

## **Sansiri Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2016**

#### **1. Corporate information**

Sansiri Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company operates in Thailand and is principally engaged in property development.

The Company’s top 5 major shareholders as at 30 August 2016 the latest closing date of the shares register book, are as following:

	<u>Percentage of shareholding (based on paid-up capital)</u>
1. Thai NVDR Co., Ltd.	9.37
2. Thai Viriyah Insurance Public Co., Ltd.	6.43
3. UBS AG Singapore Branch	5.06
4. Chase Nominees Limited	3.16
5. Mr. Wanchak Buranasiri	2.91

The registered office of the Company is at 475, Siripinyo Building, Sri Ayutthaya Road, Phayathai, Rajthevi, Bangkok.

#### **2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Profession 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) The consolidated financial statements include the financial statements of Sansiri Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
<b><u>Directly owned</u></b>				
Chanachai Ltd.	Property development	Thailand	100	100
Plus Property Co., Ltd.	Property development	Thailand	100	100
Sansiri Venture Co., Ltd.	Property development	Thailand	100	100
S.U.N. Management Co., Ltd.	Property development	Thailand	100	100
Arnawat Ltd.	Property development	Thailand	100	100
Piwattana Ltd.	Property development	Thailand	100	100
Red Lotus Properties Ltd.	Property development	Thailand	100	100
Pacific Challenge Holding Co., Ltd.	Property development	Thailand	-	85
Sansiri Global Investment Pte. Ltd.	Property development	Singapore	100	100
Plus Property Space Co., Ltd.	Property development	Thailand	100	100
Papanan Ltd.	Property development	Thailand	100	100
NED Management Co., Ltd.	Property development and holder of Satit Pattana School's license	Thailand	100	100
Satit Pattana Personnel Center Ltd.	Provision of administrative services to Satit Pattana School	Thailand	100	100
Siriwattana Holding Ltd.	Property development	Thailand	100	-
<b><u>Indirectly owned</u></b>				
QT Lifestyle Co., Ltd.	Property development	Thailand	100	100
Touch Property Co., Ltd.	Property development	Thailand	100	100
Sansiri Guernsey (2009) Limited	Property development	Guernsey	100	100
Satit Pattana School	Education business	Thailand	100	100
QEW (Thailand) Co., Ltd.	Events management and full wedding planning services	Thailand	70	70
Sansiri Guernsey (2015) Limited	Property development	Guernsey	100	100

Details of changes in the composition of the group of companies during the current year are presented in Note 11 and 12.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - 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) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statement of changes in shareholders' equity.
  - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

**TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**4. Significant accounting policies**

**4.1 Revenue recognition**

a) Revenue from property development for sales

Revenues from sales of land and houses and sales of residential condominium are recognised as income when the significant risks and rewards of ownership have been transferred to the buyer that the Company and the subsidiaries retains neither continuing managerial involvement nor effective control over the land and houses and the condominium sold, directly and indirectly. The recognised amount and cost incurred in respect of the transaction can be measured reliably.

b) Revenue from sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

c) Rental income

Rental income is recognised in the statement of comprehensive income on an accrual basis over the term of the lease. Initial expenses are recorded as a part of total rental as lease agreement.

d) Revenue from hotel business

Room revenues are recognised on an accrual basis over the period of the guests stay. Food and beverage revenues are recognised after the food and beverages have been served. Recognised revenue does not include value added tax and state net of discounts.

e) School fees income

Tuition fees, transportation fees and canteen income are recognised as income of the school term to which they relate. Entrance fees are recognised as income at the time of acceptance of the pupil by the subsidiary.

f) Service income

Service income is recognised when service rendered by reference to the stage of completion.

g) Interest income

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

h) Dividends

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

#### **4.2 Cost of property development for sale and cost of project sold**

Property development for sale are stated at the lower of cost and net realisable value, consisting of the cost of land, design fees, utilities, construction costs, and directly related interest and expenses.

In determining the costs of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses and residential condominium units on the basis of the saleable area.

Construction materials are valued at the lower of cost (under weighted average method) or net realisable value.

The Company and its subsidiaries recognise loss on diminution in value of projects (if any) in profit or loss.

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

Cash and cash equivalents consist of cash on hand, cash 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 and allowance for doubtful accounts**

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 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction on production of an asset or development of the projects that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the costs of the respective assets. Capitalisation ceases when the projects are ready for their intended use or sale, when the physical construction of the projects is complete, or when construction is suspended and until active development resumes. 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.

To the extent that funds are borrowed specifically for the development of projects, interest costs are presented as the actual borrowing costs less any investment income from the temporary investment of those borrowings. To the extent that funds are borrowed and used for the general purposes, the interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year, other than borrowings made for specific purposes.

#### **4.6 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method.

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 estimated useful lives of 10 - 30 years. Depreciation of the investment properties is included in determining income.

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 Land, building and equipment/Depreciation**

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

Depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 - 40 years
Buildings decoration and system	5 - 8 years

Fixtures and equipment	2 - 20 years
Motor vehicles and system	5 years
Temporary sales office	1 - 5 years

Depreciation of equipment (machinery operating in precast factory) is calculated by reference to their costs on a unit-of-production basis.

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

An item of land, building 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 the profit or loss when the asset is derecognised.

#### **4.9 Leasehold rights and amortisation**

Leasehold rights are stated at cost less accumulated amortisation. The Company and its subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

The amortisation is included in determining income.

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

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 years
Franchise fee	5 years

The amortisation is included in determining income.

#### **4.11 Land held for development**

Land held for development is stated at cost less allowance for loss on diminution in value of projects (if any). It is consisted of cost of land, land fulfill, public utilities cost, project development cost and borrowing cost which occurred during the developed period in the past.



#### **4.12 Related party transactions**

Related parties comprise individuals or enterprises 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 or enterprises 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.

#### **4.13 Long-term leases**

Leases of land, building 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 assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of land, building and 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.

#### **4.14 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 and its subsidiaries perform impairment reviews in respect of the land, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and the subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal 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, the subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees, the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company and the subsidiaries' contributions are recognised as expenses when incurred.

### Defined benefit plans

The Company and its subsidiaries has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 and its subsidiaries have 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 and its subsidiaries recognise 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 and its subsidiaries review and reduce 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.19 Equity-settled share-based payment transactions**

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

#### **4.20 Derivatives**

##### **Cross currency and interest rate swap contracts**

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

#### **4.21 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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

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

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risks and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgments and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of property development for sale, investment properties and land held for development**

The Company and its subsidiaries treat property development for sale, investment properties and land held for development as impaired when the management judges that there has been a significant decline in the fair value below their cost. The management determines the devaluation of such properties and land held for development based on net realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.

### **Project development costs estimation**

In calculating cost of land and houses and condominium sold, the Company and its subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

### **Land, building and equipment/Depreciation**

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' building and equipment and to review estimate useful lives and residual values when there are any changes.

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

### **Impairment of investment**

The Company treats investments in subsidiaries and investments in joint ventures as impaired when there has been a significant or prolonged decline in their fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

### **Litigation**

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has exercised judgment to assess of the results of the litigation and recorded certain contingent liabilities as at the end of reporting period.

## Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the compensation for Housing Estate Juristic Persons using the rate specified by the regulator and the budgeted public utilities costs as a basis for the calculation.

## Provision for home care warranty

In recording provision for home care warranty, the management estimates the expenses expected to be incurred as a result of providing such warrantee based on past experiences of actual expenses claimed.

## 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.

## 6. Related party transactions

- 6.1 During the year, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Details of subsidiaries are presented in Note 2.2 a) to the financial statements.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of precast concrete	-	-	17,636	26,576	Cost plus certain margin of 5%
Revenues from business management and project management	-	-	17,019	6,055	Based on agreement (1)
Interest income	-	-	470,075	559,173	3.25 - 3.50% p.a.
Revenue from sale of land	-	-	1,465,531	-	Cost plus certain margin
Commission income	-	-	39,697	35,511	Based on agreement (3)
Project management fee and other expenses	-	-	23,404	18,476	Based on agreement (2)
Commission expenses	-	-	53,071	64,168	Based on agreement (3)
Interest expenses	-	-	8,601	6,966	3.50% p.a. (2015: 3.25 - 3.50% p.a.)

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<b><u>Transactions with joint ventures</u></b>					
Revenue from business management and project management	2,303,655	664,769	4,243,442	1,052,132	Based on agreement (1)
Revenue from sale of land	755,263	653,109	1,510,526	841,195	Cost plus certain margin
Interest income	92,434	32,879	92,434	32,879	3.50 - 3.85% p.a. (2015: 3.25 - 3.50% p.a.)
Commission income	120,878	105,547	-	-	Based on agreement (3)
<b><u>Transactions with related persons</u></b>					
Revenues from project sales	86,376	11,519	76,133	-	Cost plus certain margin at average rates of 17% - 46%

Transactions, pricing policies and related contracts are as follows: -

- (1) Revenue from business service and project management fees is charged based on costs plus certain margin. Those charges are allocated to subsidiaries and joint ventures based on revenue and project costs, respectively.
- (2) Project management fees are charged monthly, depended upon the size of the project.
- (3) Commission from sales of projects are charged at a rate of 1-2% of selling price per the contract, with payments divided between the time the customer executes the agreement and when the properties are transferred.

## 6.2 Directors and management's benefits

During the year ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate	
	financial statements	financial statements
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	411,764	461,852
Post-employment benefits	3,508	2,971
Total	<u>415,272</u>	<u>464,823</u>



6.3 The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related companies are as follows: -

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Accounts receivable</u></b>	-	-	39,686	19,350
Subsidiaries	46,127	5,123	3,461	1,890
Joint ventures	46,127	5,123	43,147	21,240
<b>Total</b>				
<b><u>Loans to related parties</u></b>				
Subsidiaries	-	-	11,281,795	15,100,998
Joint ventures	4,463,688	1,598,688	4,463,688	1,598,688
Related party	5,000	5,000	-	-
<b>Total</b>	4,468,688	1,603,688	15,745,483	16,699,686
Current portion	157,000	-	2,112,713	4,973,794
Less: Allowance for doubtful accounts	-	-	-	-
<b>Net</b>	157,000	-	2,112,713	4,973,794
Long-term portion	4,311,688	1,603,688	13,632,770	11,725,892
Less: Allowance for doubtful accounts	(5,000)	(5,000)	-	-
<b>Net</b>	4,306,688	1,598,688	13,632,770	11,725,892
<b><u>Interest receivables</u></b>				
Subsidiaries	-	-	42,208	42,856
Joint ventures	12,521	1,349	12,521	1,349
Related party	333	333	-	-
<b>Total</b>	12,854	1,682	54,729	44,205
Less: Allowance for doubtful accounts	(333)	(333)	-	-
<b>Net</b>	12,521	1,349	54,729	44,205

During the year 2015, the Company reversed allowance for doubtful accounts of loans to subsidiaries and interest receivable amounting to Baht 233 million (2016: Nil).

