise of the warrant (GLAND-W1) Baht 154.55 million, which is the remaining amount of profits in 2013.

Due to the increase in total liabilities being higher than that for shareholder's equity, the Current Ratio decreased from 1.31 times to 0.96 times and the Debt to Equity Ratio increased from 1.08 times to 1.28 times. However, in 2013, the Company and its subsidiaries had cash flow from the business operations in the amount of Baht 1,024.61 million, this shows that the Company and its subsidiaries have started to receive cash flow from its business operations. Further, the fact that The Ninth Towers Building will start operating in 2014 should result in an increase in the cash flow received from the business operations and to a better financial status and ratio.

### Factors and influences which may affect the operating results and financial status in the future

In 2014, the Company is in the process of applying for approval from the Securities and Change Commission (SEC) to register The Ninth Towers Building as Property Fund. This will be an alternative channel of finance for the Company.



Grand Canal Donmuang

# Audit Committee Report

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To **Shareholders of Grand Canal Land Public Company Limited**

The Audit Committee consists of three independent directors who are freed and authorized by The Board of Directors according to the rules and regulations of The Securities and Exchange Commission and The Stock Exchange of Thailand.

In 2013, the Audit Committee held total of 6 meetings, 2 Audit Committees members attended 9 meeting, and 1 Audit Committees member attended 8 meeting ,together with internal auditor and auditor joined in related matters. Therefore, there was one special agenda with auditor without the Company's managements attended the meeting. The Audit Committee regularly reported to the Board of Directors which can be summarized as follow:

1. Reviewed the quarterly and annual financial statements and notes to the financial statements of the Company to accurately and completely in accordance with the accounting standards.
2. Reviewed and approved annual internal audit plan and, thus, monitored internal audit results and improvement of the Management in according to the Internal Auditor and Auditor's recommendations in order to achieve targeted plan.
3. Reviewed the Company to follow rules, regulation and laws related to listed company. The Audit Committee considered that there was no important issue regarding to this matter.
4. Considered and recommended Ms.Waraporn Prapasirikul CPA License # 4579 or Mr.Khitsada Lerdwana CPA License # 4958 or Mr.Supachai Phanyawattano CPA License # 3930 of EY Office Limited (Formerly known as Ernst & Young Office Limited) to be the Company's auditor in 201 including the appropriated audit fee which had been approved in the Annual General Meeting of Shareholders.
5. Reviewed the connected transactions or conflict-of-interest transactions to operate reasonably in accordance with normal business practice and complied with related rules, regulations and laws, and also disclosed accurate, sufficient and transparent information.
6. Considered, selected and approved Burapa Accounting Office, by Mr. Pravit Vongkanit, Managing Partner as Team Leader, to be the Company's Internal Auditor in 2013 and proposed pros and cons between hiring outsource and in-house to be Internal Auditor to the Board of Directors.
7. Reviewed and monitored the adequacy, sufficiency and appropriation of the internal control system.

The Audit Committee considered that the Company has an accurate and adequate financial statement. Also its operations were complied with rules and regulations of The Securities and Exchange Commission and The Stock Exchange of Thailand. Meanwhile, with the existing operation manual and internal control system led to adequate, reliable and transparent disclosed financial information.



( Mr. Yongyuth Withayawongsruchi )  
Chairman of Audit Committee

14 March 2014



The  
**Shoppes**  
AT BELLE  
GRAND RAMA 9

The Shoppes @ Belle

# Responsibility of the Board of Directors for Financial Reporting

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The Board of Directors is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information appearing in the annual report. These financial statements have been prepared in accordance with generally accepted accounting standards and practices under appropriate accounting policies applied on a consistent basis following the principles of prudence and impartially. All important financial information about the Company has been sufficiently disclosed in the notes to the financial statements.

In this regard, the Board of Directors has appointed an Audit Committee, consisting of three independent members, to be responsible for the quality of the Company's financial reporting and internal control mechanisms. The opinion of the Audit Committee with regard to these matters appears in the Audit Committee Report contained in the annual report.



( Mr. Jareen Jirawisan )  
Authorized Director



( Mr. Jatesiri Boondichareern )  
Authorized Director



The Shoppes @ Belle

# The Accuracy of Auditor's Remuneration Details

## FOR THE FISCAL YEAR ENDED 31 DECEMBER 2013

### Audit Fee

NO.	Company's Name	Auditor's Name	Audit fee (Baht)
1	Grand Canal Land Plc.	Ms. Waraporn Prapasirikul	1,435,000.-
2	Belle Development Co., Ltd.	Ms. Waraporn Prapasirikul	885,000.-
3	Phraram 9 Square Co., Ltd.	Ms. Waraporn Prapasirikul	380,000.-
4	Phraram 9 Square Hotel Co., Ltd.	Ms. Waraporn Prapasirikul	70,000.-
5	Sterling Equity Co., Ltd.	Ms. Waraporn Prapasirikul	290,000.-
6	Belle Assets Co., Ltd.	Ms. Waraporn Prapasirikul	200,000.-
7	BBTV Marketing Co., Ltd.	Ms. Waraporn Prapasirikul	330,000.-
<b>Total audit fee</b>			<b>3,590,000.-</b>

### Non-Audit Fee


- None -

### The foregoing information

is complete and accurate, and I certify that to the best of my knowledge there is no other remuneration paid by the Company to me and related persons and to the Company I work for and its related persons.

is not complete and not accurate in respect of .....

After making any necessary adjustments to the information contained in this form, I hereby certify that such information presents complete and accurate details of all Audit Fees and Non-Audit Fees paid by the Company to me and the audit firm that I work for.



( Ms. Waraporn Prapasirikul )

EY Office Limited

( Formerly known as Ernst & Young Office Limited )

Auditor of Grand Canal Land Public Co., Ltd.



U Place Grand Rama 9



# Independent Auditor's Report

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To The Shareholders of Grand Canal Land Public Company Limited

I have audited the accompanying consolidated financial statements of Grand Canal Land Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Grand Canal Land Public Company Limited for the same period.

### *Management's responsibility for the financial statements*

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

### *Auditor's responsibility*

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

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

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

### *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Canal Land Public Company Limited and its subsidiaries and of Grand Canal Land Public Company Limited as at 31 December 2013, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



( Waraporn Prapasirikul )

Certified Public Accountant ( Thailand ) No. 4579

EY Office Limited

( Formerly known as Ernst & Young Office Limited )

Bangkok: 27 February 2014





# Financial Statements

Grand Canal Land Public Company Limited and its subsidiaries

Statements of financial position

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2013	2012	2013	2012
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	381,944,077	129,791,203	142,981,188	41,437,615
Current investments	8	39,217,779	40,130,182	39,217,779	40,130,182
Trade and other receivables	6, 9	46,288,628	73,593,746	172,946,006	137,253,118
Short-term loans to related parties	6	-	-	347,000,000	399,936,312
Project development costs	10	5,298,476,616	6,268,095,791	799,070,684	783,869,875
Advance payment to contractors	6	297,467,627	359,858,242	28,862,055	202,787,630
Other current assets		46,392,258	24,025,729	41,074,778	6,383,431
<b>Total current assets</b>		<b>6,109,786,985</b>	<b>6,895,494,893</b>	<b>1,571,152,490</b>	<b>1,611,798,163</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	89,187,074	67,648,435	37,259,723	16,763,094
Investments in subsidiaries	12	-	-	3,186,374,635	2,636,584,067
Other long-term investments	13	104,520,000	104,520,000	-	-
Investment properties	14	10,405,517,035	6,753,838,113	5,967,139,246	4,682,651,587
Property, plant and equipment	15	124,322,752	24,536,755	31,745,879	17,251,170
Land leasehold right from related parties	16	150,360,794	159,716,364	-	-
Deferred tax assets	26	190,933,359	159,792,423	14,557,824	7,032,145
Intangible assets	17	7,695,384	8,310,169	7,344,975	8,161,575
Other non-current assets		40,376,087	14,110,654	4,584,129	655,649
<b>Total non-current assets</b>		<b>11,112,912,485</b>	<b>7,292,472,913</b>	<b>9,249,006,411</b>	<b>7,369,099,287</b>
<b>Total assets</b>		<b>17,222,699,470</b>	<b>14,187,967,806</b>	<b>10,820,158,901</b>	<b>8,980,897,450</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	18	1,345,491,900	694,597,900	820,000,000	590,000,000
Trade and other payables	6, 19	1,304,402,994	1,573,653,904	416,895,471	540,339,052
Retention payable	6	265,812,464	164,318,307	87,317,001	28,643,889
Short-term loans from related parties	6	1,780,347,530	416,097,530	-	110,000,000
Current portion of long-term loan from related party	6	100,000,000	-	-	-
Current portion of long-term loans from financial institutions	20	853,426,516	1,424,223,750	25,000,000	-
Deposits and advance received from customers		567,832,615	855,816,734	-	-
Corporate income tax payable		95,578,422	97,012,321	18,560,857	-
Other current liabilities		30,246,940	20,256,883	17,700,213	16,851,373
<b>Total current liabilities</b>		<b>6,343,139,381</b>	<b>5,245,977,329</b>	<b>1,385,473,542</b>	<b>1,285,834,314</b>

