

9 January 2013

Property Development

SIRI
Sansiri

Current	Previous	Close
BUY	BUY	3.84

2013 TP	Exp Return	Support	Resistance	CGR 2011
4.50	+ 17.2%	3.70-3.60	3.80-4	

Consolidated earnings

BT (mn)	2010	2011	2012E	2013E
Normalized earnings	1,975	2,002	2,941	3,969
Net profit	1,898	2,015	2,958	3,969
EPS (Bt)	0.32	0.29	0.38	0.40
EPS (Bt) - Normalized	0.33	0.28	0.37	0.40
% growth Y-Y	51.34	-14.29	31.45	8.22
Dividend (Bt)	0.21	0.14	0.18	0.20
BV/share (Bt)	1.58	1.61	1.75	1.83
EV/EBITDA (x)	11.0	13.2	10.8	9.9
PER (x)	12.1	13.4	10.2	9.5
PER (x) - Normalized	11.6	13.5	10.3	9.5
PBV (x)	2.4	2.4	2.2	2.1
Dividend yield (%)	5.5	3.6	4.8	5.2
YE No. of shares (million)	5,963	7,053	7,882	9,830
No. of shares - full dilution	5,963	7,053	7,882	9,830
Par (Bt)	1.07	1.07	1.07	1.07

Source: Company data, FSS estimates

Share data

Close (08/01/2013)	3.84
SET Index	1,417.33
Foreign limit/actual (%)	39.00/22.24
Paid up shares (million)	8,348.36
Free float (%)	49.32
Market cap (Bt mn)	32,057.69
Avg. daily T/O (Bt mn) (2013 YTD)	527.99
hi, lo, avg (Bt) (2013 YTD)	3.92, 3.52, 3.72

Source: Setsmarts

Revise up 2012-213E normalized earnings estimates and 2013E TP

SIRI's 2012 presales amounted to Bt42.6bn, which was line with the company's own target. Looking ahead, SIRI has set its 2013 presales target at Bt48.6bn (+14.2% Y-Y). Given these figures, we revise up our 2012-2013E normalized earnings by 3.5% and 3%, respectively. These upward revisions also reflect the increases in our own transfer revenue and gross margin estimates. Meanwhile, our forecasts call for SIRI's 4Q12E normalized earnings to hit the peak for 2012. Given such estimates and outlook, we increase our 2013E TP to Bt4.50 and maintain our BUY rating on SIRI. Besides the upward revisions to our normalized earnings estimates, the increase in our 2013E TP also reflects: (1) the decrease in our estimate for the company's number of outstanding shares to incorporate the actual conversion of SIRI-W1 in 2012 of 31% (vs. our previous estimate of 50%), which resulted in an increase in our 2013E EPS to Bt0.40 from Bt0.35 previously, and (2) the increase to our PE assumption to 11x that prices in the company's better normalized earnings growth prospects and the likelihood of a higher ROE in 2012-2013E of 21-22% (vs. 15-16% during 2008-11).

4Q12 presales jumped 100.3% Q-Q and 294.1 Y-Y

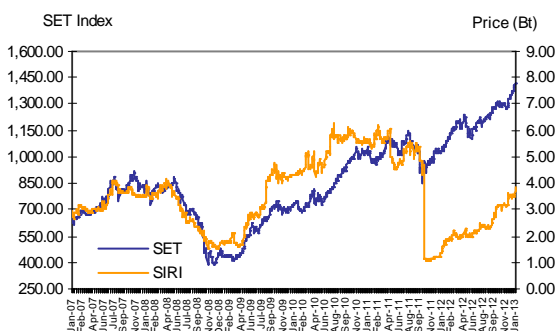
SIRI's 4Q12 presales surged to Bt16bn (+100.3% Q-Q, +294.1% Y-Y) thanks mainly to the company's condo presales of Bt13bn (i.e. at 82% of its presales for this quarter). Note that SIRI launched 15 projects for a total value of Bt19bn in 4Q12. Of which, two projects with a total value of Bt1.9bn were low-rise projects (i.e. detached house and townhouse developments), while 13 of its project launches in 4Q12 consisted of condo developments with a total value of Bt17.2bn.

2012 presales equaled Bt42.6bn, in-line with company's target

SIRI's 2012 presales amounted to Bt42.6bn, which was in line with the company's own target of Bt42bn. Specifically, 67% of SIRI's 2012 presales came from its condo projects, while the remaining 33% were from its low-rise projects.