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Unearned income</u></b>				
Related parties	-	14,019	-	12,011
<b>Total</b>	-	14,019	-	12,011
<b><u>Trade accounts payable</u></b>				
Subsidiaries	-	-	9,819	11,101
<b>Total</b>	-	-	9,819	11,101

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Loans from related parties</u></b>				
Subsidiaries	-	-	473,586	172,000
<b>Total</b>	-	-	473,586	172,000
Current portion	-	-	-	172,000
Long-term portion	-	-	473,586	-
<b>Total</b>	-	-	473,586	172,000
<b><u>Interest payable</u></b>				
Subsidiaries	-	-	4,652	2,512
<b>Total</b>	-	-	4,652	2,512
<b><u>Advance received from customers</u></b>				
Joint ventures	1,495,029	495,040	1,495,029	495,040
<b>Total</b>	1,495,029	495,040	1,495,029	495,040

6.4 During the year, movements of loans to and loan from related parties were as follow: -

(Unit: Million Baht)

Loans to	Consolidated financial statements			Balance as at 31 December 2016
	Balance as at 1 January 2016	During the year		
		Increase	Decrease	
<b>Joint ventures</b>				
BTS Sansiri Holding One Limited	280.00	290.00	(275.00)	295.00
BTS Sansiri Holding Two Limited	126.69	-	-	126.69
BTS Sansiri Holding Three Limited	161.00	170.00	(174.00)	157.00
BTS Sansiri Holding Four Limited	180.00	501.00	-	681.00
BTS Sansiri Holding Five Limited	28.00	-	-	28.00
BTS Sansiri Holding Six Limited	330.00	490.00	-	820.00
BTS Sansiri Holding Seven Limited	5.00	105.00	(50.00)	60.00
BTS Sansiri Holding Eight Limited	169.00	60.00	(30.00)	199.00
BTS Sansiri Holding Nine Limited	36.00	155.00	(111.00)	80.00
Nuvo Line Agency Co., Ltd.	-	251.50	-	251.50
BTS Sansiri Holding Eleven Limited	283.00	140.00	(220.00)	203.00
BTS Sansiri Holding Twelve Limited	-	438.00	-	438.00
BTS Sansiri Holding Fourteen Limited	-	101.00	(76.00)	25.00
BTS Sansiri Holding Fifteen Limited	-	314.00	-	314.00
BTS Sansiri Holding Sixteen Limited	-	626.50	(250.00)	376.50
BTS Sansiri Holding Nineteen Limited	-	359.00	-	359.00
BTS Sansiri Holding Twenty one Limited	-	50.00	-	50.00
<b>Related party</b>				
Regency One Co., Ltd.	5.00	-	-	5.00
<b>Total</b>	<b>1,603.69</b>	<b>4,051.00</b>	<b>(1,186.00)</b>	<b>4,468.69</b>

(Unit: Million Baht)

Loans to	Separate financial statements			Balance as at 31 December 2016
	Balance as at	During the year		
	1 January 2016	Increase	Decrease	
<b>Subsidiaries</b>				
Arnawat Ltd.	6,322.75	637.89	(1,885.92)	5,074.72
Plus Property Co., Ltd.	-	50.00	(50.00)	-
Piwattana Ltd.	3,264.13	588.67	(1,462.99)	2,389.81
Red Lotus Properties Ltd.	1,268.76	0.99	(1,190.90)	78.85
Plus Property Space Co., Ltd.	756.62	15.20	(282.15)	489.67
NED Management Co., Ltd.	3,445.62	2,091.00	(2,728.48)	2,808.14
Sansiri Venture Co., Ltd.	5.60	-	-	5.60
Papanan Ltd.	37.52	-	(37.52)	-
Siriwattana Holding Ltd.	-	435.00	-	435.00
Pattanasiri Estate Ltd.	-	1,734.63	(1,734.63)	-
<b>Joint ventures</b>				
BTS Sansiri Holding One Limited	280.00	290.00	(275.00)	295.00
BTS Sansiri Holding Two Limited	126.69	-	-	126.69
BTS Sansiri Holding Three Limited	161.00	170.00	(174.00)	157.00
BTS Sansiri Holding Four Limited	180.00	501.00	-	681.00
BTS Sansiri Holding Five Limited	28.00	-	-	28.00
BTS Sansiri Holding Six Limited	330.00	490.00	-	820.00
BTS Sansiri Holding Seven Limited	5.00	105.00	(50.00)	60.00
BTS Sansiri Holding Eight Limited	169.00	60.00	(30.00)	199.00
BTS Sansiri Holding Nine Limited	36.00	155.00	(111.00)	80.00
Nuvo Line Agency Co., Ltd.	-	251.50	-	251.50
BTS Sansiri Holding Eleven Limited	283.00	140.00	(220.00)	203.00
BTS Sansiri Holding Twelve Limited	-	438.00	-	438.00
BTS Sansiri Holding Fourteen Limited	-	101.00	(76.00)	25.00
BTS Sansiri Holding Fifteen Limited	-	314.00	-	314.00
BTS Sansiri Holding Sixteen Limited	-	626.50	(250.00)	376.50
BTS Sansiri Holding Nineteen Limited	-	359.00	-	359.00
BTS Sansiri Holding Twenty one Limited	-	50.00	-	50.00
<b>Total</b>	<b>16,699.69</b>	<b>9,604.38</b>	<b>(10,558.59)</b>	<b>15,745.48</b>

(Unit: Million Baht)

Loans from	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2016	Increase	Decrease	31 December 2016
<b>Subsidiaries</b>				
Papanan Ltd.	-	194.91	(7.32)	187.59
Chanachai Ltd.	172.00	-	(10.00)	162.00
Plus Property Co, Ltd.	-	124.00	-	124.00
	172.00	318.91	(17.32)	473.59

As at 31 December 2016, loans to and loans from related parties are clean loans, due for repayment at call, and carried interest at rates of 3.25 - 3.85 percent per annum (2015: 3.25 - 3.50 percent per annum).

#### 6.5 Guarantees to related companies

As at 31 December 2016 and 2015, the Company has the following obligation in respect of guarantee provided to bank for loans facility: -

Guarantor	Guarantee	(Unit: Million Baht)	
		2016	2015
Sansiri Plc.	Arnawat Ltd.	-	395
<b>Total</b>		-	395

#### 7. Cash and cash equivalents

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	6.87	6.24	2.00	1.34
Bank deposits	3,472.15	2,607.50	1,987.47	1,470.19
Bills of exchange	61.84	58.02	1.61	-
<b>Total</b>	<b>3,540.86</b>	<b>2,671.76</b>	<b>1,991.08</b>	<b>1,471.53</b>

As at 31 December 2016, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.13 - 2.35 percent per annum (2015: between 0.13 - 2.38 percent per annum).

## 8. Trade accounts receivable

Trade accounts receivable as at 31 December 2016 and 2015 presented as follows: -

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	3.23	-	-
Past due				
Up to 3 months	44.23	1.89	40.37	14.91
3 - 6 months	0.45	-	0.82	5.23
6 - 12 months	0.11	-	0.58	-
Over 12 months	1.34	-	1.38	1.10
Total trade receivables - related parties	<u>46.13</u>	<u>5.12</u>	<u>43.15</u>	<u>21.24</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	59.54	43.16	-	-
Past due				
Up to 3 months	46.74	22.90	43.07	9.50
3 - 6 months	8.97	2.49	16.87	1.40
6 - 12 months	17.13	12.56	2.78	3.97
Over 12 months	24.33	12.72	8.11	1.26
Total	<u>156.71</u>	<u>93.83</u>	<u>70.83</u>	<u>16.13</u>
Less: Allowance for doubtful debts	<u>(32.34)</u>	<u>(17.78)</u>	<u>(14.44)</u>	<u>(6.53)</u>
Total trade receivables - unrelated parties, net	<u>124.37</u>	<u>76.05</u>	<u>56.39</u>	<u>9.60</u>
Total trade receivables - net	<u><u>170.50</u></u>	<u><u>81.17</u></u>	<u><u>99.54</u></u>	<u><u>30.84</u></u>

## 9. Short-term note receivable - sale of land

As at 31 December 2016, note receivable - sale of land is a note which a subsidiary received from a land buyer. The note matures in May 2017, is interest free, and are avaled by a bank (2015: Nil).

## 10. Property development for sale

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land	43,930.81	36,931.34	29,315.25	23,990.65
Construction cost	59,343.19	56,501.33	26,700.62	24,273.46
Utility costs	16,701.00	15,181.13	10,162.55	8,624.59
Construction materials	43.87	36.48	43.19	24.06
Capitalised interest and financial costs	4,600.75	4,149.91	3,850.00	3,308.67
Total	124,619.62	112,800.19	70,071.61	60,221.43
Less: Accumulated transfer to cost of				
project	(75,286.43)	(61,471.95)	(36,522.97)	(30,819.64)
Allowance for diminution				
in value of project	(275.95)	(283.00)	(20.61)	(174.00)
Balance	49,057.24	51,045.24	33,528.03	29,227.79

10.1 As at 31 December 2016 and 2015, land and construction thereon of projects of the Company and its subsidiaries amounting Baht 21,001 million and Baht 30,459 million, respectively (Separate financial statements: Baht 16,236 million and Baht 19,159 million, respectively) were pledged as collateral for loans obtained from banks.

10.2 As at 31 December 2016 and 2015, the estimated expense to the Company and its subsidiaries of development and construction for completion of the opened projects (excluding the costs of land and construction already recorded) is Baht 56,258 million and Baht 47,563 million, respectively (Separate financial statements: Baht 45,902 million and Baht 34,098 million, respectively).

10.3 During the year 2016 and 2015, the Company and its subsidiaries included borrowing costs in the cost of property development amounting to Baht 451 million and Baht 1,057 million, respectively (Separate financial statements: Baht 541 million and Baht 931 million, respectively). Capitalisation rates for the years 2016 and 2015 were 4.07% and 4.43%, respectively (Separate financial statements: 4.01% and 4.42% respectively).