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

Grand Canal Land Public Company Limited and its subsidiaries  
 Statements of financial position (continued)  
 For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2013	2012	2013	2012
<b>Non-current liabilities</b>					
Long-term loan from related party	6	-	100,000,000	-	-
Long-term loans from financial institutions					
- net of current portion	20	3,225,160,500	2,005,599,316	2,188,403,000	760,160,400
Provision for long-term employee benefits	21	5,302,107	4,002,053	5,302,107	4,002,053
Other non-current liabilities		91,919,181	15,570,548	38,847,546	3,969,807
<b>Total non-current liabilities</b>		<b>3,322,381,788</b>	<b>2,125,171,917</b>	<b>2,232,552,653</b>	<b>768,132,260</b>
<b>Total liabilities</b>		<b>9,665,521,169</b>	<b>7,371,149,246</b>	<b>3,618,026,195</b>	<b>2,053,966,574</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
5,540,977,447 ordinary shares of Baht 1 each (2012: 5,327,862,930 ordinary shares of Baht 1 each)					
	22	5,540,977,447	5,327,862,930	5,540,977,447	5,327,862,930
Issued and fully paid					
5,317,619,310 ordinary shares of Baht 1 each (2012: 5,163,882,276 ordinary shares of Baht 1 each)					
	22	5,317,619,310	5,163,882,276	5,317,619,310	5,163,882,276
Share premium	22	1,532,320,430	1,532,320,430	1,532,320,430	1,532,320,430
Adjustment to present assets purchased under common control at book value					
	22	(423,185,000)	(423,185,000)	-	-
Adjustment of equity interests under reverse acquisition					
	22	(129,336,263)	183,163,577	-	-
<b>Total equity interests</b>		<b>6,297,418,477</b>	<b>6,456,181,283</b>	<b>6,849,939,740</b>	<b>6,696,202,706</b>
Share subscription received in advance	23	815,872	-	815,872	-
Retained earnings					
Appropriated - statutory reserve	24	21,100,000	15,000,000	58,800,000	52,700,000
Unappropriated (deficits)		530,471,683	(240,433,802)	293,202,871	177,924,024
Other components of shareholders' equity		(13,697,580)	104,146	(625,777)	104,146
Equity attributable to owners of the Company		6,836,108,452	6,230,851,627	7,202,132,706	6,926,930,876
Non-controlling interests of the subsidiaries		721,069,849	585,966,933	-	-
<b>Total shareholders' equity</b>		<b>7,557,178,301</b>	<b>6,816,818,560</b>	<b>7,202,132,706</b>	<b>6,926,930,876</b>
<b>Total liabilities and shareholders' equity</b>		<b>17,222,699,470</b>	<b>14,187,967,806</b>	<b>10,820,158,901</b>	<b>8,980,897,450</b>

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

Grand Canal Land Public Company Limited and its subsidiaries  
 Statements of comprehensive income  
 For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2013	2012	2013	2012
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from sales of real estate		3,294,112,547	983,181,747	-	-
Rental and service income	25	91,046,412	108,946,805	495,533,994	271,192,377
Gain on sales of assets	6	58,426,757	-	-	-
Other income		8,845,601	6,448,391	24,498,620	34,172,376
<b>Total revenues</b>		<b>3,452,431,317</b>	<b>1,098,576,943</b>	<b>520,032,614</b>	<b>305,364,753</b>
<b>Expenses</b>					
Cost of sales of real estate		2,001,090,363	666,072,376	-	-
Cost of rent and services		103,888,995	73,912,777	166,432,292	135,859,740
Selling expenses		195,505,227	65,672,349	22,153,125	4,043,901
Administrative expenses		210,881,824	146,292,659	68,776,910	45,963,157
Loss on write offs and sales of assets		20,129,671	-	17,750,539	-
Impairment loss on assets		21,525,678	300,000	21,525,678	-
<b>Total expenses</b>		<b>2,553,021,758</b>	<b>952,250,161</b>	<b>296,638,544</b>	<b>185,866,798</b>
<b>Profit before finance cost and income tax expenses</b>		<b>899,409,559</b>	<b>146,326,782</b>	<b>223,394,070</b>	<b>119,497,955</b>
Finance cost		(150,263,547)	(43,076,458)	(51,451,694)	(80,965)
<b>Profit before income tax expenses</b>		<b>749,146,012</b>	<b>103,250,324</b>	<b>171,942,376</b>	<b>119,416,990</b>
Income tax expense	26	(162,609,254)	(42,857,034)	(50,563,529)	(7,682,919)
<b>Profit for the year</b>		<b>586,536,758</b>	<b>60,393,290</b>	<b>121,378,847</b>	<b>111,734,071</b>
<b>Other comprehensive income:</b>					
Gain (loss) on change in value of available-for-sale investments, net of income tax		(729,923)	104,146	(729,923)	104,146
Actuarial loss arising from post-employment benefits, net of income tax		-	(1,470,097)	-	(1,470,097)
<b>Other comprehensive income for the year</b>		<b>(729,923)</b>	<b>(1,365,951)</b>	<b>(729,923)</b>	<b>(1,365,951)</b>
<b>Total comprehensive income for the year</b>		<b>585,806,835</b>	<b>59,027,339</b>	<b>120,648,924</b>	<b>110,368,120</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		464,505,645	58,922,123	121,378,847	111,734,071
Non-controlling interests of the subsidiaries		122,031,113	1,471,167		
		<b>586,536,758</b>	<b>60,393,290</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		463,775,722	57,556,172	120,648,924	110,368,120
Non-controlling interests of the subsidiaries		122,031,113	1,471,167		
		<b>585,806,835</b>	<b>59,027,339</b>		
<b>Earnings per share</b>	<b>28</b>				
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.088	0.012	0.023	0.022
<b>Diluted earnings per share</b>					
Profit attributable to equity holders of the Company		0.085	0.011	0.022	0.022

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

Grand Canal Land Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Profit before tax	749,146,012	103,250,324	171,942,376	119,416,990
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	48,704,223	32,442,464	33,217,870	27,991,858
Allowance for doubtful accounts (reversal)	(3,513,720)	53,500	(3,513,720)	53,500
Loss (gain) on write offs and sales of assets	20,129,671	46,901	17,750,539	(2,338,500)
Gain on sales of assets awaiting for sale	-	(193,237)	-	(193,237)
Gain on sales of investments in subsidiaries	-	(191,774)	-	(20,000)
Gain on sales of investments in associated company	-	(10,000)	-	(10,000)
Loss on compensation for flood damage	-	850,343	-	-
Reversal of allowance for diminution in value of project development cost	-	(732,929)	-	-
Impairment loss on property, plant and equipment	21,525,678	300,000	21,525,678	-
Provision for long-term employee benefits	1,300,054	610,157	1,300,054	610,157
Interest income	(4,799,786)	(2,261,517)	(23,805,923)	(32,695,780)
Interest expenses	148,948,587	42,995,494	50,136,733	-
Profit from operating activities before changes in operating assets and liabilities	981,440,719	177,159,726	268,553,607	112,814,988
Operating assets decrease (increase)				
Trade and other receivables	30,820,035	(43,075,306)	(32,769,530)	(106,480,928)
Project development costs	999,038,023	(1,219,901,744)	(10,228,617)	(9,431,820)
Advance payment to contractors	62,390,615	(123,973,296)	173,925,575	(187,252,523)
Other current assets	(43,405,003)	(6,041,731)	(40,853,802)	(5,592,003)
Other non-current assets	(26,265,433)	2,624,589	(3,928,481)	5,717,010
Operating liabilities increase (decrease)				
Trade and other payables	(387,479,671)	924,491,650	(125,588,435)	234,819,818
Retention payable	101,494,157	99,395,994	58,673,112	24,973,093
Deposits and advance received from customers	(287,984,119)	208,465,417	-	-
Other current liabilities	9,990,057	10,822,173	848,840	10,237,914
Other non-current liabilities	76,348,633	9,156,405	34,877,739	(150,407)
Cash flows from operating activities	1,516,388,013	39,123,877	323,510,008	79,655,142
Cash paid for interest expenses	(314,351,883)	(391,791,815)	(134,478,114)	(64,723,000)
Proceed from refund of corporate income tax	16,694,927	4,862,938	329,211	4,862,938
Cash paid for corporate income tax	(194,123,701)	(39,053,028)	(33,512,626)	(10,636,033)
<b>Net cash flows from (used in) operating activities</b>	<b>1,024,607,356</b>	<b>(386,858,028)</b>	<b>155,848,479</b>	<b>9,159,047</b>
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(21,538,639)	(24,150,523)	(20,496,629)	(15,221,542)
Decrease (increase) in short-term loans to related parties	-	-	52,936,312	(77,000,000)

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

Grand Canal Land Public Company Limited and its subsidiaries  
Cash flow statements (continued)  
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest income	4,798,589	853,760	24,396,285	32,136,555
Cash payment for investments in available-for-sale security	-	(40,000,000)	-	(40,000,000)
Proceed from sales of investments in subsidiaries	-	(670)	-	20,000
Cash payment for investments in subsidiaries (Note 12.4 and 12.5)	(39,489,991)	(4,518,794)	(549,790,568)	(245,464,373)
Proceed from sales of investments in associated company	-	10,000	-	10,000
Proceed from sales of investment properties	853,464	-	3,944,260	26,233,340
Acquisition of property, plant and equipment	(25,857,245)	(13,237,764)	(19,190,888)	(11,907,479)
Proceed from sales of property, plant and equipment	90,000	9,159	90,000	9,159
Proceed from sales of assets awaiting for sale	-	2,164,500	-	2,164,500
Cash received as compensation for flood damage	-	1,244,574	-	-
Increase in investment properties	(2,183,789,716)	(1,384,704,700)	(1,272,533,489)	(955,136,125)
Increase in intangible assets	(1,731,800)	(2,977,192)	(1,455,695)	(2,826,450)
<b>Net cash flows used in investing activities</b>	<b>(2,266,665,338)</b>	<b>(1,465,307,650)</b>	<b>(1,782,100,412)</b>	<b>(1,286,982,415)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	650,894,000	(21,300,100)	230,000,000	(50,000,000)
Increase (decrease) in short-term loans from related parties	40,000,000	(421,502,470)	(110,000,000)	110,000,000
Increase in long-term loans from financial institutions	648,763,950	1,838,505,027	1,453,242,600	760,160,400
Proceed from increase in share capital	153,737,034	596,782,780	153,737,034	596,782,780
Increase in share subscription received in advance	815,872	-	815,872	-
Dividend paid	-	(147,914,128)	-	(147,914,128)
<b>Net cash flows from financing activities</b>	<b>1,494,210,856</b>	<b>1,844,571,109</b>	<b>1,727,795,506</b>	<b>1,269,029,052</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>252,152,874</b>	<b>(7,594,569)</b>	<b>101,543,573</b>	<b>(8,794,316)</b>
Cash and cash equivalents at beginning of the year	129,791,203	137,385,772	41,437,615	50,231,931
Cash and cash equivalents at end of the year	381,944,077	129,791,203	142,981,188	41,437,615
<b>Supplemental cash flows information:</b>				
Non-cash transactions				
Amounts due to related party increased due to the purchases of investment properties	-	-	867,059	142,395,532
Transfer project development cost to investment properties	189,640,639	450,460,204	-	-
Transfer project development cost to property, plant and equipment	83,791,303	-	-	-
Transfer investment properties to property, plant and equipment	5,448,953	-	-	-