SIRI sets its 2013 presales target at Bt48.6bn; focus on condos to continue

SIRI has set its 2013 presales target at Bt48.6bn (+14.2% Y-Y). Of this figure, 62% is likely to come from the company's condo projects and the remaining 38% from its low-rise developments. Furthermore, the company also plans to launch 45 projects in 2013 with a combined value of Bt60bn. Of which, 24 projects with a combined value of Bt35bn will be condo projects, while the remaining 21 projects with a combined value of Bt25bn will be low-rise ones. Finally, SIRI projects that it will transfer approximately Bt34-36bn (+18%-25% Y-Y) worth of residential units in 2013.



Source: SET

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Revise up 2012-2013E normalized earnings by 3.5% and 3%, respectively

Following SIRI's aforementioned targets, we revise up our 2012E normalized earnings by 3.5% to Bt2.94bn (+46.9% Y-Y) to reflect: (1) the 1% increase in our transfer revenue estimate to Bt29bn (+38.9% Y-Y) in line with the better-than-expected transfer outlook, and (2) the increase in our average gross margin estimate to 34.0% from 31.4% previously, which was overly conservative. In addition, we revise up our 2013E normalized earnings by 3% to Bt3.97bn (+35.0% Y-Y) to incorporate: (1) the increase in our average gross margin estimate to 32.8% from 31.3% due to the likelihood that the company will be more successful in managing its selling prices and cost of goods sold than what we had previously projected.

Expect 4Q12E normalized earnings to peak for 2012

Our forecasts call for SIRI's 4Q12E normalized earnings to reach the peak for 2012 at Bt1.7bn (+348.5% Q-Q, +68.5% Y-Y). These sharp gains should be made possible by the prospect that the company's transfer revenue will reach Bt13.8bn (+177.3% Q-Q, +82.2% Y-Y) in 4Q12E. Specifically, we anticipate that the company's transfer revenue will come mainly from its 12 condo projects for a total of Bt12bn. However, we also project that SIRI's gross margin will decline to just 33.9% in 4Q12E (vs. 34.6% in 3Q12 and 37.3% in 4Q11).

4Q12 backlog stood at Bt40bn to be realized as revenue in 2013-2016E

SIRI's backlog at end-4Q12, after deducting all of its 4Q12E unit transfers, stood at Bt40bn. Moreover, we expect the company to realize this backlog as revenue in 2013-2016E. Specifically, (1) Bt17.7bn is likely to be realized as revenue in 2013E, which would be sufficient to secure 51% of the company's 2013E transfer revenue, (2) Bt14.8bn is projected to be realized as revenue in 2014E, which would be sufficient to secure 35% of the company's 2014E transfer revenue, and (3) the remaining Bt7.3bn is expected to be realized as revenue in 2015-2016E.

Increase 2013E TP to Bt4.50 (PE 11x); maintain BUY rating

Given such estimates, we increase our 2013E TP to Bt4.50 and maintain our BUY rating on SIRI. Besides the upward revisions to our normalized earnings estimates, the increase in our 2013E TP also reflects: (1) the decrease in our estimate for the company's outstanding number of shares to incorporate the actual conversion of SIRI-W1 in 2012 of 31% (vs. our previous estimate of 50%), which resulted in an increase in our 2013E EPS to Bt0.40 from Bt0.35 previously, and (2) the increase to our PE assumption to 11x that prices in the company's better normalized earnings growth prospects and the likelihood of a higher ROE in 2012-2013E of 21-22% (vs. 15-16% during 2008-11). Note that we maintain our conversion rate estimate of 50% for SIRI-W1 in 2013E. Hence, our conversion rate estimate for SIRI-W1 now stands at 81% by end-2013E (vs. 100% earlier).

Income Statement (Consolidated)

(Bt mn)	2009	2010	2011	2012E	2013E
Revenue	15,824	18,596	20,542	29,789	35,876
Cost of sales	11,132	12,541	13,509	19,673	24,110
Gross profit	4,692	6,055	7,032	10,116	11,766
SG&A costs	2,474	3,291	4,166	6,233	6,813
Operating profit	2,219	2,763	2,867	3,883	4,953
Other income	126	129	112	268	287
EBIT	2,345	2,892	2,978	4,151	5,240
EBITDA	2,566	3,146	3,291	4,537	5,625
Interest charge	124	245	222	345	297
Tax on income	951	702	779	884	993
Earnings after tax	2,874	3,303	3,573	4,726	5,956
Minority interests	-2	0	-1	-1	-1
Normalized earnings	1,290	1,975	2,002	2,941	3,969
Extraordinary items	-320	-77	11	17	0
Net profit	970	1,898	2,015	2,958	3,969