10.4 Loss on diminution in value of property development for sale and land held for development (reversal) for the year 2016 and 2015 are as follow.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Property development for sale (Note 10)	(7.05)	219.93	(153.39)
Land held for development (Note 14)	52.49	(52.49)	-	-
<b>Total</b>	<b>45.44</b>	<b>167.44</b>	<b>(153.39)</b>	<b>164.00</b>

10.5 Additional information of the Company and its subsidiaries' projects are as follow.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Sales with signed agreements	124,091	112,000	65,131
Total estimated project value	181,732	172,465	104,444	94,144
The ratio of sales with signed agreements to total estimated project sales	68.28%	64.94%	62.36%	63.21%
Unearned income	1,231	2,226	904	1,380

## 11. Investments in subsidiaries

Investments in subsidiaries as stated in the separate financial statements as at 31 December 2016 and 2015 are as follows: -

(Unit: Thousand Baht)

	Paid-up capital		Percentage of shareholding		Investment at cost		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
<b><u>Subsidiaries - Directly owned</u></b>								
Chanachai Ltd.	90.00	90.00	100	100	101,524	101,524	39,150	109,080
Plus Property Co., Ltd.	150.00	150.00	100	100	160,524	160,524	-	529,800
Sansiri Venture Co., Ltd.	3.00	3.00	100	100	4,521	4,521	-	-
S.U.N. Management Co., Ltd.	10.00	10.00	100	100	20,084	20,084	-	-
Arnawat Ltd.	2.50	2.50	100	100	2,500	2,500	-	-
Piwattana Ltd.	100.00	100.00	100	100	100,000	100,000	-	-
Red Lotus Properties Ltd.	20.00	20.00	100	100	20,000	20,000	-	-
Plus Propety Space Co., Ltd.	2.50	2.50	100	100	4,063	4,063	-	-
Pacific Challenge Holding Co., Ltd.	-	2.50	-	85	-	2,125	-	-
Papanan Ltd.	20.00	20.00	100	100	20,000	20,000	-	230,000
Satit Pattana Personnel Center Ltd.	1.00	1.00	100	100	1,000	1,000	-	-
NED Management Co., Ltd.	40.00	40.00	100	100	40,000	40,000	-	-
Sansiri Global Investment Pte. Ltd.	1,267.18	1,267.18	100	100	1,267,181	1,267,181	-	-
Siriwattana Holding Ltd.	100.00	-	100	-	100,000	-	-	-
<b>Total investment in subsidiaries</b>					<b>1,841,397</b>	<b>1,743,522</b>	<b>39,150</b>	<b>868,880</b>

On 25 January 2016, the Company's Board of Directors meeting No. 1/2016 passed a resolution to approve the setting up of a new subsidiary named Siriwattana Holding Limited, with the registered capital of Baht 100 million. The Company holds 100% of issued and paid up share capital. The new company has engaged in property development and registered its incorporation on 25 January 2016.

On 17 June 2016, the Extraordinary General Meeting of the Shareholders of Pacific Challenge Holding Co., Ltd. (subsidiary) No. 1/2016 passed a resolution to approve the dissolution of the subsidiary. The subsidiary registered its dissolution with the Ministry of Commerce and the registrar registered it on 21 June 2016. The subsidiary registered the dissolution with the Business Development Department, the Ministry of Commerce, on 20 December 2016.

On 26 February 2016, the Company's Board of Directors meeting No. 3/2016 passed a resolution to approve the setting up of a new subsidiary named Pattanasiri Estate Limited, with the registered capital of Baht 100 million. The Company holds 100% of issued and paid up share capital. The new company has engaged in property development and registered its incorporation on 4 March 2016.

On 11 August 2016, the Company's Board of Directors meeting No. 7/2016 passed a resolution to approve the setting up of a new subsidiary named Ava Holding Co., Ltd., with the registered capital of Baht 100 million. The Company holds 100% of issued and paid up share capital. The new company has engaged in property development and registered its incorporation on 16 August 2016.

During the current year, the Company sells of its ordinary shares in Pattanasiri Estate Limited and Ava Holding Co., Ltd. resulting in both subsidiaries have been turned to joint venture companies as described in Note 12.

## **12. Investments in joint ventures**

### **12.1 Details of investments in joint ventures:**

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other company. Details of these investments are as follows:



(Unit: Thousand Baht)

		Consolidated financial statements					
Joint ventures	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		2016 (%)	2015 (%)	2016	2015	2016	2015
BTS Sansiri Holding One Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	- <sup>(1)</sup>
BTS Sansiri Holding Two Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	- <sup>(1)</sup>
BTS Sansiri Holding Three Limited	Property development	50	50	50,000	50,000	114,502	- <sup>(1)</sup>
BTS Sansiri Holding Four Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	- <sup>(1)</sup>
BTS Sansiri Holding Five Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	- <sup>(1)</sup>
BTS Sansiri Holding Six Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	- <sup>(1)</sup>
BTS Sansiri Holding Seven Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	40,958
BTS Sansiri Holding Eight Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	293
BTS Sansiri Holding Nine Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	49,822
Nuvo Line Agency Co., Ltd.	Property development	50	50	76,882	769,019	38,741	764,068
BTS Sansiri Holding Eleven Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	49,864
BTS Sansiri Holding Twelve Limited	Property development	50	50	50,000	50,000	- <sup>(1)</sup>	49,864
BTS Sansiri Holding Fourteen Limited	Property development	50	-	50,000	-	41,413	-
BTS Sansiri Holding Fifteen Limited	Property development	50	-	50,000	-	25,353	-
BTS Sansiri Holding Sixteen Limited	Property development	50	-	50,000	-	- <sup>(1)</sup>	-
BTS Sansiri Holding Seventeen Limited	Property development	50	-	50,000	-	49,830	-
BTS Sansiri Holding Eighteen Limited	Property development	50	-	50,000	-	48,938	-
BTS Sansiri Holding Nineteen Limited	Property development	50	-	50,000	-	49,854	-
BTS Sansiri Holding Twenty Limited	Property development	50	-	50,000	-	49,814	-
BTS Sansiri Holding Twenty one Limited	Property development	50	-	50,000	-	48,725	-
Total				1,026,882	1,319,019	467,170	954,869

<sup>(1)</sup> Investments under equity method presented under "Provision for transaction under equity method of investments in joint ventures."

Investments under equity method presented under “Provision for transaction under equity method of investments in joint ventures” were detailed as follows:

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2016	2015
BTS Sansiri Holding One Limited	171,086	106,137
BTS Sansiri Holding Two Limited	150,535	136,881
BTS Sansiri Holding Three Limited	-	87,184
BTS Sansiri Holding Four Limited	225,227	138,706
BTS Sansiri Holding Five Limited	10,789	6,269
BTS Sansiri Holding Six Limited	144,183	118,887
BTS Sansiri Holding Seven Limited	21,674	-
BTS Sansiri Holding Eight Limited	39,504	-
BTS Sansiri Holding Nine Limited	59,171	-
BTS Sansiri Holding Eleven Limited	9,112	-
BTS Sansiri Holding Twelve Limited	18,466	-
BTS Sansiri Holding Sixteen Limited	6,859	-
Total	856,606	594,064

The Company presented the negative investment value based on equity method as "Provision for transaction under equity method of investments in joint ventures" in the consolidated statement of financial position. The negative investment value was resulted from elimination of gain on related party transactions in proportion to the Company's shareholding in jointly controlled entities.

(Unit: Thousand Baht)

		Separate financial statements			
Joint ventures	Nature of business	Shareholding percentage		Cost/Carrying amounts based on cost method - net	
		2016	2015	2016	2015
		(%)	(%)		
BTS Sansiri Holding One Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Two Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Three Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Four Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Five Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Six Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Seven Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Eight Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Nine Limited	Property development	50	50	50,000	50,000
Nuvo Line Agency Co.,Ltd.	Property development	50	50	76,882	769,019
BTS Sansiri Holding Eleven Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Twelve Limited	Property development	50	50	50,000	50,000
BTS Sansiri Holding Fourteen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Fifteen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Sixteen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Seventeen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Eighteen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Nineteen Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Twenty Limited	Property development	50	-	50,000	-
BTS Sansiri Holding Twenty One Limited	Property development	50	-	50,000	-
<b>Total</b>				<b>1,026,882</b>	<b>1,319,019</b>

#### The establishment of joint ventures during the year

On 13 November 2015 and 11 August 2016, the Company's Board of Directors meeting No. 11/2015 and 7/2016 passed a resolution to establish of 50:50 additional joint venture companies with BTS Group Holding Limited for the residential projects for sale under the Strategic Alliance Framework Agreement.

During the current year, the joint ventures were registered as detailed below:

	Registered date
BTS Sansiri Holding Fourteen Limited	8 February 2016
BTS Sansiri Holding Sixteen Limited	1 September 2016
BTS Sansiri Holding Seventeen Limited	1 September 2016
BTS Sansiri Holding Eighteen Limited	1 September 2016
BTS Sansiri Holding Nineteen Limited	30 November 2016
BTS Sansiri Holding Twenty One Limited	19 December 2016

#### Decrease in registered capital of joint venture

On 8 February 2016 and 18 April 2016, the Extraordinary General Meeting of the shareholders of Nuvo Line Agency Co., Ltd. (a joint venture) No. 1/2016 and No. 2/2016 passed a resolution to approve the decrease in its registered capital by Baht 1,125 million and Baht 275 million, respectively. The Company received cash payment from the decrease in registered capital of the joint venture on 21 March 2016 amounting to Baht 562.5 million. On 1 June 2016, the joint venture entered into the memorandum of understanding with the Company by agreeing to offset the cash received from the second capital reduction with loan from the Company amounting to Baht 137.5 million.

#### Sale of ordinary shares in subsidiaries and change of the status from subsidiaries to joint ventures

On 31 August 2016, the Company completed the sale of ordinary shares in Pattanasiri Estate Limited (a subsidiary), totaling 500,000 shares with a par value of 100 Baht each or accounting for 50% of the subsidiary's paid-up capital, to Unicorn Enterprise Co., Ltd., ("Unicorn") a subsidiary of BTS Group Holdings Public Company Limited ("BTSG") with a total selling price of Baht 50 million.

On 7 October 2016, the Company completed the sale of ordinary shares in Ava Holding Co., Ltd. (a subsidiary), totaling 500,000 shares with a par value of 100 Baht each or accounting for 50% of the subsidiary's paid-up capital, to Unicorn Enterprise Co., Ltd., a subsidiary of BTS Group Holdings Public Company Limited ("BTSG") with a total selling price of Baht 50 million.

