SANSIRI

**QUARTERLY NEWSLETTER**
Issue No. 2/2011

Ticker Symbol : **SIRI** Reuters : **SIRI.BK** Bloomberg : **SIRI TB** Primary Exchange : **THE STOCK EXCHANGE OF THAILAND**

## Key Stock Data

| 1Q11 | 04 Jan 11 | 31 Mar 11 | % change |
|---|---|---|---|
| Siri Price (Baht/Share) | 5.65 | 5.70 | 0.9% |
| Property Sector Index | 145.96 | 151.39 | 3.7% |
| SET Index | 1042.41 | 1,047.48 | 0.5% |
| Avg Daily Turnover (Mil Baht) | | 4.68 | |
| Avg Daily Turnover (Mil Shares) | | 27.15 | |

| As of 27-June-2011 | |
|---|---|
| Issued Shares (Mil Shares) | 1,757 |
| Estimated free float | 45.60% |
| SIRI Price (Baht/Share) | 4.72 |
| Market Cap (Mil Baht/ Mil US$) | 8,293/268 |

| Major Shareholders (%) | As of 27-June-2011 |
|---|---|
| MR. SRETTHA THAVISIN GROUP | 21.13% |
| Thai NVDR Limited | 16.32% |
| CHASE NOMINEES LIMITED 42 | 7.46% |
| VIRIYAH INSURANCE CO., LTD. | 3.27% |
| UBS AG SINGAPORE BRANCH | 5.60% |

## Management Discussion and Analysis
## 1Q2011 : 216 million baht Net Profit with Net Profit Margin 6%

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## Financial Structure

| Quarterly Comparison | 1Q2011 | | 1Q2010 | |
|---|---|---|---|---|
| Total Revenue | **3,639.32** | **100%** | **6,839.71** | **100%** |
| Total Cost | 2,393.62 | 34% | 4,562.98 | 67% |
| Average Gross Margin | 1,245.70 | 34% | 2,276.73 | 33% |
| SG&A (% of Total Revenue) | **832.88** | **22.9%** | **649.75** | **9.5%** |
| • Selling Expenses | 421.91 | 11.6% | 259.11 | 3.8% |
| • Administrative Expenses | 410.97 | 11.3% | 343.95 | 5.0% |
| • Other Expenses | – | 0.0% | 46.69 | 0.7% |
| EBIT | **412.82** | **11%** | **1,626.98** | **24%** |
| Finance Cost | **43.02** | **1%** | **52.77** | **1%** |
| Effective Tax Rate | **153.35** | **4%** | **232.32** | **3%** |
| **Net Profit** | **216.45** | **6%** | **1,341.90** | **20%** |

*(Unit : Million Baht)*

According the International Financial Reporting Standards (IFRS), Sansiri adopted the new accounting standards in the fourth quarter of 2010, from realizing based on percentage of completion to base on transfer. Therefore, the financial statement of 1Q11 was restaged to base on transfer, which different from the financial statement shown on last year.

1Q2011 total revenues amounted to 3,639 million baht , 47% decreased from 6,840 million baht in 1Q2010, mainly driven by 3,187 million baht decreasing in revenue from project development for sale . However the revenue from project development for sale was the key revenue, contributed around 94% of total revenue, followed with 4% from property services, and 1% from project for rent. . 1Q2011 net profit amounted 216 million baht with net profit margin 6%.

## Revenue Growth

| Revenues | 1Q2011 | % | 1Q2010 | % | % QoQ |
|---|---|---|---|---|---|
| Property Development | **3,460** | **95%** | **6,662** | **97%** | **-48%** |
| Project for Sale | 3,418 | 94% | 6,605 | 97% | -48% |
| Project for Rent | 42 | 1% | 57 | 1% | -26% |
| Property Services | **154** | **4%** | **149** | **2%** | **3%** |
| Business Management | 104 | 3% | 110 | 2% | -5% |
| Other Property Services | 50 | 1% | 39 | 1% | 28% |
| Other Revenues | **25** | **1%** | **29** | **0%** | **-14%** |
| **Total Revenues** | **3,639** | **100%** | **6,840** | **100%** | **-47%** |

*(Unit : Million Baht )*

## Revenue from Property Development

### 1. Revenue from Project sales

| Revenue from Project sales | 1Q2011 | | 1Q2010 | |
|---|---|---|---|---|
| | Million Baht | % | Million Baht | % |
| Single Detached Houses | 1,469 | 43% | 2,031 | 31% |
| Townhouses | 581 | 17% | 806 | 12% |
| Condominiums | 1,368 | 40% | 3,756 | 57% |
| Others | 0.00 | 0% | 12 | 0% |
| **Total** | **3,418** | **100%** | **6,605** | **100%** |

Total revenues from property sales in 1Q2011dropped around 48% from 1Q2010, the total of 3,418 million baht consisted of 1,469 million baht or 43% from single detached house, 581 million baht or 17% from townhouses, and the rest 1,368 million baht or 40% from condominium project.