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



Grand Canal Land Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity  
 For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements													
Equity attributable to the parent's shareholders													
	Issued and fully paid share capital	Share premium	Adjustment to present assets purchased under common control at book value	Adjustment to equity interest under reverse acquisition	Share subscription received in advance	Retained earnings (deficits)		Other components of shareholders' equity			Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
						Appropriated	Unappropriated	Surplus on change in value of available-for-sale investments	Adjustment of change in interest in the subsidiary	Total other components of shareholders' equity			
<b>Balance as at</b>													
1 January 2012	4,930,523,272	1,168,896,590	(423,185,000)	230,140,649	64	9,400,000	(191,348,772)	-	-	-	5,724,426,803	584,695,766	6,309,122,569
Increase share capital (Note 22)	233,359,004	363,423,840	-	-	(64)	-	-	-	-	-	596,782,780	-	596,782,780
Dividend paid (Note 30)	-	-	-	(46,977,072)	-	-	(100,937,056)	-	-	-	(147,914,128)	-	(147,914,128)
Profit for the year	-	-	-	-	-	-	58,922,123	-	-	-	58,922,123	1,471,167	60,393,290
Other comprehensive income for the year	-	-	-	-	-	-	(1,470,097)	104,146	-	104,146	(1,365,951)	-	(1,365,951)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	5,600,000	(5,600,000)	-	-	-	-	-	-
Decrease in equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
<b>Balance as at</b>													
31 December 2012	5,163,882,276	1,532,320,430	(423,185,000)	183,163,577	-	15,000,000	(240,433,802)	104,146	-	104,146	6,230,851,627	585,966,933	6,816,818,560

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

Grand Canal Land Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity (continued)  
 For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements (continued)															
Equity attributable to the parent's shareholders															
	Issued and fully paid share capital	Share premium	Adjustment to present assets purchased under common control at book value	Adjustment to equity interest under reverse acquisition	Share subscription received in advance	Retained earnings (deficits)			Other components of shareholders' equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
						Appropriated	Unappropriated	change in value of available-for-sale investments	Surplus on change in interest in the subsidiary	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company				Equity attributable to non-controlling interests of the subsidiaries
Balance as at															
1 January 2013	5,163,882,276	1,532,320,430	(423,185,000)	183,163,577	-	15,000,000	(240,433,802)	104,146	-	104,146	6,230,851,627	585,966,933	6,816,818,560		
Increase share capital (Note 22)	153,737,034	-	-	-	-	-	-	-	-	-	153,737,034	-	153,737,034		
Share subscription received in advance (Note 23)	-	-	-	-	815,872	-	-	-	-	-	815,872	-	815,872		
Profit for the year	-	-	-	-	-	-	464,505,645	-	-	-	464,505,645	122,031,113	586,536,758		
Other comprehensive income for the year	-	-	-	-	-	-	-	(729,923)	-	(729,923)	(729,923)	-	(729,923)		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	6,100,000	(6,100,000)	-	-	-	-	-	-		
Decrease in subsidiary's share capital to write-off retained losses (Note 22)	-	-	-	(312,499,840)	-	-	312,499,840	-	-	-	-	-	-		
Cumulative effect of the change in interest in the subsidiary (Note 12)	-	-	-	-	-	-	-	-	(13,071,803)	(13,071,803)	(13,071,803)	13,071,803	-		
Balance as at 31 December 2013	5,317,619,310	1,532,320,430	(423,185,000)	(129,336,263)	815,872	21,100,000	530,471,683	(625,777)	(13,071,803)	(13,071,803)	6,836,108,452	721,069,849	7,557,178,301		

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

Grand Canal Land Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity (continued)  
 For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and fully paid share capital	Share premium	Share subscription received in advance	Retained earnings		Surplus on change in value of available-for-sale investments	Other components of shareholders' equity	
				Appropriated	Unappropriated			
<b>Balance as at 1 January 2012</b>	4,930,523,272	1,168,896,590	64	47,100,000	221,174,178	-	6,367,694,104	
Increase share capital (Note 22)	233,359,004	363,423,840	(64)	-	-	-	596,782,780	
Dividend paid (Note 30)	-	-	-	-	147,914,128	-	(147,914,128)	
Profit for the year	-	-	-	-	111,734,071	-	111,734,071	
Other comprehensive income for the year	-	-	-	-	(1,470,097)	104,146	(1,365,951)	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	5,600,000	(5,600,000)	-	-	
<b>Balance as at 31 December 2012</b>	5,163,882,276	1,532,320,430	-	52,700,000	177,924,024	104,146	6,926,930,876	
<b>Balance as at 1 January 2013</b>	5,163,882,276	1,532,320,430	-	52,700,000	177,924,024	104,146	6,926,930,876	
Increase share capital (Note 22)	153,737,034	-	-	-	-	-	153,737,034	
Share subscription received in advance (Note 23)	-	-	815,872	-	-	-	815,872	
Profit for the year	-	-	-	-	121,378,847	-	121,378,847	
Other comprehensive income for the year	-	-	-	-	-	(729,923)	(729,923)	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	6,100,000	(6,100,000)	-	-	
<b>Balance as at 31 December 2013</b>	5,317,619,310	1,532,320,430	815,872	58,800,000	293,202,871	(625,777)	7,202,132,706	

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

## Grand Canal Land Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2013

#### 1. General information

Grand Canal Land Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 33/4 Rama 9 Road, Huaykwang, Huaykwang, Bangkok.

#### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

##### 2.2 Basis of consolidation

a) In 2009, Grand Canal Land Public Company Limited issued new ordinary shares to the existing shareholders of Grand Canal Co., Ltd., Belle Development Ltd. and Praram 9 Square Ltd., and transferred the entire business of Grand Canal Co., Ltd. to combine with the business of Grand Canal Land Public Company Limited. This business combination is treated as a reverse acquisition.

These consolidated financial statements are prepared for a reverse acquisition, for which Grand Canal Land Public Company Limited is the legal parent company (accounting acquiree) and Belle Development Ltd. and Praram 9 Square Ltd. are the legal subsidiaries (accounting acquirers). In addition, these consolidated financial statements include the financial statements of the following subsidiary companies of the legal parent company and the legal subsidiaries, which are incorporated in Thailand:

Company's name	Nature of business	Percentage of shareholding	
		2013 (Percent)	2012 (Percent)
Praram 9 Square Hotel Ltd. (owned by Praram 9 Square Ltd.)	Hotel business	99.99	99.99
Sterling Equity Co., Ltd. (owned by the Company)	Property development	100.00	100.00
Belle Assets Co., Ltd. (owned by the Company)	Property development	100.00	-
BBTV Marketing Co., Ltd. (owned by the Company)	Property development	100.00	-

b) The consolidated financial statements as at the date of the reverse acquisition were prepared as follows:

1. The assets and liabilities of the legal subsidiaries are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts.

2. Deficit and the outstanding balance of other equities in the consolidated financial statements are recognised at the last amounts of deficit and outstanding balance of other equities of the legal subsidiaries before the business combination.

3. Equity interests, as presented in the consolidated financial statements, represent the sum of the issued equity interests of the legal subsidiaries (accounting acquirers) outstanding before the business combination and the cost of the business combination (Note 22.3).

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the shares of profit or loss and net assets of the subsidiaries that do not belong to the group of the Company (including the shares of shareholders of the legal subsidiaries that do not exchange their equity interests with the legal parent company under the reverse acquisition) and are presented separately in consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Accounting standards that became effective in the current accounting year

##### Accounting standards :

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

##### Financial Reporting Standard :

TFRS 8	Operating Segments
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##### Accounting Standard Interpretations :

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

##### Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for TAS 12 Income Taxes, which the Company and its subsidiaries have adopted since 2012.

(b) Accounting standards that will become effective in the future

		Effective date
<b>Accounting Standards :</b>		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
<b>Financial Reporting Standards :</b>		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
<b>Accounting Standard Interpretations :</b>		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
<b>Financial Reporting Standard Interpretations :</b>		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management has assessed the effect of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company or do not have any significant impact on the financial statements for the year when they are initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

Sales of houses and residential condominium units

Revenues from sales of houses and residential condominium units are recognised as revenues when significant risks and rewards are transferred to the buyer.

Project management fee, selling management fee and other service income

Project management fee, selling management fee and other service income are recognised when services have been rendered taking into account the stage of completion.

Rental and related service income

Rental and related service income of units in office buildings and residential buildings are recognised on an accrual basis.

##### **Interest income**

Interest income is recognised on an accrual basis based on the effective interest rate.

##### **Dividends**

Dividends are recognised when the right to receive the dividends is established.

##### **4.2 Cost of houses and residential condominium units sold**

In determining the cost of houses and residential condominium units sold, the anticipated total development costs (after recognising the costs incurred to date) are attributed to units already sold on the basis of the salable area and then recognised as costs in profit or loss.

##### **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.4 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

##### **4.5 Project development costs**

Project development costs are valued at the lower of cost and net realisable value.

Project development costs consist of the costs of land, land development, construction, land lease and related interest.

##### **4.6 Investments**

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

c) Investments in associates are accounted for in the consolidated financial statements using the equity method.

d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.7 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 and 43 years
Building improvements	-	3 years
Building systems	-	10 - 43 years

Depreciation of the investment properties is included in determining income.

No depreciation is provided on land awaiting development and project under construction. On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.8 Property, plant and equipment / Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 years, except for swimming pools and equipment, which have estimated useful lives of 10 - 20 years.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Intangible assets and amortisation**

Intangible assets (computer software) are carried at cost less accumulated amortisation and accumulated impairment losses (if any). They are amortised over a period of 5 years.

#### **4.11 Leasehold rights and amortisation**

Leasehold right is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold right is calculated by reference to its cost on a straight-line basis over the leasehold period.



Amortisation is included in determining income and is capitalised as part of project costs for leasehold rights of project under development.