The selling price was mutually agreed by and between the Company and Unicorn. The purpose of the sales is to turn the subsidiaries into another 50 : 50 joint venture companies between the Company and BTSG to implement the development plan of new residential projects for sale under the Strategic Alliance Framework Agreement. As a result of the completion of these transactions, the Company's shareholding in the subsidiaries has been decreased from 100% to 50%. Following the above sale of investments, the Company determined that it does not have control over the businesses of those companies and therefore the status of investments has been changed from subsidiaries to a joint ventures.

Pattanasiri Estate Limited registered the change of its name to "BTS Sansiri Holding Fifteen Limited" and Ava Holding Co., Ltd. registered the change of its name to "BTS Sansiri Holding Twenty Limited" on 30 September 2016 and 7 October 2016, respectively.

## 12.2 Share of comprehensive income (loss)

During the years, the Company recognised its share of comprehensive income (loss) from investments in the joint ventures in the consolidated financial statements as follows.

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements			
	Share of income (loss) from investments in joint ventures during the years		Share of other comprehensive income (loss) from investments in joint ventures during the year	
	2016	2015	2016	2015
BTS Sansiri Holding One Limited	(14,009)	(119,918)	-	-
BTS Sansiri Holding Two Limited	(13,654)	(9,672)	-	-
BTS Sansiri Holding Three Limited	237,911	(59,198)	-	-
BTS Sansiri Holding Four Limited	(27,357)	(1,835)	-	-
BTS Sansiri Holding Five Limited	(4,520)	(966)	-	-
BTS Sansiri Holding Six Limited	(1,927)	(1,101)	-	-
BTS Sansiri Holding Seven Limited	(42,616)	(168)	-	-
BTS Sansiri Holding Eight Limited	(15,161)	(42,235)	-	-
BTS Sansiri Holding Nine Limited	(87,623)	(178)	-	-
Nuvo Line Agency Co.,Ltd.	(9,852)	1,829	-	-
BTS Sansiri Holding Eleven Limited	(38,905)	(135)	-	-
BTS Sansiri Holding Twelve Limited	(29,701)	(135)	-	-
BTS Sansiri Holding Fourteen Limited	(4,372)	-	-	-
BTS Sansiri Holding Fifteen Limited	(1,313)	-	-	-
BTS Sansiri Holding Sixteen Limited	(23,663)	-	-	-
BTS Sansiri Holding Seventeen Limited	(170)	-	-	-
BTS Sansiri Holding Eighteen Limited	(482)	-	-	-
BTS Sansiri Holding Nineteen Limited	(146)	-	-	-
BTS Sansiri Holding Twenty Limited	(15)	-	-	-
BTS Sansiri Holding Twenty One Limited	(164)	-	-	-
<b>Total</b>	<b>(77,739)</b>	<b>(233,712)</b>	<b>-</b>	<b>-</b>

## 12.3 Summarised financial information about material joint ventures

### Summarised information about financial position

(Unit: Million Baht)

	BTS Sanrisi Holding One Limited		BTS Sanrisi Holding Two Limited		BTS Sanrisi Holding Three Limited		BTS Sanrisi Holding Four Limited		BTS Sanrisi Holding Six Limited	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Cash and cash equivalent	7	124	17	51	282	36	189	56	23
Other current assets	3,212	2,201	-	-	410	749	2,088	1,249	2,298	1,320
Non-current assets	67	60	869	863	3	30	15	1	2	1
Long-term loans from related parties	(590)	(560)	(253)	(253)	-	(322)	(1,362)	(360)	(1,640)	(660)
Long-term loans	(1,473)	(988)	(579)	(579)	-	(211)	(849)	(849)	(578)	(578)
Other current liabilities	(1,391)	(977)	(1)	(1)	(400)	(300)	(40)	(1)	(11)	(3)
Net assets	(168)	(140)	53	81	295	(18)	41	96	94	98
Shareholding percentage (%)	50	50	50	50	50	50	50	50	50	50
Share of net assets	(84)	(70)	27	41	148	(9)	21	48	47	49
Elimination entries	(87)	(36)	(177)	(178)	(33)	(78)	(246)	(187)	(191)	(168)
Carrying amounts of Joint ventures based on equity method	(171)	(106)	(150)	(137)	115	(87)	(225)	(139)	(144)	(119)

### Summarised information about comprehensive income:

(Unit: Million Baht)

	BTS Sanrisi Holding One Limited		BTS Sanrisi Holding Two Limited		BTS Sanrisi Holding Three Limited		BTS Sanrisi Holding Four Limited		BTS Sanrisi Holding Six Limited	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Revenue	8	2	-	-	1,477	2	-	-	-
Finance cost	-	-	(34)	(24)	(4)	-	-	(4)	-	-
Income tax expenses	7	60	7	5	(78)	(30)	14	1	1	1
Profit (loss) for the year	(28)	(240)	(27)	(19)	313	(118)	(65)	(4)	(4)	(2)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	(28)	(240)	(27)	(19)	313	(118)	(65)	(4)	(4)	(2)

12.4 Aggregate amount of share of comprehensive income (loss) from other joint ventures (exclude joint ventures named in 12.3).

(Unit: Thousand Baht)

	For the years ended 31 December	
	2016	2015
Losses for the years	(526,415)	(83,978)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	(526,415)	(83,978)

**13. Investment properties**

The net book value of investment properties as at 31 December 2016 and 2015 are presented below.

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements		
	House for rent	Condominium units for rent	Community mall for rent	Total	House for rent	Community mall for rent	Total
As at 31 December 2016:							
Cost	54.26	17.05	266.91	338.22	17.76	266.91	284.67
Less: Accumulated depreciation	(0.77)	(0.69)	(11.22)	(12.68)	(0.26)	(11.22)	(11.48)
Less: Allowance for diminution in value	-	-	(11.46)	(11.46)	-	(11.46)	(11.46)
Net book value	53.49	16.36	244.23	314.08	17.50	244.23	261.73

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	Condominium units for rent	Condominium units for rent
As at 31 December 2015:		
Cost	90.70	19.59
Less: Accumulated depreciation	(2.91)	(1.17)
Net book value	87.79	18.42

A reconciliation of the net book value of investment properties for the year 2016 and 2015 is presented below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	87.79	96.81	18.42	23.85
Acquisition of assets	27.12	-	27.12	-
Transfer from building and equipment	239.79	-	239.79	-
Transfer from property development for sale	7.62	77.72	15.58	7.81
Disposals - net book value	(21.43)	(81.42)	(15.69)	(12.01)
Depreciation charged	(15.35)	(5.32)	(12.03)	(1.23)
Loss on diminution in value	(11.46)	-	(11.46)	-
Net book value at end of year	<u>314.08</u>	<u>87.79</u>	<u>261.73</u>	<u>18.42</u>

The depreciation of investment properties has been charged to cost of project for rent.

During the year 2016, the Company recorded allowance for diminution in value of investment properties of Baht 11 million (2015: Nil)

As at 31 December 2016, the subsidiary's investment properties which the net book value amounted Baht 25 million, were mortgaged to secure loan from bank (2015: Nil).

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Houses for rent	74.36	-	23.96	-
Condominium units for rent	25.30	140.53	-	32.23
Community mall for rent	244.23	-	244.23	-
Total	<u>343.89</u>	<u>140.53</u>	<u>268.19</u>	<u>32.23</u>

The fair values of the above investment properties have been determined based on valuations performed by the management of the Company. The fair value of house for rent and community mall for rent has been determined based on income approach. The main assumptions used in the valuation are yield rate, long-term vacancy rate and long-term growth in rental rates. The fair value of condominium units for rent has been determined based on market price.



## 14. Land held for development

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land held for development	7,094.06	4,032.58	4,761.83	1,901.86
Less: Allowance for diminution in value of project	(52.49)	-	-	-
Net	<u>7,041.57</u>	<u>4,032.58</u>	<u>4,761.83</u>	<u>1,901.86</u>

As at 31 December 2016 and 2015, land held for development of the Company and its subsidiaries amounting to Baht 3,442 million and Baht 2,834 million were pledged as collateral for loans obtained from banks (Separate financial statements: Baht 1,614 million and Baht 1,205 million).

## 15. Land, buildings and equipment

(Unit: Million Baht)

	Consolidated financial statements						Total
	Land	Buildings and improvement	Fixtures and equipment	Motor vehicle	Temporary sales office	Construction in progress	
<b>Cost</b>							
Balance as at 1 January 2015	398.65	1,938.30	1,008.51	29.82	35.90	77.66	3,488.84
Purchases	-	34.59	44.22	9.21	0.15	141.71	229.88
Disposals/Write off	(2.03)	(11.27)	(6.70)	(8.93)	(28.92)	-	(57.85)
Transfer in/Transfer out	6.52	4.78	-	-	-	(4.42)	6.88
Balance as at 31 December 2015	403.14	1,966.40	1,046.03	30.10	7.13	214.95	3,667.75
Purchases	-	3.93	38.00	1.11	-	35.90	78.94
Disposals/Write off	-	-	(3.65)	-	(1.81)	-	(5.46)
Transfer to investment properties	-	-	-	-	-	(239.79)	(239.79)
Transfer to property development for sale	(1.05)	(5.92)	-	-	-	-	(6.97)
Balance as at 31 December 2016	<u>402.09</u>	<u>1,964.41</u>	<u>1,080.38</u>	<u>31.21</u>	<u>5.32</u>	<u>11.06</u>	<u>3,494.47</u>
<b>Accumulated depreciation</b>							
Balance as at 1 January 2015	-	414.41	539.52	17.95	24.01	-	995.89
Depreciation for the year	-	92.33	108.53	5.31	11.06	-	217.23
Disposals/Write off	-	(4.02)	(6.38)	(8.82)	(28.91)	-	(48.13)
Balance as at 31 December 2015	-	502.72	641.67	14.44	6.16	-	1,164.99
Depreciation for the year	-	87.40	99.61	4.95	0.90	-	192.86
Disposals/Write off	-	-	(3.47)	-	(1.81)	-	(5.28)
Transfer to property development for sale	-	(0.72)	-	-	-	-	(0.72)
Balance as at 31 December 2016	-	<u>589.40</u>	<u>737.81</u>	<u>19.39</u>	<u>5.25</u>	-	<u>1,351.85</u>
<b>Allowance for impairment loss</b>							
Balance as at 1 January 2015	1.57	57.12	-	-	-	-	58.69
Increase	4.27	-	-	-	-	-	4.27
Balance as at 31 December 2015 and 2016	<u>5.84</u>	<u>57.12</u>	-	-	-	-	<u>62.96</u>