Cash Flow Statement (Consolidated)

(Bt mn)	2009	2010	2011	2012E	2013E
Net profit	970	1,898	2,015	2,958	3,969
Depreciation etc.	221	254	313	386	385
Change in working capital	-10,289	-16,863	-18,393	-20,055	-18,203
Other adjustments	260	370	303	-42	-42
Cash flow from operations	-8,838	-14,341	-15,762	-16,753	-13,890
Capital expenditure	-185	-560	-559	-500	-500
Others	-160	132	0	0	0
Cash flow from investing	-345	-428	-559	-500	-500
Free cash flow	-9,183	-14,769	-16,321	-17,253	-14,390
Net borrowings	188	5,002	3,872	516	-1,622
Equity capital raised	-0	73	1,167	887	2,084
Dividends paid	-442	-766	-178	-1,449	-1,945
Others	10,899	10,352	10,991	15,639	14,668
Cash flow from financing	10,645	14,661	15,852	15,593	13,185
Net change in cash	1,464	-108	-468	-1,660	-1,204

Balance Sheet (Consolidated)

(Bt mn)	2009	2010	2011	2012E	2013E
Cash	3,483	3,472	2,968	1,354	150
Accounts receivable	45	50	48	82	98
Inventory	17,503	22,339	25,616	30,823	34,959
Other current assets	1,028	1,828	3,661	4,388	4,208
Total current assets	22,059	27,690	32,293	36,646	39,415
Investments	130	0	0	0	0
Plant, property & equipment	3,161	2,510	3,258	3,506	3,757
Other assets	432	991	686	656	620
Total assets	25,782	31,190	36,238	40,807	43,792
Short-term loans	200	678	2,631	894	1,387
Accounts payable	832	805	975	1,341	1,471
Current maturities	5,093	4,992	7,447	8,587	7,617
Other current liabilities	6,200	4,272	3,816	4,841	5,456
Total current liabilities	12,325	10,747	14,868	15,662	15,932
Long-term debt	4,442	9,470	9,274	10,604	9,158
Other LT liabilities	765	1,526	718	714	686
Total non-current liabilities	5,207	10,996	9,992	11,318	9,843
Total liabilities	17,532	21,743	24,860	26,981	25,775
Registered capital	15,991	15,991	11,642	11,642	11,642
Paid-up capital	6,307	6,380	7,547	8,434	10,518
Share premium	0	13	550	584	665
Legal reserve	279	400	501	501	501
Retained earnings	1,672	2,682	2,797	4,306	6,330
Others	0	-27	-18	0	0
Minority Interests	-6	0	0	1	3
Shareholders' equity	8,251	9,448	11,378	13,826	18,017

Important Ratios (Consolidated)

	2009	2010	2011	2012E	2013E
Growth (%)					
Revenue	5.2	17.5	10.5	45.0	20.4
EBITDA	2.8	22.6	4.6	37.9	24.0
Net profit	6.1	95.7	6.2	46.8	34.2
Normalized earnings	-13.4	53.1	1.4	46.9	35.0
Profitability Ratios (%)					
Gross profit margin	29.7	32.6	34.2	34.0	32.8
EBITDA margin	16.2	16.9	16.0	15.2	15.7
EBIT margin	14.8	15.6	14.5	13.9	14.6
Normalized profit margin	8.2	10.6	9.7	9.9	11.1
Net profit margin	6.1	10.2	9.8	9.9	11.1
Normalized ROA	5.0	6.3	5.5	7.2	9.1
Normalize ROE	15.6	20.9	17.6	21.3	22.0
Normalized ROCE	17.4	14.1	13.9	16.5	18.8
Risk (x)					
D/E	2.12	2.30	2.18	1.95	1.43
Net D/E	0.76	1.24	1.44	1.35	1.00
Net debt/EBITDA	2.44	3.71	4.98	4.13	3.20
Per share data (Bt)					
Reported EPS	0.16	0.32	0.29	0.38	0.40
Normalized EPS	0.22	0.33	0.28	0.37	0.40
EBITDA	0.44	0.53	0.47	0.58	0.57
FCF	-1.56	-2.48	-2.31	-2.19	-1.46
Book value	1.40	1.58	1.61	1.75	1.83
Dividend	0.13	0.21	0.14	0.18	0.20
Par	1.1	1.1	1.1	1.1	1.1
Valuations (x)					
P/E	23.3	12.1	13.4	10.2	9.5
Normalized P/E	17.5	11.6	13.5	10.3	9.5
P/BV	2.7	2.4	2.4	2.2	2.1
EV/EBTDA	11.3	11.0	13.2	10.8	9.9
Dividend yield (%)	3.4	5.5	3.6	4.8	5.2