#### **4.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.13 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.14 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.15 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.16 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

##### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### ***Defined benefit plans***

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.17 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### ***Current tax***

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### ***Deferred tax***

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### **Property plant and equipment / Investment properties / Depreciation**

In determining depreciation of plant, equipment and investment properties, the management is required to make estimates of the useful lives and residual values of the plant, equipment and investment properties, and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment properties for impairment on a periodical basis, and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **Classification of long-term loans**

In classifying the current portion of long-term loans from banks, the management of the Company and its subsidiaries has used judgement to estimate collateral redemptions and loan settlement in accordance with the terms and conditions stipulated in the loan agreements.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
<b>Transactions with subsidiaries</b>					
(Eliminated from the consolidated financial statements)					
Project management fee	-	-	256	126	As stipulated in agreements
Selling management fee	-	-	92	30	As stipulated in agreements
Commission fee (Note 25)	-	-	58	-	As stipulated in agreements
Rental and related service income	-	-	1	8	As stipulated in agreements
Interest income	-	-	21	32	MLR - 0.5% per annum
Interest expenses (including interest expenses capitalised as assets)	-	-	-	2	MLR - 1.5% per annum
Sales of investment properties	-	-	3	26	Cost plus margin
Purchases of investment properties	-	-	1	142	As stipulated in agreements
<b>Transactions with related companies</b>					
Project management fee	25	66	25	66	As stipulated in agreements
Selling management fee	3	2	3	2	As stipulated in agreements
Design service fee	46	35	46	35	As stipulated in agreements
Rental and related service income	1	1	-	-	As stipulated in agreements
Interest expenses (including interest expenses capitalised as assets)	97	32	-	-	MLR - 1% per annum and 4% per annum
Sales of assets awaiting for sale	-	2	-	2	As stipulated in agreements
Gain on sales of assets (Note 25)	58	-	-	-	As stipulated in agreements
Purchases of investment properties	183	-	-	-	As stipulated in agreements
Revenue from sales of residential condominium units	334	109	-	-	Similar to market price
Construction service expenses (capitalised as assets)	420	522	-	-	As stipulated in agreements
<b>Transactions with management and directors</b>					
Revenue from sales of residential condominium units	-	38	-	-	Similar to market price

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade and other receivables - related parties</b>				
Subsidiaries	-	-	140,381	76,796
Related companies (related by common directors)	17,517	57,184	17,517	55,725
Total trade and other receivables - related parties	17,517	57,184	157,898	132,521
<b>Advance payment to contractors</b>				
Related company (related by common directors)	50,154	11,168	-	-
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	143,263	142,908
Related companies (related by common directors)	247,047	170,622	1,120	7,445
Total trade and other payables - related parties	247,047	170,622	144,383	150,353
<b>Retention payable</b>				
Related company (related by common directors)	67,687	62,293	675	675
<b>Other non-current liabilities rental and service retention</b>				
Subsidiary	-	-	-	1,180
Related companies (related by common directors)	1,164	571	-	10
Total rental and service retention - related parties	1,164	571	-	1,190

#### Loans to related parties and loans from related parties

As at 31 December 2013 and 2012, the balance of loans to related parties and loans from related parties and the movement of these loans are as follows:

(Unit: Thousand Baht)

Short-term loans to related parties	Related by	Separate financial statements			
		Balance as at 31 December 2012	Increase during the year	Decrease during the year	Balance as at 31 December 2013
Belle Development Ltd.	Subsidiary	100,000	297,000	(230,000)	167,000
Praram 9 Square Ltd.	Subsidiary	299,936	40,000	(309,936)	30,000
Sterling Equity Co., Ltd.	Subsidiary	-	170,000	(20,000)	150,000
<b>Total</b>		<b>399,936</b>	<b>507,000</b>	<b>(559,936)</b>	<b>347,000</b>

Short-term loans to subsidiaries carried interest at MLR - 0.5% per annum and repayable at call.

(Unit: Thousand Baht)

Short-term loans from related parties	Related by	Consolidated financial statements			
		Balance as at 31 December 2012	Increase from investments in subsidiaries	Increase during the year	Balance as at 31 December 2013
Bangkok Broadcasting & T.V. Co., Ltd.	Common directors	416,098	-	-	416,098
BBTV Equity Co., Ltd.	Common directors	-	207,100	40,000	247,100
BBTV Asset Management Co., Ltd.	Common directors	-	648,000	-	648,000
GL Assets Co., Ltd.	Common directors	-	169,150	-	169,150
Tun Rungrueng Co., Ltd.	Common directors	-	300,000	-	300,000
<b>Total</b>		<b>416,098</b>	<b>1,324,250</b>	<b>40,000</b>	<b>1,780,348</b>

Short-term loans from related companies carried interest at MLR - 1% per annum and repayable at call. During the current year, Bangkok Broadcasting & T.V. Co., Ltd. and BBTV Equity Co., Ltd. changed their interest rates from 4% per annum to MLR - 1% per annum, with the new interest rates effective from 1 January 2013 for the loan from Bangkok Broadcasting & T.V. Co., Ltd. and from 11 June 2013 for the loan from BBTV Equity Co., Ltd.

(Unit: Thousand Baht)

Short-term loans from related parties	Related by	Separate financial statements			
		Balance as at 31 December 2012	Increase during the year	Decrease during the year	Balance as at 31 December 2013
Sterling Equity Co., Ltd.	Subsidiary	110,000	-	(110,000)	-

Short-term loans from the subsidiary carried interest at MLR - 1.5% per annum and repayable at call.

(Unit: Thousand Baht)

Short-term loans from related parties	Related by	Consolidated financial statements			
		Balance as at 31 December 2012	Increase during the year	Decrease during the year	Balance as at 31 December 2013
Great Fortune Equity Co., Ltd.	Common directors	100,000	-	-	100,000

Long-term loan from related company carried interest at MLR - 1% per annum and repayable on 29 June 2014. As at 31 December 2013, the Company reclassified this loan as current portion of long-term loan from related party.

#### Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	21.3	16.7	19.9	15.3

#### Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 32.4 to the financial statements.

### 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	96	54	6	36
Bank deposits	381,848	129,737	142,975	41,402
<b>Total</b>	<b>381,944</b>	<b>129,791</b>	<b>142,981</b>	<b>41,438</b>

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.50 and 1.88 percent per annum (2012: between 0.60 and 0.75 percent per annum).

### 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Subordinated debentures	40,000	40,000	40,000	40,000
Add: Gain (loss) on valuation of available-for-sale securities	(782)	130	(782)	130
<b>Total</b>	<b>39,218</b>	<b>40,130</b>	<b>39,218</b>	<b>40,130</b>

Current investments represent investments in subordinated debentures of Bangkok Bank Public Company Limited. The debentures carry interest at 4.375% per annum and mature in 2022. The Company expects to dispose of these debentures in the near future, and therefore classifies them as investments in available-for-sale securities.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Trade receivables - related parties</i>				
Aged on the basis of due dates				
Not yet due	-	1,888	-	19,306
Past due				
Up to 3 months	8,155	8,020	108,488	50,275
3 - 6 months	6,420	7,800	44,940	21,600
Over 12 months	111	111	111	111
<b>Total</b>	<b>14,686</b>	<b>17,819</b>	<b>153,539</b>	<b>91,292</b>
Less: Allowance for doubtful debts	(111)	-	(111)	-
Total trade receivables - related parties, net	14,575	17,819	153,428	91,292
<i>Trade receivables - unrelated parties</i>				
Aged on the basis of due dates				
Not yet due	5,385	3,632	478	3,632
Past due				
Up to 3 months	3,551	1	3,551	1
3 - 6 months	129	-	129	-
6 - 12 months	186	-	186	-
Over 12 months	54,306	54,306	54,306	54,306
<b>Total</b>	<b>63,557</b>	<b>57,939</b>	<b>58,650</b>	<b>57,939</b>
Less: Allowance for doubtful debts	(54,291)	(57,916)	(54,291)	(57,916)
Total trade receivables - unrelated parties, net	9,266	23	4,359	23
Total trade receivables - net	23,841	17,842	157,787	91,315
<i>Other receivables</i>				
Advances - related parties	2,940	3,488	2,940	3,488
Advances - unrelated parties	823	232	277	108
Interest receivables - related parties	-	-	1,528	2,161
Interest receivables - unrelated parties	315	314	292	249
Amounts due from related parties	2	2	2	191
Unearned income from related parties	-	35,875	-	35,389
Others	28,282	25,755	20,034	14,266
<b>Total</b>	<b>32,362</b>	<b>65,666</b>	<b>25,073</b>	<b>55,852</b>
Less: Allowance for doubtful debts	(9,914)	(9,914)	(9,914)	(9,914)
Total other receivables - net	22,448	55,752	15,159	45,938
Total trade and other receivables - net	46,289	73,594	172,946	137,253

## 10. Project development costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land and construction under development	3,929,690	5,196,055	799,071	783,870
Land and construction developed	1,368,787	1,072,041	-	-
<b>Total</b>	<b>5,298,477</b>	<b>6,268,096</b>	<b>799,071</b>	<b>783,870</b>

During the current year, the Company included borrowing costs of Baht 5 million as part of project development costs in the separate financial statements, and the Company and subsidiary included borrowing costs of Baht 37 million (2012: Baht 100 million) as part of project development costs in the consolidated financial statements.

During the current year, a subsidiary transferred project development costs amounting to approximately Baht 190 million (2012: Baht 450 million) to investment properties, and approximately Baht 84 million (2012: Baht 450 million) to property, plant and equipment.

The Company and subsidiary have mortgaged their land and construction thereon with banks to secure their long-term loans from the banks.

## 11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up Capital		Shareholding percentage		Cost	
	2013	2012	2013 (%)	2012 (%)	2013	2012
Belle Development Ltd.	2,064,261	2,064,261	79.57	79.57	1,920,104	1,920,104
Param 9 Square Ltd.	1,100,000	1,000,000	88.07	78.12	971,016	471,016
Sterling Equity Co., Ltd.	280,000	280,000	100.00	100.00	245,464	245,464
Belle Assets Co., Ltd.	11,000	1,000	100.00	-	11,000	-
BBTV Marketing Co., Ltd.	5,000	5,000	100.00	-	38,791	-
<b>Total investments in subsidiaries</b>					<b>3,186,375</b>	<b>2,636,584</b>

12.1 On 27 March 2013, Param 9 Square Ltd. reduced its registered and paid-up share capital from Baht 1,000 million (10 million ordinary shares of Baht 100 each) to Baht 600 million (6 million ordinary shares of Baht 100 each) by canceling 4 million shares of Baht 100 per share, in order to write-off retained losses. Subsequently, on 28 March 2013, Param 9 Square Ltd. increased its registered and paid-up share capital from Baht 600 million (6 million ordinary shares of Baht 100 each) to Baht 1,100 million (11 million ordinary shares of Baht 100 each), through the issuance of 5 million additional ordinary shares with a par value of Baht 100 each, for offer to existing shareholders at Baht 100 per share. The Company has invested in all additional ordinary shares. As a result, the Company's interest in Param 9 Square Ltd. increased from 78.12% to 88.07%. The cumulative effect of the change in the interest in this subsidiary, amounting to Baht 13.1 million, has been presented in other components of shareholders' equity in the consolidated financial statements.