(Unit: Million Baht)

## Consolidated financial statements

	Buildings						Total
	Land	and improvement	Fixtures and equipment	Motor vehicle	Temporary sales office	Construction in progress	
<b>Net book value</b>							
Balance as at 31 December 2015	397.30	1,406.56	404.36	15.66	0.97	214.95	2,439.80
Balance as at 31 December 2016	396.25	1,317.89	342.57	11.82	0.07	11.06	2,079.66
<b>Depreciation for the year</b>							
2015 (Baht 66.01 million included in cost of other services, Baht 42.63 million included in manufacturing cost of construction materials, other than that included in administrative expenses)							217.23
2016 (Baht 50.20 million included in cost of other services, Baht 42.92 million included in manufacturing cost of construction materials, other than that included in administrative expenses)							192.86

(Unit: Million Baht)

## Separate financial statements

	Buildings and						Total
	Land	improvement	Fixtures and equipment	Motor vehicle	Temporary sales office	Construction in progress	
<b>Cost</b>							
Balance as at 1 January 2015	154.85	674.65	740.85	22.76	21.89	66.45	1,681.45
Purchases	-	17.35	35.51	9.19	-	141.05	203.10
Disposals/Write off	(2.03)	(3.77)	(4.79)	(8.82)	(21.89)	-	(41.30)
Balance as at 31 December 2015	152.82	688.23	771.57	23.13	-	207.50	1,843.25
Purchases	-	0.15	22.48	1.10	-	32.29	56.02
Disposals/Write off	-	-	(1.48)	-	-	-	(1.48)
Transfer to investment properties	-	-	-	-	-	(239.79)	(239.79)
Balance as at 31 December 2016	152.82	688.38	792.57	24.23	-	-	1,658.00
<b>Accumulated depreciation</b>							
Balance as at 1 January 2015	-	138.70	353.57	12.33	14.45	-	519.05
Depreciation for the year	-	34.15	79.21	4.28	7.44	-	125.08
Disposals/write off	-	(0.94)	(4.61)	(8.72)	(21.89)	-	(36.16)
Balance as at 31 December 2015	-	171.91	428.17	7.89	-	-	607.97
Depreciation for the year	-	34.70	75.54	4.54	-	-	114.78
Disposals/Write off	-	-	(1.36)	-	-	-	(1.36)
Balance as at 31 December 2016	-	206.61	502.35	12.43	-	-	721.39
<b>Allowance for impairment loss</b>							
Balance as at 1 January 2015, 31 December 2015 and 2016	1.42	-	-	-	-	-	1.42
<b>Net book value</b>							
Balance as at 31 December 2015	151.40	516.32	343.40	15.24	-	207.50	1,233.86
Balance as at 31 December 2016	151.40	481.77	290.22	11.80	-	-	935.19
<b>Depreciation for the year</b>							
2015 (Baht 8.73 million included in cost of other services, Baht 42.63 million included in manufacturing cost of construction materials, other than that included in administrative expenses)							125.08
2016 (Baht 9.41 million included in cost of other services, Baht 42.92 million included in manufacturing cost of construction materials, other than that included in administrative expenses)							114.78

As at 31 December 2016 and 2015, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 533 million and Baht 547 million, respectively (Separate financial statements: Baht 279 million and Baht 251 million, respectively).

As at 31 December 2016 and 2015, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 11 million and Baht 15 million, respectively (Separate financial statements: Baht 11 million and Baht 15 million, respectively).

As at 31 December 2016 and 2015, the Company's and its subsidiaries' land and construction thereon which the net book value amounted Baht 1,014 million and Baht 1,047 million, respectively, were mortgaged to secure loans from banks (Separate financial statements: Baht 670 million and Baht 697 million, respectively).

## 16. Other intangible assets

The net book value of other intangible assets as at 31 December 2016 and 2015 is presented below.

	(Unit: Million Baht)				
	Consolidated financial statements			Separate financial statements	
	Franchise	Computer software	Total	Computer software	Total
As at 31 December 2016					
Cost	26.91	320.91	347.82	272.63	272.63
Less: Accumulated amortisation	(25.30)	(177.97)	(203.27)	(142.19)	(142.19)
Net book value	<u>1.61</u>	<u>142.94</u>	<u>144.55</u>	<u>130.44</u>	<u>130.44</u>
As at 31 December 2015					
Cost	26.91	275.39	302.30	230.30	230.30
Less: Accumulated amortisation	(24.02)	(158.18)	(182.20)	(125.09)	(125.09)
Net book value	<u>2.89</u>	<u>117.21</u>	<u>120.10</u>	<u>105.21</u>	<u>105.21</u>

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	120.10	107.03	105.21	96.55
Acquisition of computer software	45.51	32.51	42.33	23.77
Amortisation	(21.06)	(19.44)	(17.10)	(15.11)
Net book value at end of year	<u>144.55</u>	<u>120.10</u>	<u>130.44</u>	<u>105.21</u>

Franchise fee of the Company was fully amortised. However, the franchise fee has renewal annually and the Company intends to continue the renewal in the future.

As at 31 December 2016 and 2015, certain computer software of the Company and its subsidiaries have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of these assets amounted to approximately Baht 100 million and Baht 90 million, respectively (Separate financial statements: Baht 76 million and Baht 71 million, respectively).

## 17. Leasehold rights

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Project</u>				
Habito community mall	41.99	41.99	41.99	41.99
Baan Sansiri Condominium	609.98	609.98	-	-
Sun Square Silom	192.76	192.76	-	-
Total	<u>844.73</u>	<u>844.73</u>	<u>41.99</u>	<u>41.99</u>
Less: Accumulated amortisation	<u>(562.48)</u>	<u>(533.71)</u>	<u>(7.10)</u>	<u>(5.00)</u>
Leasehold rights - net	<u>282.25</u>	<u>311.02</u>	<u>34.89</u>	<u>36.99</u>
Amortisation expenses for the years	<u>28.77</u>	<u>28.77</u>	<u>2.10</u>	<u>2.11</u>

The amortisation of leasehold rights has been charged to cost of project for rent.

**18. Short-term loans from banks/Bill of exchange**

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	2016	2015
<u>Short-term loans from banks</u>		
Promissory notes	4,316.00	1,966.00
<u>Bills of exchange</u>		
Face value	4,500.00	4,500.00
Less: Prepaid interest expense	(24.33)	(26.20)
Net	4,475.67	4,473.80

As at 31 December 2016, short-term loans from banks carry interest at rates of 2.80 to 5.37 percent per annum. Short-term loan from bank amounted Baht 816 million is secured by land and constructions of projects of the Company (2015: 2.70 to 4.25 percent per annum). Bills of exchange carry interest at rates of 2.25 to 2.35 percent per annum (2015: 2.60 to 2.80 percent per annum).

**19. Trade accounts payable**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	-	-	9.82	11.10
Trade payables - unrelated parties	1,349.36	1,371.14	1,165.51	849.50
Total	1,349.36	1,371.14	1,175.33	860.60

**20. Long-term loans**

As at 31 December 2016 and 2015, long-term loans presented below: -

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans from banks	9,513.03	12,962.99	6,985.15	8,347.71
Less: Current portion of long-term loans	(2,986.36)	(4,285.29)	(2,014.82)	(2,294.38)
Net	6,526.67	8,677.70	4,970.33	6,053.33

Movements in the long-term loans account during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	19,054.87	9,670.14
Add: Additional borrowings	4,360.28	3,265.92
Less: Repayment	(10,452.16)	(4,588.35)
Balance as at 31 December 2015	12,962.99	8,347.71
Add: Additional borrowings	2,948.79	2,556.13
Less: Repayment	(6,402.66)	(3,922.60)
Add: Exchange difference	3.91	3.91
Balance as at 31 December 2016	<u>9,513.03</u>	<u>6,985.15</u>

The details of long-term loans classified by the Company and its subsidiaries are presented below.

Company's name	Balance of long-term loans		Interest rate per agreement		Condition of payment
	2016	2015	2016	2015	
	Million Baht	Million Baht	Percent per annum	Percent per annum	
Sansiri Plc.	6,985	8,348	MLR - 2.625% to MLR - 1.25%	MLR - 2.68% to 4.80%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2023
Red Lotus Properties Ltd.	30	250	MLR - 2.00%	MLR - 2.00%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2019
Arnawat Ltd.	660	1,263	MLR - 2.00% to MLR - 1.75%	MLR - 2.00% to MLR - 1.75%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2018
Piwattana Ltd.	1,062	1,033	MLR - 2.00%	MLR - 2.00%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2022

Company's name	Balance of long-term loans		Interest rate per agreement		Condition of payment
	2016	2015	2016	2015	
	Million Baht	Million Baht	Percent per annum	Percent per annum	
Papanan Ltd.	-	67	MLR - 2.00%	MLR - 2.00%	Quarterly installment repayment and payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2017
Plus Property Space Co., Ltd.	113	134	MLR - 2.00% to MLR - 1.75%	MLR - 2.00% to MLR - 1.75%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2018
NED Management Co., Ltd.	481	1,868	MLR - 2.00%	MLR - 2.00%	Payments of principal are to be made at a percentage of the value of property transferred to customers and full payment is to be made within 2020
Sansiri Global Investment Pte. Ltd.	182	-	LIBOR + 3.5%	-	Payments of principal to be made in installment and full payment is to be made within 2021
Total	<u>9,513</u>	<u>12,963</u>			

As at 31 December 2016 and 2015, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 44,287 million and Baht 39,051 million, respectively (Separate financial statements: Baht 36,044 million and Baht 26,377 million, respectively).

Land and constructions of projects of the Company and its subsidiaries, and investment properties of the subsidiary are mortgaged as collaterals for loan obtained from bank.

Most of loans agreements contain certain covenants and restrictions, such as dividend payment, capital increase and decrease, loans guarantees, change in directors and maintenance of a debt to equity ratio.

## 21. Long-term promissory notes - purchase of land

Promissory notes - purchase of land are notes which the Company issued to land sellers. The notes mature in September 2017, August 2018 and October 2018 (2015: mature in September 2.17), are interest free, and are avaled by a bank.