Source: Company data, FSS research

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Head Office

999/9 The offices at Central World
17th, 18th, 25th Fl.,
Rama 1 Rd., Patumwan,
Bangkok

Alma Link

9th, 14th, 15th Fl.,
Alma Link Building 25
Soi Chidlom, Ploenchit, Lumpini,
Patumwan, Bangkok

Amarin Tower

496-502 Amarin Tower
20th Floor, Pleonchit,
Lumpini, Pathumwan,
Bangkok

Sindhorn 1

130-132 Sindhorn Building 1,
2nd Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 2

130-132 Sindhorn Building 3,
24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

130-132 Sindhorn Building 3,
19th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sukhumvit 21

50 GMM Grammy Place
15th Floor, Sukhumvit 21 Road,
Klongtuey North, Wattana,
Bangkok

Asoke

159 Sermmitt Tower 17th Floor,
Soi Sukumvit 21, Sukhumvit Road,
Klongtuey North, Wattana,
Bangkok

Silom

191 Silom Complex Building
Unit 2,3-1 21st Floor, Silom Road,
Silom, Bangrak,
Bangkok

Fortune Town

1 Fortune Town Building,
23rd Floor, Zone B3,
Rachadapisek Road, Dindaeng,
Bangkok

Italthai Tower

2034/52 Italthai Tower,
11st Floor, Unit 11-07/01,
New Petchburi Road, Bangkok,
Huaykwang, Bangkok

Thaisummit Tower 1

1768 Thaisammit Tower Building,
2nd Floor, New Petchburi Road,
Bangkapi, Huaykwang,
Bangkok

Thaisummit Tower 2

1768 Thaisammit Tower Building,
4nd, 31th Floor, New Petchburi
Road, Bangkapi, Huaykwang,
Bangkok

Pinklao 1

7/129-221 Central Pinklao Office
Building, Room 1404, 14th Fl.,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 2

7/3 Central Tower B, Pinklao,
Room 1408, 14th Floor,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 3

7/3 Central Tower B, Pinklao,
16th Floor, Baromratchonnane
Road, Arunamarin, Bangkokknoi,
Bangkok

Central Rattatibet

68/127 Moo 8 Rattatibet Road,
Tumbon Banggrasor,
Aumphoe Muang,
Nonthaburi

Ladprao

555 Rasa Tower 2, 11st Floor,
Unit 1106, Phaholyothin Road,
Chatuchak, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutajak, Bangkok

Bangna

1093 Tower 1 Office, 19th Floor,
Room 1093/105 Moo 12,
Bangna-Trad Road, Bangna,
Bangkok

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3 R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

Nakornpathom

28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

Chonburi

44 Vacheraprakran Road,
Tumbon Bangplasoi,
Aumphoe Muang, Chonburi

Samutsakorn

1045/16-17 Wichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn,
Samutsakorn

Chachoengsao

233-233/2 1st Floor, Moo 12,
Sukprayoon Road,
Tumbon Namuang, Aumphoe
Muang, Chachoengsao

Chiangmai 1

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 2

26/9 Moo 7 2nd Floor,
Srijan new Road, Tumbon
Nai Meung, Aumphoe Meung,
Khonkaen

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Hatyai 1

29 Lee Garden Plaza Hotel,
6th Floor, Unit 601/3,
Prachathipat Road, Tumbon
Hatyai, Aumphoe Hatyai, Songkhla

Hatyai 2

106 (Mezzanine) New Season
Hotel, Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldiss Hadyai Plaza, 2nd Floor,
Building, Niphath Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Phuket

22/16-17 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumphoe Meung, Phuket

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumphoe Meung, Krabi

Pattane

300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Khonkaen

4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

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Amnart	Ngosawang	Construction Materials / Transportation	0-2646-9712	amnart.n@fnsyus.com
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Somchai	Anektaweepon	Technical	0-2646-9967	somchai.a@fnsyus.com
Natapon	Khamthakreauu	Derivatives	0-2646-9820	natapon.k@fnsyus.com