12.2 In May 2013, the Company invested Baht 11 million in Belle Assets Co., Ltd. (formerly known as Tonson Ploenchit Co., Ltd.). As a result, the Company has 100% interest in this company.

The value of acquired assets and liabilities as at the acquisition date, based on the value allocated from the acquisition cost of the group of assets, and the cash payment made to purchase the investment in subsidiary are summarised below.

	Thousand Baht
Cash payment for purchase of investment in subsidiary	11,000
Value of assets and liabilities, based on value allocated from the acquisition cost of the group of assets	
Cash and cash equivalents	10,144
Project development costs	265,769
Other current assets	1
Other payables	(57,814)
Short-term loans from related party	(207,100)
<b>Total net assets</b>	<b>11,000</b>

12.3 In August 2013, the Company invested Baht 38.79 million in BBTV Marketing Co., Ltd. As a result, the Company has 100% interest in this company.

The value of acquired assets and liabilities as at the acquisition date, based on the value allocated from the acquisition cost of the group of assets, and the cash payment made to purchase the investment in subsidiary are summarised below.

	Thousand Baht
Cash payment for purchase of investment in subsidiary	38,791
Value of assets and liabilities, based on value allocated from the acquisition cost of the group of assets	
Cash and cash equivalents	157
Other current assets	1,216
Investment properties	1,173,028
Short-term loans from related parties	(1,117,150)
Other current liabilities	(18,460)
<b>Total net assets</b>	<b>38,791</b>

12.4 Net cash payments for purchases of investment in subsidiaries, as mentioned in Notes 12.2 and 12.3 to the financial statements, can be summarised as follows:

	Thousand Baht
Cash payments for purchases of investment in subsidiaries	49,791
Less: Cash and cash equivalents of subsidiaries	(10,301)
<b>Net cash payments for purchases of investment in subsidiaries</b>	<b>39,490</b>

12.5 On 4 July 2012, the Company invested in 400,000 ordinary shares of Sterling Equity Co., Ltd. at a price of Baht 13.661 per share, or a total of approximately Baht 5.5 million, representing a 100% interest in this company. Subsequently, on 19 September 2012, Sterling Equity Co., Ltd. increased its share capital by Baht 240 million (2,400,000 ordinary shares of Baht 100 each), and the Company acquired all of the additional shares. As a result, as at 31 December 2013 and 2012, the Company's investment in this company totaled Baht 245.5 million.

The value of acquired assets and liabilities as at the acquisition date, based on the value allocated from the acquisition cost of the group of assets, and the cash payment made to purchase the investment in subsidiary are summarised below.

	Thousand Baht
Cash payment for purchase of investment in subsidiary	5,464
Value of assets and liabilities, based on value allocated from the acquisition cost of the group of assets	
Cash and cash equivalents	946
Project development costs	32,259
Investment properties	982,384
Other current assets	1,288
Other non-current assets	114
Trade and other payables	(173,802)
Short-term loans from related parties	(837,600)
Other current liabilities	(125)
<b>Total net assets</b>	<b>5,464</b>
Cash payment for purchase of investment in subsidiary	5,464
Less: Cash and cash equivalents of subsidiary	(946)
<b>Net cash payment for purchase of investment in subsidiary</b>	<b>4,518</b>

12.6 On 28 December 2012, the Company sold its investment in M&D Entertainment Co., Ltd., a subsidiary, to an unrelated person at a price of Baht 20,000. The Company recorded gains on the sale of the investment amounting to Baht 20,000 in the separate statement of comprehensive income and Baht 191,774 in the consolidated statement of comprehensive income. In addition, on 28 December 2012, the Company sold its investment in Iloura (Thailand) Co., Ltd., an associated company, to an unrelated person at a price of Baht 10,000. The Company recognised gains on the sale of the investment amounting to Baht 10,000 in both the consolidated and separate statements of comprehensive income.

12.7 On 7 November 2012, a meeting of the Board of Directors of Praram 9 Square Limited passed a resolution to sell its investment in 999,998 ordinary shares of Praram 9 Square Hotel Limited to the Company at a price of Baht 1.35 per share, or for approximately Baht 1.35 million. As at 31 December 2013, Praram 9 Square Limited had yet to sell its investment in Praram 9 Square Hotel Limited to the Company in accordance with the resolution of the meeting of the Board of Directors.

### 13. Other long-term investments

Other long-term investments represent investments in ordinary shares of Central Pattana Nine Square Co., Ltd., in which Praram 9 Square Limited, a subsidiary, holds a 3.27% interest.

### 14. Investment properties

(Unit: Thousand Baht)

Consolidated financial statements								
	Office rental project				Project under construction			
	Land	Office buildings	Buildings systems	Building improvements	Land	Office buildings	Land awaiting development	Total
<b>Cost:</b>								
1 January 2012	328,000	623,830	92,170	2,240	-	699,395	2,256,119	4,001,754
Additions	-	-	-	-	-	1,384,705	-	1,384,705
Write offs	-	(1,044)	-	-	-	-	-	(1,044)
Transfers	-	-	-	-	1,935,359	450,460	(1,935,359)	450,460
Capitalised amortisation of leasehold right	-	-	-	-	-	9,572	-	9,572
Capitalised interest	-	-	-	-	-	98,130	-	98,130
Acquisition of subsidiary during the year	471	22,362	10,060	-	960,026	-	-	992,919
31 December 2012	328,471	645,148	102,230	2,240	2,895,385	2,642,262	320,760	6,936,496
Additions	-	-	1,770	-	184,153	1,920,881	76,986	2,183,790
Disposals	-	-	(22,143)	-	-	-	-	(22,143)
Transfers	-	1,530,700	510,592	-	-	(1,861,711)	-	179,581
Capitalised amortisation of leasehold right	-	-	-	-	-	9,356	-	9,356
Capitalised interest	-	-	-	-	-	174,958	-	174,958
Acquisition of subsidiary during the year	-	-	-	-	1,157,252	15,776	-	1,173,028
31 December 2013	328,471	2,175,848	592,449	2,240	4,236,790	2,901,522	397,746	10,635,066
<b>Accumulated depreciation:</b>								
1 January 2012	-	41,584	7,105	1,521	-	-	-	50,210
Depreciation for the year	-	20,525	3,658	719	-	-	-	24,902
Acquisition of subsidiary during the year	-	7,433	3,102	-	-	-	-	10,535
31 December 2012	-	69,542	13,865	2,240	-	-	-	85,647
Depreciation for the year	-	27,206	6,425	-	-	-	-	33,631
Depreciation on disposals	-	-	(3,655)	-	-	-	-	(3,655)
Transfers	-	-	(4,611)	-	-	-	-	(4,611)
31 December 2013	-	96,748	12,024	2,240	-	-	-	111,012
<b>Allowance for impairment loss:</b>								
1 January 2012	-	-	-	-	-	97,011	-	97,011
31 December 2012	-	-	-	-	-	97,011	-	97,011
Increase during the year	-	21,526	-	-	-	-	-	21,526
31 December 2013	-	21,526	-	-	-	97,011	-	118,537
<b>Net book value:</b>								
1 January 2012	328,000	582,246	85,065	719	-	602,384	2,256,119	3,854,533
31 December 2012	328,471	575,606	88,365	-	2,895,385	2,545,251	320,760	6,753,838
31 December 2013	328,471	2,057,574	580,425	-	4,236,790	2,804,511	397,746	10,405,517
<b>Depreciation for the year</b>								
2012 (Baht 24 million included in cost of rent and services, and the balance in administrative expenses)								24,902
2013 (Baht 32 million included in cost of rent and services, and the balance in administrative expenses)								33,631

(Unit: Thousand Baht)

Separate financial statements								
Office rental project					Project under construction			Total
Land	Office buildings	Buildings systems	Building improvements	Land	Office buildings	Land awaiting development		
<b>Cost:</b>								
1 January 2012	328,000	857,476	92,170	2,240	-	82,918	2,256,119	3,618,923
Additions	-	-	-	-	-	1,097,532	-	1,097,532
Disposals	-	-	-	-	-	(23,849)	-	(23,849)
Transfers	-	-	-	-	1,935,359	-	(1,935,359)	-
Capitalised interest	-	-	-	-	-	64,109	-	64,109
31 December 2012	328,000	857,476	92,170	2,240	1,935,359	1,220,710	320,760	4,756,715
Additions	-	-	-	-	-	1,196,414	76,986	1,273,400
Disposals	-	-	(22,143)	-	-	(3,091)	-	(25,234)
Transfers	-	688,249	463,406	-	-	(1,151,655)	-	-
Capitalised interest	-	-	-	-	-	80,647	-	80,647
31 December 2013	328,000	1,545,725	533,433	2,240	1,935,359	1,343,025	397,746	6,085,528
<b>Accumulated depreciation:</b>								
1 January 2012	-	41,584	7,105	1,521	-	-	-	50,210
Depreciation for the year	-	19,979	3,155	719	-	-	-	23,853
31 December 2012	-	61,563	10,260	2,240	-	-	-	74,063
Depreciation for the year	-	21,528	4,927	-	-	-	-	26,455
Depreciation on disposals	-	-	(3,655)	-	-	-	-	(3,655)
31 December 2013	-	83,091	11,532	2,240	-	-	-	96,863
<b>Allowance for impairment loss:</b>								
1 January 2012	-	-	-	-	-	-	-	-
31 December 2012	-	-	-	-	-	-	-	-
Increase during the year	-	21,526	-	-	-	-	-	21,526
31 December 2013	-	21,526	-	-	-	-	-	21,526
<b>Net book value:</b>								
1 January 2012	328,000	815,892	85,065	719	-	82,918	2,256,119	3,568,713
31 December 2012	328,000	795,913	81,910	-	1,935,359	1,220,710	320,760	4,682,652
31 December 2013	328,000	1,441,108	521,901	-	1,935,359	1,343,025	397,746	5,967,139
<b>Depreciation for the year</b>								
2012 (Baht 23 million included in cost of rent and services, and the balance in administrative expenses)								23,853
2013 (Baht 25 million included in cost of rent and services, and the balance in administrative expenses)								26,455

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 31 December 2013 of Baht 8,434 million (2012: Baht 5,233 million) to secure their credit facilities obtained from banks (The Company only: Baht 5,371 million, 2012: Baht 4,220 million).