## 22. Unsecured debentures

The Company's debentures which are unsecured, issued with a registered certificate and unsubordinated are summarised below:

(Unit: Million Baht)					
				Consolidated /	
				Separate financial statements	
Debentures	Interest rate	Terms	Due date	2016	2015
Debentures # 2/2010	5.60% p.a.	7 years	24 May 2017	2,000.00	2,000.00
Debentures # 1/2011	5.40% p.a. for 1st - 3rd year 6.00% p.a. for 4th - 5th year	5 years	21 July 2016	-	1,000.00
Debentures # 2/2011	5.40% p.a. for 1st - 3rd year 6.00% p.a. for 4th - 5th year	5 years	3 October 2016	-	1,000.00
Debentures # 1/2013	4.99% p.a.	5 years	24 January 2018	3,000.00	3,000.00
Debentures # 2/2013	4.75% p.a. for 1st - 2nd year 5.00% p.a. for 3rd - 4th year 5.30% p.a. for 5th year	5 years	30 May 2018	1,000.00	1,000.00
Debentures # 3/2013	4.95% p.a.	5 years	23 August 2018	2,000.00	2,000.00
Debentures # 4/2013	5.20% p.a.	5 years 6 months	4 April 2019	1,000.00	1,000.00
Debentures # 1/2015	4.75% p.a.	5 years	22 June 2020	2,000.00	2,000.00
Debentures # 2/2015	3.90% p.a.	3 years 6 months	19 April 2019	1,000.00	1,000.00
Debentures # 1/2016	3.50% p.a.	3 years	21 July 2019	1,000.00	-
Debentures # 2/2016	3.25% p.a.	3 years	3 October 2019	1,000.00	-
Total debentures, at face value				14,000.00	14,000.00
Less: Unamortised portion of deferred transaction costs				(28.25)	(33.54)
Total debentures				13,971.75	13,966.46
Less: Debentures due within one year				(1,999.10)	(1,998.32)
Debentures - due over one year				11,972.65	11,968.14

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of a debt to equity ratio of consolidated financial statements with no excess of 2.5:1 (2015: 2.5:1) along with debentures' periods (debts mean interest bearing loans).



## 23. Provision for long-term employee benefits

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance at the beginning of the year	114.92	80.24	79.26	53.22
Items were recognised in profit or loss:				
Current service cost	12.32	8.56	7.75	5.19
Interest cost	3.42	3.19	2.54	2.28
Items were recognised in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions charges	-	14.20	-	9.67
Experience adjustments	-	14.02	-	12.11
Benefits paid during the year	(0.88)	(5.29)	(0.56)	(3.21)
Transfer from subsidiary	-	-	2.37	-
Balance at the end of the year	<u>129.78</u>	<u>114.92</u>	<u>91.36</u>	<u>79.26</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	4,374	3,490	367	304
Selling and administrative expenses	11,363	8,265	12,293	7,169
	<u>15,737</u>	<u>11,755</u>	<u>12,660</u>	<u>7,473</u>

The Company and its subsidiaries expect to pay Baht 1 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2015: Baht 8 million, separate financial statements: Baht 2 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 20 years (Separate financial statements: 20 years) (2015: 20 years, separate financial statements: 20 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.2	3.2	3.2	3.2
Salary increase rate	5.0 - 12.0	5.0 - 12.0	5.0 - 12.0	5.0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(13.32)	15.83	(9.34)	11.04
Salary increase rate	15.30	(13.18)	10.68	(9.25)

## 24. Provisions

Provisions for the years ended 31 December 2016 and 2015 had the following movements: -

### Short-term provisions

	Consolidated financial statements			Separate financial statements		
	Provisions for law suits	Provisions for home care		Provisions for law suits	Provisions for home care	
		warranty	Total		warranty	Total
Beginning balance						
as at 1 January 2015	14.95	95.36	110.31	2.95	47.27	50.22
Increase during the year	0.20	121.98	122.18	0.20	57.18	57.38
Paid during the year	(12.00)	(87.08)	(99.08)	-	(52.29)	(52.29)
Reverse	-	(8.28)	(8.28)	-	-	-
Balance as at						
31 December 2015	3.15	121.98	125.13	3.15	52.16	55.31
Increase during the year	-	113.34	113.34	-	59.17	59.17
Paid during the year	(2.00)	(77.93)	(79.93)	(2.00)	(42.47)	(44.47)
Reverse	-	(46.99)	(46.99)	-	(9.69)	(9.69)
Balance as at						
31 December 2016	1.15	110.40	111.55	1.15	59.17	60.32

## Long-term provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Compensation for Housing Estate Juristic Persons		Provision for hotel maintenance	Compensation for Housing Estate Juristic Persons		Provision for hotel maintenance
			Total			Total
Balance						
as at 1 January 2015	161.55	1.66	163.21	99.47	0.78	100.25
Increase during the year	10.71	2.37	13.08	10.41	0.90	11.31
Paid during the year	(11.86)	-	(11.86)	(3.70)	-	(3.70)
Reverse	(14.94)	-	(14.94)	(4.37)	-	(4.37)
Balance as at						
31 December 2015	145.46	4.03	149.49	101.81	1.68	103.49
Increase during the year	36.86	2.44	39.30	33.56	0.67	34.23
Paid during the year	(10.45)	(1.66)	(12.11)	(8.19)	-	(8.19)
Reverse	(5.81)	-	(5.81)	(0.75)	-	(0.75)
Balance as at						
31 December 2016	166.06	4.81	170.87	126.43	2.35	128.78

### **25. Provision for guarantee to property fund**

On 28 March 2014, Papanan Limited (“the subsidiary”) entered into agreements to purchase and to sell, whereby it agreed to sell to Sansiri Prime Office Property Fund (“the Fund”) the assets of Siripinyo office building for a total consideration of Baht 1,699.44 million. These assets consisted of the land, building, related utility systems and equipment of that office building (“property”) and were recorded under investment property, and property, plant and equipment, with net book values of Baht 522.57 million and Baht 242.68 million, respectively. The Company registered the transfer of the ownership of the property to the Fund on 31 March 2014.

In addition, the subsidiary entered into an agreement to guarantee.

- (1) Tenants for vacant areas and rental of guaranteed areas for 3 years as from the date that transfer of the ownership of the property was registered.
- (2) An increase in capital expenditures, which are expenditures incurred to improve and develop the property and increase its value other than on normal repair or maintenance, for a period of 1 year as from the date that transfer of the ownership of the property was registered.

- (3) Payment of the difference in profit from operation of the properties in which the Fund initially invested, for a period of 1 year, if the Fund's total operating profit is less than Baht 114.2 million.

Movements in the provision for guarantee to property fund during the years 2016 and 2015 are summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
Balance as at 1 January 2015	51.49
Increase during the year	(19.80)
Paid during the year	(3.67)
Balance as at 31 December 2015	28.02
Paid during the year	(11.59)
Reverse	(10.87)
Balance as at 31 December 2016	5.56

## 26. Share capital

During the year 2015, the Company received payment for the exercise of ESOP#6 allocated to directors and employees of the Company and its subsidiaries, and of SIRI-W1 (2016: Nil). The detail is below.

Date of exercise	Quantity of exercised warrants (Units)	Ordinary shares		Date of registration with the Ministry of Commerce	Date that the Stock Exchange of Thailand approved ordinary shares as listed securities
		issued for exercised warrants (Shares)	Exercise price (Baht)		
<b><u>ESOP#6</u></b>					
30 January 2015	3,300,000	4,296,600	1.070	4 February 2015	9 February 2015
27 February 2015	4,218,818	5,492,901	1.070	27 February 2015	5 March 2015
30 April 2015	200,000	260,400	1.070	6 May 2015	11 May 2015
29 May 2015	1,018,904	1,326,612	1.070	3 June 2015	5 June 2015
30 June 2015	2,260,830	2,943,600	1.070	2 July 2015	7 July 2015
31 July 2015	6,212,554	8,088,745	1.070	4 August 2015	6 August 2015
<b>Total exercise in 2015</b>	<b>17,211,106</b>	<b>22,408,858</b>			
<b><u>SIRI-W1</u></b>					
20 January 2015	368,296,188	479,521,495	1.070	29 January 2015	3 February 2015
<b>Total exercise in 2015</b>	<b>368,296,188</b>	<b>479,521,495</b>			

The exercise of the warrants above resulting in increasing the registered and paid up share capital of the Company. The details are summarised below.

#### Reconciliation of number of ordinary shares

	Number of shares	Par value	Paid up capital	
	(Shares)	(Baht)	(Baht)	
<u>Registered ordinary shares</u>				
Number of ordinary shares as at 1 January 2015	18,526,761,251	1.07	19,823,634,539	
Decrease during the year <sup>(1)</sup>	(509,086,567)	1.07	(544,722,627)	
Number of ordinary shares as at 31 December 2015	18,017,674,684	1.07	19,278,911,912	
Decrease during the year <sup>(2)</sup>	(25,954,326)	1.07	(27,771,129)	
Number of ordinary shares as at 31 December 2016	<u>17,991,720,358</u>	<u>1.07</u>	<u>19,251,140,783</u>	
	Number of shares	Par value	Paid up capital	Share premium
	(Shares)	(Baht)	(Baht)	(Baht)
<u>Issued and paid-up ordinary shares</u>				
Number of ordinary shares as at 1 January 2015	13,627,931,023	1.07	14,581,886,194	1,470,187,339
Increase due to exercise of warrants	657,570,247	1.07	703,600,165	-
Number of ordinary shares as at 31 December 2015				
and 2016	<u>14,285,501,270</u>	<u>1.07</u>	<u>15,285,486,359</u>	<u>1,470,187,339</u>

<sup>(1)</sup> On 29 April 2015, the Annual General Meeting of the Company's shareholders for the year 2015 passed resolutions to approve the decrease of the registered capital of the Company, which was made from the existing registered capital of Baht 19,823,634,539 to be the new registered capital of Baht 19,278,911,912 by canceling its registered but un-issued share in the number of 509,086,567 shares. The Company registered the changes in the registered share capital with the Ministry of Commerce on 12 May 2015.

<sup>(2)</sup> On 26 April 2016, the Annual General Meeting of the Company's shareholders for the year 2016 approved the decrease of the registered capital of the Company from the existing registered capital of Baht 19,278,911,912 to be the registered capital of Baht 19,251,140,783 by canceling 25,954,326 registered but un-issued shares. The Company registered the change in the registered share capital with the Ministry of Commerce on 29 April 2016.

## **27. 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 income 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.