The demand in housing project was recovery in 1Q2011, leaded to the revenue from single detached house project increased from 31% in 1Q2010 to 43% in 1Q2011, while revenue from town house project increased from 12% in 1Q2010 to be 17% in 1Q2011. Single detached house project were mainly from 4 key projects totally 594 million baht or 17% of revenue from property sales, namely Baan Sansiri –Sukhumvit 67, Setthasiri prchachuen, Habitia Panya-Ram Indra 2, and Burasiri Ygamwongwan-Changwattana. Revenue from town house projects primary driven from 3 projects amounting 380 million baht or 11% of revenue from property sales,namely Town Plus X-Prachachuen, Town Plus Kaset-Navamindra, and Habitia Wongwan-Ramindra.

The revenue from condominium in 1Q2011 reduced from 57% in 1Q2010 to 40% in 1Q2011, since the numbers of condominium projects that complete to transfer were reduce from 13 projects in 1Q2010 to be only 3 projects in 1Q2011. Revenue from condominium project were mainly from 3 projects namely Hive Sathorn, 39 by Sansiri and Hive Taksin, amounting 1,295 million baht or 38% of revenue from property sales.

### 2. Revenue form Property for Rent

1Q2011 revenues from rental property dropped by 26% to 42 million baht from 56 million baht in 1Q2010. The mainly reason was from the closing of two projects Baan Sansiri Sukhumvit 67 and Siri Apartment.

## Revenue from Property Services & Business Management

### 1. Property Services

1Q2011 revenue from business management increased from 1Q2011 by 30% from 39 million baht to 50 million baht, result by the increasing in number of students of Satit Pattana School, while the revenue from medical spa and hotel were closely with 1Q2010.

### 2. Business Management

Revenue from business management in 1Q2011 slightly decreased from 110 million baht in 1Q2010 to be 104 million baht, according to the reduce in number of properties under Plus Property company limited and Touch Property company limited.

## Cost of project Sale and Selling, General and Administration Expenses

1Q2011 cost of project sale dropped around 49% to 2,150 million baht compare with 1Q2010, matching with the reducing in revenue from project for sale. The gross profit of property for sale in 1Q2011 increased from 33.4% in 1Q2010 to be 34.3%, because of the well-management of construction. Furthermore, the revenue of project for sale were mainly contributed from high-end single detached house and condominium projects, which contributed high gross profit.

SG&A per revenue expense in 1Q2011 amounted 833 million baht or 22.9% of total revenue, which increased sharply from 1Q2010, at 603 million baht or 8.8% of total revenue. The expiration of business tax and transfer fee holiday in 1Q2010 mainly pressured the increasing in selling expense in this quarter, increasing from 259 million baht or 3.8% to be 422 million baht or 11.6% of total revenue. In the meanwhile, 1Q2011 administrative expense was 411 million baht or 11.3% of total revenue rose up from 344 million baht or 5% in 1Q2010. The increasing was followed the business and economic expansion.

## Net Profit

1Q2011 net profit after corporate tax was 5.9%, dropped by 84% to 216 million baht from 1,341 million baht, resulting from the decreasing in revenue from project sale, and increasing in SG&A expense. The gross profit margin rose up from 33% in 1Q2010 to be 33.8% in 1Q2011. Furthermore, the net profit was pressured from the high effective tax rate 41% in this quarter, because of the miss-match from changing accounting standard.

## Assets and Liabilities

As of 31st March 2011, total assets were 31,594 million baht, rose up 403 million baht from that of 31st December 2010. The key driven was from increasing in unbilled completed work, around 1,209 million baht, as a resulting in the rising up of current assets 421 million baht. Sansiri had invested additional in land, building and equipment, to be 1,465 million baht as of 31st March 2011, compared with 1,390 million baht in 31st December 2010.

## Sansiri Public Company Limited and its subsidiaries

### Balance sheets (Summary)

| | Consolidated financial statements | |
|---|---|---|
| | 31 December 2010 | 31 December 2009 |
| Total current assets | 28,112.52 | 27,689.91 |
| Total non-current assets | 3,483.37 | 3,500.55 |
| **Total assets** | **31,595.89** | **31,190.46** |
| Total current liabilities | 11,902.69 | 10,746.63 |
| Total non-current liabilities | 9,968.29 | 10,996.16 |
| Total liabilities | **21,870.98** | **21,742.79** |
| Total shareholder's equity | **9,722.91** | **9,447.67** |
| **Total liabilities and shareholder's equity** | **31,593.89** | **31,190.46** |

*(unit: Thousand Baht)*

Total liability slightly increase by 128 million baht from 31st December 2010, including with the increasing in current liabilities 1,156 million baht, while the non-current liabilities decreasing 1,028 million baht. The primary caused by the due of the short-term promissory note to purchase the lands, as a result of the decreasing in current assets, and decreasing in current liabilities. As of 31st March 2011, the interest bearing debt was 14,679 million baht, nearly the amount on 31st December 2010, at 14,677 million baht. Therefore, the D/E ratio was at 2.25x, lower from 2.3x on 31st December 2010. The gearing ratio was also lower from 1.55x on 31st December 2010 to be 1.51x.