During the current year, the Company sold investment properties amounting to Baht 3 million to a subsidiary, and purchased investment properties amounting to Baht 1 million and Baht 183 million from a subsidiary and a related company, respectively.

During the current year, a subsidiary transferred investment properties amounting to approximately Baht 5 million to property, plant and equipment.

The fair value of the Company's office rental project, determined based on valuations performed by an independent valuer in December 2013, was approximately Baht 4,010 million (the net book values of such assets presented in the consolidated and separate financial statements were Baht 3,153 million and Baht 3,387 million, respectively). Such fair value was calculated using the income method under the assumption that the construction of office building was completed, among other assumptions that included the rate of return, discount rate and occupancy rate.

The Company's management believes that the fair values of other land awaiting development and projects under construction of the Company and subsidiaries will not differ significantly from their net book values as presented in the consolidated and separate financial statements, which were Baht 7,252 million and Baht 2,580 million, respectively.

On 2 December 2013, a meeting of the Board of Directors of the Company passed resolutions approving the following:

1. The Company is to lease the land, office building and systems related to the operations of The 9th Towers Grand Rama 9 Project and transfer the ownership of movable properties used in the operation of The 9th Towers Grand Rama 9 Project to the property fund that is to be established ("the Fund").

2. After the Fund invests in The 9th Towers Grand Rama 9 Project, the Company is to sub-lease office space for use as its head office and/or obtain the right to use certain areas in The 9th Towers Grand Rama 9 Project, other than the space allocated for use as office space, retail space or meeting rooms, for purposes to be mutually agreed on, from the Fund for a period of 3 years. The relevant agreement may be renewed for further periods of 3 years each, no more than 9 times.

3. The Company is to invest in the Fund, with acquisitions of investment units of the Fund to amount to not less than 15 percent, but not more than one-third of all investment units of the Fund.

As at 31 December 2013, the Fund has not yet been established, and the net book value of the assets that are to be leased or transferred to the Fund was Baht 3,153 million in the consolidated financial statements and Baht 3,387 million in separate financial statements.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Mock-up room and fence	Furniture, fixtures and office equipment	Swimming pools and equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>							
1 January 2012	300	16,494	10,586	-	-	72	27,452
Additions	-	-	3,979	-	7,789	1,470	13,238
Disposals	-	-	(116)	-	-	-	(116)
Disposal of subsidiary during the year	-	-	(23)	-	-	-	(23)
31 December 2012	300	16,494	14,426	-	7,789	1,542	40,551
Additions	-	-	15,009	1,324	2,849	6,675	25,857
Disposals	-	(14,787)	(542)	-	-	-	(15,329)
Transfers	-	-	(800)	94,651	-	-	93,851
31 December 2013	300	1,707	28,093	95,975	10,638	8,217	144,930
<b>Accumulated depreciation:</b>							
1 January 2012	-	7,273	2,608	-	-	-	9,881
Depreciation for the year	-	3,280	2,391	-	246	-	5,917
Depreciation on disposals	-	-	(61)	-	-	-	(61)
Disposal of subsidiary during the year	-	-	(23)	-	-	-	(23)
31 December 2012	-	10,553	4,915	-	246	-	15,714
Depreciation for the year	-	3,155	3,412	4,430	1,730	-	12,727
Depreciation on disposals	-	(12,410)	(335)	-	-	-	(12,745)
Transfers	-	-	(12)	4,623	-	-	4,611
31 December 2013	-	1,298	7,980	9,053	1,976	-	20,307
<b>Allowance for impairment loss:</b>							
1 January 2012	-	-	-	-	-	-	-
31 December 2012	300	-	-	-	-	-	300
31 December 2013	300	-	-	-	-	-	300
<b>Net book value:</b>							
1 January 2012	300	9,221	7,978	-	-	72	17,571
31 December 2012	-	5,941	9,511	-	7,543	1,542	24,537
31 December 2013	-	409	20,113	86,922	8,662	8,217	124,323
<b>Depreciation for the year</b>							
2012 (Baht 2 million included in cost of rent and services, and the balance in administrative expenses)							5,917
2013 (Baht 6 million included in cost of rent and services, and the balance in administrative expenses)							12,727

(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Assets under Installation	Total
<b>Cost:</b>				
1 January 2012	10,273	-	72	10,345
Additions	2,648	7,789	1,470	11,907
Disposals	(111)	-	-	(111)
31 December 2012	12,810	7,789	1,542	22,141
Additions	12,516	-	6,675	19,191
Disposals	(533)	-	-	(533)
31 December 2013	24,793	7,789	8,217	40,799
<b>Accumulated depreciation:</b>				
1 January 2012	2,429	-	-	2,429
Depreciation for the year	2,271	246	-	2,517
Depreciation on disposals	(56)	-	-	(56)
31 December 2012	4,644	246	-	4,890
Depreciation for the year	3,089	1,402	-	4,491
Depreciation on disposals	(328)	-	-	(328)
31 December 2013	7,405	1,648	-	9,053
<b>Net book value:</b>				
1 January 2012	7,844	-	72	7,916
31 December 2012	8,166	7,543	1,542	17,251
31 December 2013	17,388	6,141	8,217	31,746
<b>Depreciation for the year</b>				
2012 (Baht 2 million included in cost of rent and services, and the balance in administrative expenses)				2,517
2013 (Baht 2 million included in cost of rent and services, and the balance in administrative expenses)				4,491

## 16. Land leasehold right from related parties

Land leasehold right from related parties, as presented in the consolidated financial statements, were advance rental fees that a subsidiary paid to two related companies under a land lease agreement with a term of 43 years, which matures on 30 June 2050. The outstanding balances as at 31 December 2013 and 2012 can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2013	2012
Land leasehold right	221,000	221,000
Less: Accumulated amortisation	(70,639)	(61,284)
Net	150,361	159,716

A subsidiary has pledged its land leasehold right to secure its credit facilities obtained from bank.

## 17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Computer software - cost	12,294	10,562	11,867	10,411
Less: Accumulated amortisation	(4,599)	(2,252)	(4,522)	(2,250)
Net book value	7,695	8,310	7,345	8,161
Net book value at beginning of year	8,310	6,957	8,161	6,957
Additions	1,732	2,977	1,456	2,826
Amortisation expenses for the year	(2,347)	(1,624)	(2,272)	(1,622)
Net book value at end of year	7,695	8,310	7,345	8,161

## 18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
	(Percent per annum)	(Percent per annum)				
Short-term loans from banks	MLR -1% and MOR -1%	MLR -1% and MOR -1%	1,045,492	694,598	520,000	590,000
Bill of exchange	4.60 - 4.65	-	300,000	-	300,000	-
<b>Total</b>			<b>1,345,492</b>	<b>694,598</b>	<b>820,000</b>	<b>590,000</b>

Short-term loans from financial institutions of the Company are guaranteed by the Company's investment properties. Short-term loans from financial institutions of the subsidiary are guaranteed by the land leasehold right and premises of the subsidiary.

## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - related parties	161,768	167,331	1,120	7,445
Trade payables - unrelated parties	929,951	1,322,332	240,617	371,270
Other payables for purchase of assets - related party	-	-	143,263	142,396
Accrued interest expenses to related parties	85,279	3,291	-	512
Accrued interest expenses	3,922	1,875	2,366	576
Accrued expenses	102,326	72,716	14,490	12,348
Advance received from customers	1,763	1,579	1,763	1,579
Others	19,394	4,530	13,276	4,213
<b>Total trade and other payables</b>	<b>1,304,403</b>	<b>1,573,654</b>	<b>416,895</b>	<b>540,339</b>



## 20. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2013	2012	2013	2012
1	MLR - 1.25 for the 1st - 4th years and MLR -1 for the remaining years	Quarterly installments starting from the last business day of December 2015	2,033,403	760,160	2,033,403	760,160
2	MLR - 1.5	Repayment at 70% of the redemption price of properties foreclosed, with the loan to be repaid in full no later than April 2017.	180,000	-	180,000	-
3	MLR - 1 for the 1st - 3rd years, MLR - 0.5 for the 4th - 6th years and MLR for the remaining years	Quarterly installments starting from the last business day of June 2016 (2012: December 2013)	298,310	229,423	-	-
4	MLR	Repayment at 75% (2012: 55%) of the redemption price of properties foreclosed	593,926	1,840,240	-	-
5	MLR	Quarterly installments starting from the last business day of December 2014, or repayment at 75% of the redemption price of properties foreclosed when loan No. 4 is repaid in full	277,948	-	-	-
6	MLR - 2 for the 1st - 3rd years and MLR -1 for the remaining years	Quarterly installments starting from the last business day of June 2014	695,000	600,000	-	-
<b>Total</b>			<b>4,078,587</b>	<b>3,429,823</b>	<b>2,213,403</b>	<b>760,160</b>
<b>Less: Current portion</b>			<b>(853,427)</b>	<b>(1,424,224)</b>	<b>(25,000)</b>	<b>-</b>
<b>Long-term loans, net of current portion</b>			<b>3,225,160</b>	<b>2,005,599</b>	<b>2,188,403</b>	<b>760,160</b>

The Company's loans are secured by the mortgage of the land and premises of the Ninth Towers Grand Rama 9 project and the Belle Sky Condominium project, and the pledge of the Company's bank deposits.

The subsidiaries' loan facilities are secured by the mortgage of their land and premises and the pledge of their land leasehold right, investment properties and bank deposits, and are guaranteed by the Company and the subsidiaries' directors.

In June 2013, the terms of repayment of the subsidiary's loan (loan No. 4) were changed from repayment at 55% of the redemption price of mortgaged properties to repayment at 70% of the redemption price of mortgaged properties. Subsequently in December 2013, the terms of repayment were changed to repayment at 75% of the redemption price of mortgaged properties.

In December 2013, the financial institution agreed to extend the due date of the first installment of the subsidiary's loan (loan No. 3) from the last business day of December 2013 to the last business day of June 2016.

The loan agreements contain covenants that, among other things, require the Company and its subsidiaries to maintain a certain debt to equity ratio and debt service coverage ratio.

As at 31 December 2013, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 5,188 million (2012: Baht 5,766 million) (The Company only: Baht 1,189 million 2012: Baht 2,642 million).