## 28. Warrants to purchase ordinary shares of the Company/Earnings per share

### 28.1 Warrants to purchase ordinary shares of the Company

The Company's warrants are as follows: -

Type of warrant	Exercise price per share	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2016	Number of warrants issued and offered during the year	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2016
SIRI-W2	2.500	1:1.000	3,406,219,088	-	-	3,406,219,088
ESOP#7	2.500	1:1.000	300,000,000	-	-	300,000,000

During the current year, the Company recorded expenses of the ESOP#7 amounting to Baht 20.68 million (2015: Baht 20.02 million) as employee related expenses, together with a corresponding increase in capital reserve for share-based payment transactions in shareholders' equity.

### 28.2 Earnings per share

Basic earnings per share is determined 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 might need to be issued for the conversion of 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 earnings per share and diluted earnings per share.

Consolidated financial statements						
For the year ended 31 December 2016 and 2015						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	3,380,431	3,505,921	14,285,501	14,252,590	0.24	0.25
<b>Effect of dilutive potential ordinary shares</b>						
ESOP#6	-	-	-	11,249		
SIRI-W1	-	-	-	9,484		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrant to ordinary shares	<u>3,380,431</u>	<u>3,505,921</u>	<u>14,285,501</u>	<u>14,273,323</u>	0.24	0.25
Separate financial statements						
For the year ended 31 December 2016 and 2015						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	2,277,235	2,631,718	14,285,501	14,252,590	0.16	0.18
<b>Effect of dilutive potential ordinary shares</b>						
ESOP#6	-	-	-	11,249		
SIRI-W1	-	-	-	9,484		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrant to ordinary shares	<u>2,277,235</u>	<u>2,631,718</u>	<u>14,285,501</u>	<u>14,273,323</u>	0.16	0.18

There is no disclosure of diluted earnings per share from the effect of SIRI-W2 and ESOP#7 warrants in the financial statements for the year ended 31 December 2016 and 2015 since the exercise aggregated amounts of price and the fair value of warrants exceeded the fair value of the Company's ordinary shares.

## 29. Revenues from other services/Cost of other services

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Revenues from other services</u>				
Revenues from hotel business	90.33	76.82	32.38	29.87
Revenues from education business	211.81	227.08	-	-
Total	<u>302.14</u>	<u>303.90</u>	<u>32.38</u>	<u>29.87</u>
<u>Cost of other services</u>				
Cost of hotel business	96.51	83.70	35.24	30.76
Cost of education business	246.31	264.76	-	-
Total	<u>342.82</u>	<u>348.46</u>	<u>35.24</u>	<u>30.76</u>

## 30. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Purchase of land and payments of construction costs	21,031.96	18,721.34	16,495.46	11,312.22
Changes in property development for sale	(57.44)	5,499.70	(5,133.86)	(1,265.35)
Salary and wages and other employee benefits	2,221.30	2,080.33	1,550.19	1,449.20
Depreciation of investments properties	15.35	5.32	12.04	1.23
Depreciation of land, buildings and equipment	192.86	217.23	114.77	125.08
Amortisation of intangible assets	21.06	19.54	17.10	15.10
Amortisation of leasehold rights	28.77	28.77	2.10	2.11
Provision for home care warrantee	55.48	132.85	49.48	57.18
Rental expenses from operating lease agreements	141.62	147.76	112.95	104.83
Bad debts and allowance for doubtful accounts	14.56	4.14	7.91	5.46



### 31. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	1,043,603	1,281,408	572,735	531,750
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(99,316)	(39,410)	14,165	(2,800)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>944,287</b>	<b>1,241,998</b>	<b>586,900</b>	<b>528,950</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss arising from defined benefit plan of employees	-	5,643	-	4,356
	-	5,643	-	4,356

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	4,324,489	4,747,557	2,864,135	3,160,668
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	872,556	957,521	572,827	632,134
Effects of:				
Tax exempted income and non-deductible expenses	45,239	178,253	14,073	(128,753)
Income under revenue code	19,230	105,958	-	25,569
Unused tax losses	7,262	266	-	-
Total	71,731	284,477	14,073	(103,184)
Income tax expenses reported in the statement of comprehensive income	944,287	1,241,998	586,900	528,950

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	19,452	3,398	16,608	1,318
Property development for sale	686,174	607,483	145,206	181,906
Short-term provisions	22,312	25,027	12,066	11,063
Provision for guarantee to property fund	1,111	5,605	-	-
Provision for hotel maintenance	962	-	470	-
Provision for long-term employee benefits	24,635	21,747	18,272	15,852
Unused tax loss	8,817	-	-	-
Allowance for diminution in value of investment properties	2,292	-	2,292	-
<b>Total</b>	<b>765,755</b>	<b>663,260</b>	<b>194,914</b>	<b>210,139</b>
<b>Deferred tax liabilities</b>				
Unamortised portion of deferred transaction costs	5,650	6,709	5,650	6,709
Land rental received in advance	4,238	-	-	-
<b>Total</b>	<b>9,888</b>	<b>6,709</b>	<b>5,650</b>	<b>6,709</b>
<b>Deferred tax assets - net</b>	<b>755,867</b>	<b>656,551</b>	<b>189,264</b>	<b>203,430</b>

As at 31 December 2016, the Company has unused tax losses totaling Baht 36 million (2015: Baht 10.8 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 44 million will expire by 2021.

### 32. Provident fund

The Company, subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiaries and their employees contributed to the fund monthly at the rate of 5-12 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the years 2016 and 2015 amounting to approximately Baht 101 million and Baht 89 million, respectively (Separate financial statements: Baht 70 million and Baht 60 million, respectively).

### 33. Dividend paid

(Unit: Baht)

Dividends	Approved by	Total dividend	Dividend per share	Date of dividends payment
Interim dividend from earnings for the six-month period ended 30 June 2016	The Board of Director's meeting on 11 August 2016	571,420,051 <sup>(1)</sup>	0.04	9 September 2016
Final dividend from 2015 earnings	The Annual General Meeting of the Shareholders on 26 April 2016	1,714,260,152 <sup>(2)</sup>	0.12	19 May 2016
Final dividend from 2014 earnings	The Annual General Meeting of the Shareholders on 29 April 2015	1,712,745,830 <sup>(3)</sup>	0.12	19 May 2015

<sup>(1)</sup> Actual dividend paid amounted to Baht 571,418,579 because some shareholders were not entitled to receive dividend.

<sup>(2)</sup> Actual dividend paid amounted to Baht 1,714,251,081 because some shareholders were not entitled to receive dividend.

<sup>(3)</sup> Actual dividend paid amounted to Baht 1,712,723,466 because some shareholders were not entitled to receive dividend.

### 34. Commitments and contingent liabilities

#### 34.1 Capital commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries have the following capital commitments: -

- a) The Company and its subsidiaries have commitments of Baht 13,877 million and Baht 8,193 million, respectively, under project construction agreements, decoration agreements, advisory service agreements and system development agreements (Separate financial statements: Baht 11,685 million and Baht 4,825 million, respectively).
- b) The Company and its subsidiaries have commitments of Baht 5,555 million and Baht 8,210 million, respectively, under land and condominium units purchase agreements (Separate financial statements: Baht 5,464 million and Baht 5,973 million, respectively).

#### 34.2 Operating lease and service commitments

- a) The Company and its subsidiaries have entered into several lease agreements in respect of the lease of motor vehicles and equipment. The terms of the agreements are generally between 3 and 4 years.

As at 31 December 2016 and 2015, future minimum lease payments required under non-cancellable operating leases contracts are as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	96	103	92	88
In over 1 and up to 5 years	144	212	137	204
Total	240	315	229	292

- b) As at 31 December 2016 and 2015, the Company and its subsidiaries have commitments of Baht 78 million and Baht 44 million, respectively in relation to advertising and public relations for the projects (Separate financial statements: Baht 55 million and Baht 26 million, respectively).
- c) As at 31 December 2016 and 2015, the Company and its subsidiaries have servitude over land of approximately 38 rai and 32 rai, respectively, of which the cost is included in the cost of projects.
- d) The significant long-term lease agreements are as follow: -
- Sansiri Public Company Limited entered into a 30-year land rental agreement at Sukhumvit 77 alley for construction of a community mall for the Habito Project, covering the period from 16 August 2013 to 15 August 2043. Total amounts to Baht 42 million are to be paid, divided into by 3 installments. In August 2013, the Company made an initial payment of Baht 21 million and the remainder is to be paid Baht 10.5 million each over the period of 10 and 20 years of rental agreement.
  - Chanachai Limited entered into a 30-year land rental agreement with the Office of The Privy Purse for construction of a condominium for the Baan Sansiri Project, covering the period from 1 November 1993 to 31 October 2023. Total amounts to Baht 118 million. On the agreement date, Chanachai Limited made an initial payment of Baht 30 million and the remainder is to be paid over the period of 30 years as stipulated in the agreement.
  - S.U.N. Management Company Limited entered into a land rental agreement with the Crown Property Bureau in order to construct buildings and structures on such land. The agreement is for 30 years, from 16 September 2002, and the total rental payable is approximately Baht 88 million. The subsidiary paid this rental in full in July 2004.

### 34.3 Bank guarantees

As at 31 December 2016 and 2015, there were the outstanding bank guarantees for Baht 2,469 million and Baht 2,137 million, respectively, issued by the banks in respect of requirements of the Company and its subsidiaries arising in the normal course of business. These included letters of guarantee to guarantee contractual performance regarding preparation and maintenance of public utilities, public services and land improvement and to guarantee electricity use (Separate financial statements: Baht 1,918 million and Baht 1,545 million, respectively).

### 34.4 Litigations

As at 31 December 2016 and 2015, the Company and its subsidiaries have various outstanding litigation cases, relating to allegations of breaches of agreements to purchase and to sell and torts. Total damages claimed amount to Baht 107 million and Baht 90 million, respectively (Separate financial statements: Baht 33 million and Baht 38 million, respectively). However, the Company and its subsidiaries are defending the lawsuits, and since the Company's lawyers and management believe that the Company and its subsidiaries will not incur any losses from the litigation, no addition entries have been made in respect of these cases beyond provision already recorded (Note 24).

### 34.5 Cross Currency and Interest Rate Swap agreement

The details of the cross Currency and Interest Rate Swap agreement outstanding as at 31 December 2016 are as follows:

	Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 623 million	Fixed rate at 4.80% per annum	GBP 14.10 million	Floating rate 3-month LIBOR plus 3.45%	December 2019

## 35. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Property development business segment consists of land and housing projects, residential condominium projects, serviced apartments for rent, and office buildings for rent.
- Building management, project management and real estate brokerage business segment consists of the provision of building management service, property project management and real estate brokerage.
- Other business segment consists of hotel and education business.