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2011


ADVANC	BKI	GRAMMY	LPN	PTTCH**	SC	TIPCO
AOT	BMCL	HEMRAJ	MCOT	PTTEP	SCB	TISCO
BAFS	CPN	ICC	NMG	QH	SCC	TKT
BANPU	CSL	IRPC	PS	RATCH	SE-ED	TMB
BAY	EASTW	KBANK	PSL	ROBINS	SIS	TOP
BBL	EGCO	KK	PTT	RS	THRE	
BCP	ERW	KTB	PTTAR**	SAT	TIP	

Score Range

100-90
80-89
70-79
60-69
50-59
<50

Rating


no logo given

Description

Excellent
Very Good
Good
Satisfactory
Pass
n/a



ACAP	BROOK	DTC	KCE	MFC	PG	SEAFCO	STEC	TNITY	TYM
AF	BTS	ECL	KEST	MFEC	PHATRA	SFP	SUSCO	TNL	UAC
AMANAH	BWG	FORTH	KGI	MILL	PM	SICCO**	SVI	TOG	UMI
AMATA	CENDEL	GBX	KSL	MINT	PR	SINGER	SYMC	TPC	UP
AP	CGS	GC	KWC	MK	PRANDA	SIRI	SYNTEC	TRC	UPOIC
ASIMAR	CIMBT	GFPT	L&E	MTI	PRG	SITHAI	TASCO	TRT	UV
ASP	CK	GLOW	LANNA	NBC	PT	SMT	TCAP	TRU	VNT
AYUD	CM	HANA	LH	NCH	PYLON	SNC	TFD	TRUE	WACOAL
BEC	CPALL	HMPRO	LOXLEY	NINE	S&J	SPALI	TFI	TSC	WAVE
BECL	CPF	HTC	LRH	NKI	S&P	SPI	THAI	TSTE	ZMICO
BFIT	CSC	IFEC	LST	NOBLE	SABINA	SPPT	THCOM	TSTH	
BH	DELTA	INET	MACO	OCC	SAMCO	SSF	THIP	TTA	
BIGC	DEMCO	INTUCH	MAJOR	OGC	SCCC	SSSC	TIC	TTW	
BJC	DRT	IVL	MAKRO	OISHI	SCG	STA	TK	TUF	
BLA	DTAC	JAS	MBK	PB	SCSMG	STANLY	TMT	TVO	



2S	BAT-3K	CNS	FSS	ITD	MATI	OFM	QLT	SMK	TF	TPIPL	VARO
A	BGT	CNT	GENCO	JTS	MBAX	PAF	RASA	SMM	TGCI	TPP	VIBHA
AEONTS	BLAND	CPI	GFM	JUTHA	M-CHAI	PAP	RCI	SPC	THANA	TR	VNG
AFC	BNC	CPL	GL	KASET	MCS	PATO	RCL	SPC	THANI	TTCL	WG
AGE	BOL	CRANE	GLAND	KDH	MDX	PDI	ROJNA	SST	TICON	TTI	WORK
AH	BROCK	CSP	GLOD	KH	MJD	PHOL	RPC	STAR	TIW	TWFP	YUASA
AHC	BSBM	CSR	GUNKUL	KKC	MOONG	PICO	SAUCE	SUC	TKS	TWZ	
AI	BTNC	CTW	GYT	KMC	MPIC	PL	SCBLIF	SVOA	TLUXE	TYCN	
AIT	CCET	DCC	HFT	KTC	MSC	POST	SCP	SWC	TMD	UBIS	
AJ	CFRESH	DRACO	HTECH	KWH	NC	PPM	SENA	SYNEX	TNH	UEC	
AKR	CHARAN	EASON	IFS	KYE	NEP	PREB	SHANG	TBSP	TNPC	UOBKH	
APRINT	CI	EIC	ILINK	LALIN	NNCL	PRECHA	SIAM	TCB	TOPP	UPF	
APURE	CITY	ESSO	IRC	LEE	NSI	PRIN	SIMAT	TCC	TPA	US	
AS	CMO	FE	IRCP	LHK	NTV	PTL	SKR	TCP	TPAC	UT	
ASK	CMR	FOCUS	IT	MATCH	NWR	Q-CON	SMIT	TEAM	TPCORP	UVAN	

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