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	4,002	1,554	4,002	1,554
Current service cost	1,091	525	1,091	525
Interest cost	209	85	209	85
Actuarial loss	-	1,838	-	1,838
Provisions for long-term employee benefits at end of year	5,302	4,002	5,302	4,002

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	1,091	525	1,091	525
Interest cost	209	85	209	85
<b>Total expense recognised in profit or loss</b>	<b>1,300</b>	<b>610</b>	<b>1,300</b>	<b>610</b>
<i>Line items under which such expenses are included in profit or loss:</i>				
Cost of rent and services	1,060	539	1,060	539
Administrative expenses	240	71	240	71

The cumulative amount of actuarial gains or losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 and 2012 amounted to Baht 1.8 million (The Company only: Baht 1.8 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013 (% per annum)	2012 (% per annum)	2013 (% per annum)	2012 (% per annum)
Discount rate	4.1	4.1	4.1	4.1
Future salary increase rate	7.5	7.5	7.5	7.5
Staff turnover rate (depending on age)	12.2 - 26.0	12.2 - 26.0	12.2 - 26.0	12.2 - 26.0

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2013	5,302	5,302
Year 2012	4,002	4,002
Year 2011	1,554	1,554
Year 2010	1,157	1,157

## 22. Share capital

22.1 On 14 May 2013, the Company registered the increase in its registered share capital from Baht 5,327,862,930 (5,327,862,930 ordinary shares of Baht 1 each) to Baht 5,540,977,447 (5,540,977,447 ordinary shares of Baht 1 each) with the Ministry of Commerce. The additional share capital of Baht 213,114,517 was to be used to support the issuance of the warrants.

22.2 As at 31 December 2013, the Company's issued and fully paid share capital amounted to Baht 5,317,619,310, consisting of 5,317,619,310 ordinary shares of Baht 1 each (2012: Baht 5,163,882,276, consisting of 5,163,882,276 ordinary shares of Baht 1 each). The increase of Baht 153,737,034 is the result of the exercise of warrants (GLAND-W1) and warrants (GLAND-W2) in March, June and September 2013. On 10 October 2013, the Company registered the increase in its issued and fully paid share capital to Baht 5,317,619,310 with the Ministry of Commerce.

22.3 In the preparation of the consolidated financial statements for a reverse acquisition (which occurred in 2009), for which Grand Canal Land Public Company Limited is the legal parent company (accounting acquiree) and Belle Development Ltd. and Praram 9 Square Ltd. are the legal subsidiaries (accounting acquirers), equity interests, as presented in the consolidated financial statements, represent the sum of the issued equity interests of the legal subsidiaries (accounting acquirers) outstanding before the business combination, the cost of business combination and the equity interests of the legal parent company (accounting acquiree) issued after the business combination. The details are as follows:

(Unit: Thousand Baht)

	2013	2012
<i>Issued equity interests of the legal subsidiaries, net of</i>		
<i>non-controlling interests due to business combination</i>		
Issued equity interests of the legal subsidiaries as at the acquisition date		
- Belle Development Ltd.	1,621,967	1,621,967
- Praram 9 Square Ltd.	781,250	781,250
<b>Total</b>	<b>2,403,217</b>	<b>2,403,217</b>
Change of issued equity interests of the legal subsidiaries from the acquisition date		
- Praram 9 Square Ltd.	(312,500)	-
<b>Total</b>	<b>2,090,717</b>	<b>2,403,217</b>
<i>Cost of business combination</i>		
Cost of business combination as at the acquisition date		
	1,611,416	1,611,416
Change of accounting acquiree's equity from the acquisition date		
	(271,617)	(271,617)
<b>Total</b>	<b>1,339,799</b>	<b>1,339,799</b>
<i>Adjustment to present assets purchased under common control at book value</i>		
	(423,185)	(423,185)
<i>Equity interests of the legal parent company issued after the business combination</i>		
- Share capital issued during 2013	153,737	-
- Share capital issued during 2010 - 2012	2,183,618	2,183,618
- Increase in share premium due to share issue in 2011 - 2012	952,732	952,732
<b>Total</b>	<b>3,290,087</b>	<b>3,136,350</b>
<i>Equity interests in the consolidated financial statements</i>	6,297,418	6,456,181

The above transactions are presented as follows in the consolidated financial statements to reflect the equity structure of the Company which is the legal parent company:

(Unit: Thousand Baht)

	2013	2012
Issued and fully paid share capital	5,317,619	5,163,882
Share premium	1,532,320	1,532,320
Adjustment to present assets purchased under common control at book value	(423,185)	(423,185)
Adjustment of equity interests under reverse acquisition	(129,336)	183,164
<b>Total</b>	<b>6,297,418</b>	<b>6,456,181</b>

In March 2013, Praram 9 Square Ltd. reduced its registered and paid-up share capital by Baht 400 million to write-off retained losses, as mentioned in Note 12.1 to the financial statements. This registered and paid-up share capital was the registered and paid-up share capital outstanding before the business combination, which is a reverse acquisition. The Company therefore decreased the issued equity interests, net of non-controlling interests due to business combination, of Praram 9 Square Ltd. by Baht 312.5 million and offset it with retained losses in the consolidated financial statement. As a result, issued equity interests of the legal subsidiaries decreased from Baht 2,403.2 million to Baht 2,090.7 million, and retained losses in the consolidated financial statement decreased by Baht 312.5 million.

22.4 Under a reverse acquisition in 2009, the legal subsidiaries had to issue ordinary shares to exchange for ordinary shares of the legal parent company which were in issue before the business combination. Since the fair value of equity instruments of Grand Canal Land Public Company Limited had clearer evidential support, being listed securities on the Stock Exchange, the fair value applied to the equity instruments of Grand Canal Land Public Company Limited before the business combination was used as the base for calculating the cost of business combination. The cost of business combination was as follows:

	Thousand Baht
Total fair value of the Company at the acquisition date (328,073,896 ordinary shares of Baht 4.92 each)	1,614,124
Issued ordinary shares to purchase land and buildings (225,837,000 ordinary shares of Baht 4.92 each)	1,111,118
Cash payment for purchases of land and buildings	245,000
Liabilities to be received for purchases of land and buildings	663,000
Financial advisor expenses for business combination	15,359
<b>Total</b>	<b>3,648,601</b>
Book value of the Company's land and buildings before business combination	(2,037,185)
Cost of business combination as at the date of reverse acquisition	1,611,416

In addition, when Grand Canal Land Public Company Limited received land and buildings from Grand Canal Co., Ltd. through the issuance of share capital, cash payment and assumption of loans, in accordance with the agreed price, it recorded the land and buildings at their book values before the business combination, because such business combination was a business combination under common control. The excess of the agreed price over the book value, amounting to Baht 423 million, was recorded as "Adjustment to present assets purchased under common control at book value", and separately presented in shareholders' equity.

22.5 In 2012, the Company's issued and fully paid-up capital increased by Baht 233,359,004 as a result of the exercise of Baht 395,004 of warrants (GLAND-W1) in December 2011, March 2012, June 2012 and September 2012, and the offering of 232,964,000 ordinary shares of Baht 1 each to Bangkok Broadcasting & T.V. Co., Ltd. at a price of Baht 2.56 per share, or for a total of Baht 596.4 million, in July 2012. As a result of the above offering, the Company's issued and fully paid share capital increased by Baht 232,964,000 and its share premium increased by Baht 363,423,840.

## **23. Warrants**

23.1 In May 2011, the Company issued 164,375,658 registered, transferable warrants (GLAND-W1) with a term of three years from the issue date (27 May 2011) to its shareholders, without charge. The warrants can be exercised to subscribe to new ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 1 per share, with the exercise period being every 30th of March, June, September, and December (the first exercise date being 30 September 2011).

In May 2013, the Company issued 212,655,816 units of warrant No. 2 (GLAND-W2), to its shareholders without charge, at a rate of 1 warrant for every 25 existing shares. The warrants are registered, transferable warrants with a term of three years and 53 days from the issue date (9 May 2013) and can be exercised to subscribe to new ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 1 per share, with exercise dates every 30th of June. Pursuant to the Terms and Conditions of warrant No.1 (GLAND-W1), the Company has therefore adjusted the exercise ratio of GLAND-W1 from 1 warrant per 1 ordinary share, at an exercise price of Baht 1 per share, to 1 warrant per 1.029 ordinary shares, at an exercise price of Baht 1 per share. The new exercise ratio will be effective from 2 May 2013.

23.2 In March, June and September 2013, 153,042,367 warrants (GLAND-W1) and 688,320 warrants (GLAND-W2) were exercised and the Company issued share capital to support this exercise, as mentioned in Note 22.2 to the financial statements.

In December 2013, 792,880 warrants (GLAND-W1) were exercised and the Company presents the proceeds totaling Baht 815,872 from the exercise of these warrants as share subscription received in advance in the statement of financial position. The Company registered the increase in its issued and fully paid share capital as a result of the exercise of these warrants on 16 January 2014.

As at 31 December 2013, a total of 10,145,407 warrants (GLAND-W1) (2012: 163,980,654 warrants) and 211,967,496 warrants (GLAND-W2) remained unexercised.

## **24. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## **25. Rental and service income**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Project management fee and selling management fee	27,850	70,916	376,221	226,216
Design service fee	46,200	35,389	46,200	35,389
Commission fee	-	-	58,427	-
Rental and related service income	16,996	2,642	14,686	9,587
<b>Total</b>	<b>91,046</b>	<b>108,947</b>	<b>495,534</b>	<b>271,192</b>

During the current year, the Company received commission fees of Baht 58 million from a subsidiary, for arranging for a related company to purchase residential condominium units from the subsidiary.