No operating segments have been aggregated to form the above reportable operating segments.

Chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

Year ended 31 December 2016	Building management, project management and real estate brokerage			Total reportable segments	Adjustments and eliminations	Consolidated
	Real estate	real estate brokerage	Other business			
Revenue from external customers	30,236	3,273	302	33,811	-	33,811
Inter-segment revenue	37	2,157	43	2,237	(2,237)	-
Interest revenue	581	2	7	590	(485)	105
Interest expense	(807)	-	(54)	(861)	246	(615)
Depreciation and amortisation	(91)	(9)	(1)	(101)	-	(101)
Loss on diminution in value of property development for sale and land held for development	(45)	-	-	(45)	-	(45)
Loss on diminution in value of investment properties	(11)	-	-	(11)	-	(11)
<b>Segment profit (loss)</b>	6,686	2,995	(46)	9,635	(2,476)	7,159
Other income						480
Common expense						(3,237)
Share of losses from investments in joint ventures						(78)
Income tax expense						(944)
Profit for the year						<u>3,380</u>

(Unit: Million Baht)

Year ended 31 December 2015	Building management and			Total reportable segments	Adjustments and eliminations	Consolidated
	Real estate	real estate brokerage	Other business			
Revenue from external customers	35,219	1,432	304	36,955	-	36,955
Inter-segment revenue	32	646	44	722	(722)	-
Interest revenue	610	17	7	634	(586)	48
Interest expense	(867)	(13)	(62)	(942)	214	(728)
Depreciation and amortisation	(99)	(11)	(1)	(111)	-	(111)
Loss on diminution in value of property development for sale and land held for development	(167)	-	-	(167)	-	(167)
Loss on diminution in value of land, building and equipment	(4)	-	-	(4)	-	(4)
<b>Segment profit (loss)</b>	7,846	1,009	(56)	8,799	(1,094)	7,705
Other income						1,452
Loss on exchange						(22)
Common expense						(4,154)
Share of losses from investments in joint ventures						(234)
Income tax expense						(1,242)
Profit for the year						<u>3,505</u>

## Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2016	2015
Revenue from external customers		
Thailand	33,811	36,819
Others	-	136
<b>Total</b>	<u>33,811</u>	<u>36,955</u>

Non-current assets (other than financial instruments, deferred tax assets)

Thailand	9,862	6,991
----------	-------	-------

## Major customers

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

### 36. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements				
31 December 2016				
Level 1	Level 2	Level 3	Total	
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	344	344
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debentures	-	14,198	-	14,198

(Unit: Million Baht)

Consolidated Financial Statements				
31 December 2015				
Level 1	Level 2	Level 3	Total	
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	141	141
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debentures	-	14,389	-	14,389

(Unit: Million Baht)

Separate Financial Statements				
31 December 2016				
Level 1	Level 2	Level 3	Total	
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	268	268
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debentures	-	14,198	-	14,198

(Unit: Million Baht)

Separate Financial Statements				
31 December 2015				
Level 1	Level 2	Level 3	Total	
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	32	32
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debentures	-	14,389	-	14,389



## 37. Financial instruments

### 37.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable and loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. 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 and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and loans as stated in the statement of financial position.

#### Interest rate risk

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

Significant financial assets and liabilities are classified by type of interest rates are summarized 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.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial Assets</b>							
- Cash equivalents (excluding cash)	-	-	-	3,402	132	3,534	0.13 - 1.50
- Trade accounts receivable	-	-	-	-	171	171	-
- Short-term note receivable - sale of land	-	-	-	-	360	360	Note 9
- Loans to related parties	-	-	4,464	-	-	4,464	3.50 - 3.85
	-	-	4,464	3,402	663	8,529	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial liabilities</b>							
- Short-term loans from banks	4,316	-	-	-	-	4,316	2.00 - 4.25
- Bills of exchange	4,476	-	-	-	-	4,476	2.25 - 3.00
- Trade accounts payable	-	-	-	-	1,349	1,349	-
- Long-term loans	-	-	-	-	9,513	9,513	Note 20
- Long-term promissory note	-	-	-	-	-	-	-
- purchase of land	-	-	-	-	3,514	3,514	Note 21
- Unsecured debentures	1,999	11,973	-	-	-	13,972	Note 22
	<u>10,791</u>	<u>11,973</u>	<u>-</u>	<u>-</u>	<u>9,513</u>	<u>37,140</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2015							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial Assets</b>							
- Cash equivalents (excluding cash)	-	-	-	2,512	154	2,666	0.13 - 1.70
- Trade accounts receivable	-	-	-	-	81	81	-
- Loans to related parties	-	-	1,599	-	-	1,599	3.25 - 3.50
	<u>-</u>	<u>-</u>	<u>1,599</u>	<u>2,512</u>	<u>235</u>	<u>4,346</u>	
<b>Financial liabilities</b>							
- Short-term loans from banks	1,966	-	-	-	-	1,966	2.70 - 4.25
- Bills of exchange	4,474	-	-	-	-	4,474	2.60 - 2.80
- Trade accounts payable	-	-	-	-	1,371	1,371	-
- Long-term loans	-	-	-	-	315	315	Note 20
- Long-term promissory note	-	-	-	-	-	-	-
- purchase of land	-	-	-	12,963	-	12,963	Note 21
- Unsecured debentures	1,998	11,968	-	-	-	13,966	Note 22
	<u>8,438</u>	<u>11,968</u>	<u>-</u>	<u>12,963</u>	<u>1,686</u>	<u>35,055</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2016							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial Assets</b>							
- Cash equivalents (excluding cash)	-	-	-	1,989	-	1,989	0.13 - 1.50
- Trade accounts receivable	-	-	-	-	100	100	-
- Loans to related parties	-	-	15,745	-	-	15,745	3.50 - 3.85
	<u>-</u>	<u>-</u>	<u>15,745</u>	<u>1,989</u>	<u>100</u>	<u>17,834</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2016							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial liabilities</b>							
- Short-term loans from banks	4,316	-	-	-	-	4,316	2.00 - 4.25
- Bills of exchange	4,476	-	-	-	-	4,476	2.25 - 3.00
- Trade accounts payable	-	-	-	-	1,175	1,175	-
- Loans from related parties	-	-	474	-	-	474	3.50 - 3.85
- Long-term loans	-	-	-	6,985	-	6,985	Note 20
- Long-term promissory note	-	-	-	-	-	-	-
- purchase of land	-	-	-	-	3,514	3,514	Note 21
- Unsecured debentures	1,999	11,973	-	-	-	13,972	Note 22
	<u>10,791</u>	<u>11,973</u>	<u>474</u>	<u>6,985</u>	<u>4,689</u>	<u>34,912</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2015							
Fixed interest rate				Floating interest rate	Non- interest bearing	Total	Effective interest rate
Within one year	1 - 5 years	Over 5 years	At call				
<b>Financial Assets</b>							
- Cash equivalents (excluding cash)	-	-	-	1,470	-	1,470	0.13 - 0.75
- Trade accounts receivables	-	-	-	-	31	31	-
- Loans to related parties	-	-	16,700	-	-	16,700	3.25 - 3.50
	<u>-</u>	<u>-</u>	<u>16,700</u>	<u>1,470</u>	<u>31</u>	<u>18,201</u>	
<b>Financial liabilities</b>							
- Short-term loans from banks	1,966	-	-	-	-	1,966	2.70 - 4.25
- Bills of exchange	4,474	-	-	-	-	4,474	2.60 - 2.80
- Trade accounts payable	-	-	-	-	861	861	-
- Loans from related parties	-	-	172	-	-	172	3.25
- Long-term loans	-	-	-	8,348	-	8,348	Note 20
- Long-term promissory note	-	-	-	-	-	-	-
- purchase of land	-	-	-	-	315	315	Note 21
- Unsecured debentures	1,998	11,968	-	-	-	13,966	Note 22
	<u>8,438</u>	<u>11,968</u>	<u>172</u>	<u>8,348</u>	<u>1,176</u>	<u>30,102</u>	

## Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from purchasing of goods and services denominated in foreign currencies. Since liabilities denominated in foreign currencies are not significant and due in short period, the Company and its subsidiaries do not use any derivatives to manage such risk.

### 37.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- b) For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	Carrying amount		Fair value	
	2016	2015	2016	2015
<u>Financial liabilities</u>				
Unsecured debentures	13,972	13,966	14,198	14,389

### 38. 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.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in loan agreements and a covenant of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2.5:1 (2015: 2.5:1). Debt means to interest bearing debts.

No changes were made in the objectives, policies or processes during the years end 31 December 2016 and 2015.

### **39. Events after the reporting period**

39.1 On 15 February 2017, the Company's Board of Directors meeting No. 2/2017 passed a resolution to approve the setting up of a new subsidiary named Jirapas Realty Co., Ltd, with the registered capital of Baht 10 million. The Company holds 100% of issued and paid-up share capital. The new company has engaged in property development and registered its incorporation on 22 February 2017.

39.2 On 22 February 2017, BTS Sansiri Holding Twenty Two Limited registered its incorporation. This company is an additional joint venture company in a proportion of 50:50, between the Company and BTS Group Holdings Public Company Limited for the residential projects for sale under the Strategic Alliance Framework Agreement as approved by the Company's Board of Directors meeting No. 7/2016 on 11 August 2016.

39.3 On 27 February 2017, the Company's Board of Directors meeting No. 3/2017 approved the following resolutions:

(a) To propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the operating results from 1 January 2016 to 31 December 2016. The dividend will be paid by cash at the rate of Baht 0.12 per share. As the Company's Board of Directors Meeting held on 11 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.04 per share. The interim dividend was paid on 9 September 2016. The Company will pay a final dividend of Baht 0.08 per share within May 2017. The payment of the final dividend is dependent on approval being granted by the shareholders.

(b) To approve the issuance and offering of not more than Baht 10,000 million of debentures, or the equivalent in other currencies. The debentures to be issued may be of any type and in any form (secured or unsecured debentures), depending on prevailing market conditions at the time the debentures are issued and offered, and they are to have a term of not over 10 years. This resolution will be proposed for approval at the 2017 Annual General Meeting of the Company's shareholders.

### **40. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.