## 26. Income tax

Income tax expenses for the year ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>Current income tax:</i>				
<i>Current income tax charge</i>	182,778	129,552	47,148	4,071
Adjustment in respect of current income tax of previous year	10,789	(1,247)	10,759	(1,247)
<i>Deferred tax:</i>				
Relating to origination and reversal of temporary differences	(30,958)	(104,597)	(7,343)	5,588
Effects of changes in the applicable tax rates	-	19,149	-	(729)
<i>Income tax expense reported in the statements of comprehensive income</i>	<b>162,609</b>	<b>42,857</b>	<b>50,564</b>	<b>7,683</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax relating to gain (loss) on change in value of available-for-sale investments	(183)	26	(183)	26
Deferred tax relating to actuarial loss	-	(367)	-	(367)
<b>Total</b>	<b>(183)</b>	<b>(341)</b>	<b>(183)</b>	<b>(341)</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Accounting profit before tax	749,146	103,250	171,942	119,417
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	149,829	23,748	34,388	27,466
Adjustment in respect of current income tax of previous year	10,789	(1,247)	10,759	(1,247)
Effects of changes in the applicable tax rates	-	19,149	-	(729)
<b>Effects of:</b>				
Non-deductible expenses	23,167	12,140	6,179	1,940
Additional expense deductions allowed	(903)	(20,375)	(762)	(19,747)
Tax losses	(20,273)	9,442	-	-
Total	1,991	1,207	5,417	(17,807)
<b>Income tax expenses reported in the statement of comprehensive income</b>				
	<b>162,609</b>	<b>42,857</b>	<b>50,564</b>	<b>7,683</b>

As of 31 December 2013 and 2012, the components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Allowance for doubtful accounts	12,205	12,205	12,205	12,205
Allowance for diminution in value of project development costs	14,115	7,896	3,054	3,054
Accumulated depreciation - property, plant and equipment	1,752	-	1,752	-
Accumulated depreciation - Investment properties	(3,670)	(9,001)	(3,670)	(9,001)
Allowance for impairment loss on investment properties	35,174	26,714	-	-
Reserve for expenses on the transfers of residential condominium units	11,808	-	-	-
Provision for long - term employee benefits	1,061	800	1,061	800
Revenue and expense recognitions of real estate business	90,043	121,204	-	-
Unused tax losses	28,289	-	-	-
Unrealised loss (gain) on change in value of investments	156	(26)	156	(26)
<b>Total</b>	<b>190,933</b>	<b>159,792</b>	<b>14,558</b>	<b>7,032</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the Company and subsidiaries have deductible temporary differences and unused tax losses totaling Baht 366 million (2012: Baht 286 million) (The Company only: Baht 29 million, 2012: Baht 8 million), on which deferred tax assets have not been recognised as the Company's management believes that they might not be used to offset taxable income in the future.

## 27. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salaries, wages and other employee benefits	124,278	92,539	116,490	92,516
Depreciation and amortisation	48,704	32,443	33,218	27,992
Reserve for expenses on the transfers of residential condominium units	23,889	37,106	-	-
Specific business tax and transfer fees	142,206	41,474	-	-
After-sales expenses	18,341	-	-	-
Loss on write offs and sales of assets	20,130	-	17,751	-
Impairment loss on assets	21,526	300	21,526	-
Cost of residential condominium units sold	2,001,090	666,072	-	-

## 28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share for the year ended 31 December 2013 and 2012:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht)	2013 (Thousand Baht)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	464,506	58,922	5,276,064	5,029,285	0.088	0.012
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (GLAND-W1) 10,145,407 units (2012: 163,980,654 units) and Warrants (GLAND-W2) 211,967,496 units	-	-	193,913	119,870		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	464,506	58,922	5,469,977	5,149,155	0.085	0.011



(Unit: Thousand Baht)

Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht)	2013 (Thousand Baht)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of						
the Company	121,379	111,734	5,276,064	5,029,285	0.023	0.022
Effect of dilutive potential ordinary shares						
Warrants (GLAND-W1) 10,145,407 units (2012: 163,980,654 units) and Warrants (GLAND-W2) 211,967,496 units	-	-	193,913	119,870		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
	121,379	111,734	5,469,977	5,149,155	0.022	0.022

## 29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker. The chief operating decision maker has been identified as chief executive officer. The basis that used to measure operating profit or loss of segment is same as the basis that used to measure operating profit or loss in the financial statements.

For management purposes, the Company and its subsidiaries have two reportable segments, which are real estate for sale business, consisting of land and house projects and residential condominium projects, and real estate for rental and service business, consisting of office building for rent project.

The revenue and profit information by segment in the consolidated financial statements for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Real estate for sale business		Real estate for rental and service business		Elimination of inter-segment revenues		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues from external customers	3,294	983	499	272	(408)	(163)	3,385	1,092
Segment profit	1,293	317	(13)	35	-	-	1,280	352
Unallocated income (expenses):								
Other income							67	6
Other expenses							(448)	(212)
Finance cost							(150)	(43)
Income tax expenses							(163)	(43)
Profit for the year							586	60
<b>As at 31 December</b>								
Project development costs	5,476	6,482	-	-	(178)	(214)	5,298	6,268
Investment properties	-	-	10,648	6,990	(243)	(236)	10,405	6,754
Property, plant and equipment	3	6	121	19	-	-	124	25
Other assets							1,396	1,141
Total assets							17,223	14,188

Transfer prices between business segments are as set out in Note 6 to the financial statements.

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### 30. Dividends

On 26 April 2012, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.03 per share, or a total Baht 147.9 million, to the shareholders. This dividend was paid to the shareholders on 24 May 2012, with Baht 47.0 million paid from the retained earnings outstanding before the business combination. The Company therefore decreased the cost of business combination by an amount equal to this dividend payment.

### 31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Ayudhaya Master Fund Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 2.7 million (2012: Baht 2.2 million) to the fund.

### 32. Commitments and contingent liabilities

#### 32.1 Capital commitments

As at 31 December 2013, the Company and its subsidiaries had commitments of approximately Baht 2,256 million (2012: Baht 2,167 million) in respect of design and building construction work services and project construction contracts (The Company only: Baht 330 million, 2012: Baht 1,080 million).

#### 32.2 Operating lease commitments

As at 31 December 2013, a subsidiary had commitments totaling Baht 304 million under a land lease agreement (2012: Baht 307 million). This agreement expires in June 2050. The details are as follows:

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Payable:		
In up to 1 year	3	3
In over 1 and up to 5 years	15	14
In over 5 years	286	290

As at 31 December 2013, the details of future rental income of the Company and subsidiary under lease agreements are as follows:

(Unit: Million Baht)

	As at 31 December	
	The Company and subsidiaries	The Company only
Receivable:		
In up to 1 year	70	49
In over 1 and up to 3 years	135	92

### **32.3 Service agreements**

As at 31 December 2013, the Company had commitments totaling Baht 81 million under various service agreements (2012: Baht 100 million) (The Company only: Baht 77 million, 2012: Baht 38 million).

### **32.4 Guarantees**

a) As at 31 December 2013, the Company has provided guarantees of Baht 1,694 million for the long-term loans obtained by a subsidiary.

b) As at 31 December 2013, a subsidiary has provided guarantees totaling Baht 0.5 million (2012: Baht 0.5 million) for a loan repayment on behalf of a related company.

c) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 69 million (2012: Baht 79 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of businesses (The Company only: Baht 53 million, 2012: Baht 2 million).

### **32.5 Litigation**

The Company has been sued by a company seeking payment of hiring fees of approximately Baht 5.9 million. The Court of First Instance and the Court of Appeal have ruled that the Company is not liable for such hiring fees. At present, the suit is being considered by the Supreme Court. Although the final outcome of this suit cannot be determined at this stage, it is the management's opinion that its resolution will not have any material effect on the Company's financial statements as a whole.

## **33. Financial instruments**

### **33.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade receivables, loans and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, loans and other receivables as stated in the statement of financial position.

#### *Interest rate risk*

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans and short-term and long-term borrowings. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements										
	2013					2012				
	Fixed interest rates		Floating interest rates	Non - interest bearing	Effective interest rate	Fixed interest rates		Floating interest rates	Non - interest bearing	Effective interest rates
	Within 1 year	Over 1 - 5 years	(Million Baht)		(% per annum)	Within 1 year	Over 1 - 5 years	(Million Baht)		(% per annum)
<b>Financial assets</b>										
Cash and cash equivalents	-	-	382	-	See Note 7	-	-	130	-	See Note 7
Current investments	-	39	-	-	See Note 8	-	40	-	-	See Note 8
Trade and other receivables	-	-	-	46	-	-	-	-	74	-
Restricted bank deposits	-	-	89	-	1.50 - 2.00	-	-	68	-	1.75 - 2.60
	-	-	471	46	556	-	40	198	74	312
<b>Financial liabilities</b>										
Short-term loans from financial institutions	300	-	1,046	-	1,346	-	-	695	-	See Note 18
Trade and other payables	-	-	-	1,304	1,304	-	-	-	1,574	1,574
Retention payable	-	-	-	266	266	-	-	-	164	164
Loans from related parties	-	-	1,880	-	1,880	-	-	516	-	See Note 6
Long-term loans from financial institutions	-	-	4,079	-	4,079	-	-	3,430	-	See Note 20
	300	-	7,005	1,570	8,875	-	-	4,641	1,738	6,379

Separate financial statements														
	2013						2012							
	Fixed interest rates			Floating interest rates (Million Baht)	Non - interest bearing	Effective interest rate (% per annum)	Fixed interest rates			Floating interest rates (Million Baht)	Non - interest bearing	Effective interest rates (% per annum)		
	Within 1 year	1 - 5 years	Over 5 years				Within 1 year	1 - 5 years	Over 5 years					
<b>Financial assets</b>														
Cash and cash equivalents	-	-	-	143	-	143	See Note 7	-	-	-	41	-	41	See Note 7
Current investments	-	-	39	-	-	39	See Note 8	-	-	40	-	-	40	See Note 8
Trade and other receivables	-	-	-	-	173	173	-	-	-	-	-	137	137	-
Short-term loans to related parties	-	-	-	347	-	347	See Note 6	-	-	-	400	-	400	See Note 6
Restricted bank deposits	-	-	-	37	-	37	1.50 - 1.88	-	-	-	17	-	17	1.75 - 2.60
	-	-	39	527	173	739	-	-	-	40	458	137	635	-
<b>Financial liabilities</b>														
Short-term loans from financial institutions	300	-	-	520	-	820	See Note 18	-	-	-	590	-	590	See Note 18
Trade and other payables	-	-	-	-	417	417	-	-	-	-	-	540	540	-
Retention payable	-	-	-	-	87	87	-	-	-	-	-	29	29	-
Short-term loans from related party	-	-	-	-	-	-	See Note 6	-	-	-	110	-	110	See Note 6
Long-term loans from financial institutions	-	-	-	2,213	-	2,213	See Note 20	-	-	-	760	-	760	See Note 20
	300	-	-	2,733	504	3,537	-	-	-	-	1,460	569	2,029	-

### *Foreign currency risk*

The Company considers itself no foreign currency risk because it has no foreign currency transactions, and no financial assets and liabilities denominated in foreign currencies outstanding at the date of statements of financial position.

### **33.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

### **34. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 1.3:1 (2012: 1.1:1) and the Company's debt-to-equity ratio was 0.5:1 (2012: 0.3:1).

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.



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