



SANSIRI

# ICONIC LIVING

THINK DIFFERENT, ACT DIFFERENT.  
FROM SIX SENSES OF THOUGHT COMES  
THE **ICONIC LIVING**



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# INSPIRATION

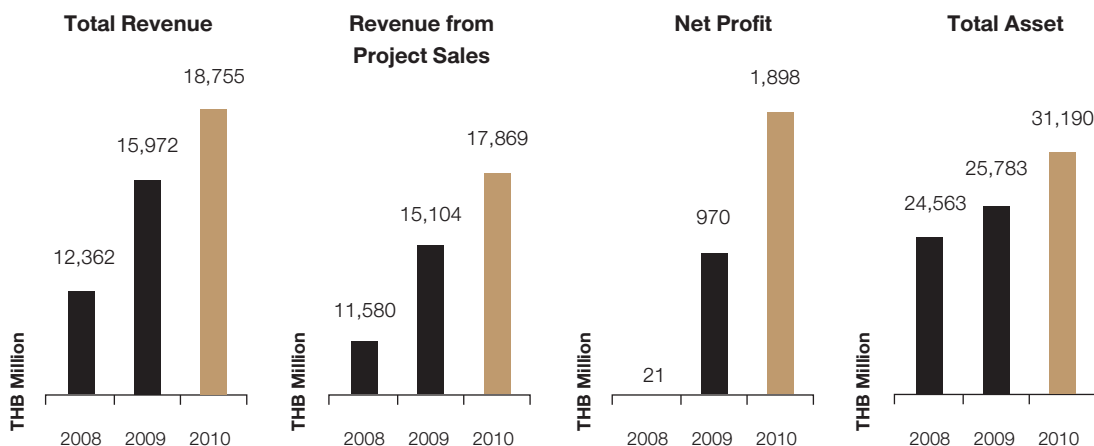
## Open wide, open mind

Open your heart...open it to knowledge,  
information and new experiences  
from around the world and the things  
around you for inspirations.



# FINANCIAL HIGHLIGHTS

		2010	2009	2008
Total Revenue	THB Million	18,755	15,972	12,362
Net Profit	THB Million	1,898	970	21
Total Asset	THB Million	31,190	25,783	24,563
Total Shareholders' Equity	THB Million	9,448	8,251	7,720
Gross Margin (Core Revenue)	%	32.56	29.48	29.56
Net Profit Margin	%	10.12	6.07	0.17
Debt to Equity Ratio	Times	2.30	2.12	2.18
Gearing Ratio	Times	1.55	1.27	1.07
Net Gearing Ratio	Times	1.20	0.86	0.82
Earnings per Share	Baht	1.28	0.66	0.01
Book Value per Share	Baht	6.39	5.60	5.24



Remark: Financial figures are based on the consolidated financial statements.

# CREATIVITY

## **Beyond limits.**

Dare to think, dare to express thoughts that are different. Step past limits and obstacles to creating things that go beyond even your own imagination.

# CHAIRMAN'S MESSAGE



Despite the slow global economic recovery and the internal political instability in the country, the Thai economy managed to grow at an impressive rate in the year 2010. During the first half of the year, the real estate sector was slow moving; the situation, however, became much better in the latter half of the year, due mainly to the relatively low rate of interest and with continuing support of the financial sector.

In 2010, Sansiri group recorded a revenue growth of 17 percent and an earning growth of 96 percent. During the year, Sansiri continued to improve its profitability by strict and effective quality and cost controls, including an introduction of an innovative method to shorten the development cycle and thereby increasing the bargaining power in material procurement as well as economies of scale in production. For marketing, Sansiri initiated the concept of "Iconic Living" which further differentiated Sansiri's products from competitors', with a view to help build brand loyalty in the long term.

In terms of Corporate Social Responsibility (CSR), Sansiri actively supported, in collaboration with Unicef, the campaign which eventually led to passing of the law requiring iodine in all salt and salt related products in Thailand. Sansiri will continue to be actively involved in the iodine as well as other CSR activities including Mother and Child Friendly and Education for ALL.

With continual economic improvement in 2011, Sansiri is confident that we can deliver growth through the experience and dedication of the management and staff in delivering superior quality products and services to our customers, building confidence and brand loyalty.

Sansiri Public Company Limited would like to express our sincere appreciation to our shareholders, bondholders, customers, financial institutions, the media and business partners for their support, along with every member of the management and staff for their dedication to strengthen Sansiri's performance.

A handwritten signature in black ink, appearing to read 'Kovit Poshyananda'.

Kovit Poshyananda  
Chairman

**Mission with vision.**

Our principles include helping to create a good for society while always being mindful of the future of the nation....creating happiness for the society as a whole is an ingrained virtue.

# OBLIGATION TO SOCIETY



A man in a dark suit, white shirt, and blue striped tie is walking on a paved sidewalk. He is looking towards the camera. In the background, there is a modern building with large windows and a dark facade. The text "CHIEF EXECUTIVE OFFICER'S MESSAGE" is written vertically in large, bold, orange letters on the right side of the image.

# CHIEF EXECUTIVE OFFICER'S MESSAGE

In 2010, Sansiri has managed to deliver unprecedented performances despite the political turmoil in the first half of the year. Sansiri owes this success through ability to penetrate and expand to cover all market segments and products, meeting wider range of consumer's need and gaining consumer's trust in our product quality and services. Sansiri further enhanced the profitability with effective inventory and cost management. With the fully-integrated strategy, Sansiri has managed to clearly distinguish ourselves from other leading real estate developers.

Sansiri strives to be the leader in delivering innovative and aesthetic product with superior quality to meet today's ever-evolving consumer's expectation. In 2010 Sansiri set up Design Solution Department, a specialist work-force dedicated to perceptively developing new product types, new design and new functions to meet future customer's needs. This innovative strategy is one of the five key concepts of the "Iconic Living", including Inspiration, Tomorrow Innovation, Beautiful Community, Exclusivity, and Goodwill, with an aim to meet customer's expectation in every segment as well as differentiating ourselves from competitors. Furthermore, the introduction of Sansiri's on-line social networking has been well received and is gaining in popularity everyday gone by.

For 2010, Sansiri reported total revenue of 18,755 million baht, an 18 percent growth over 2009, with net profit of 1,898 million baht, representing earnings per share of 1.28 baht. Revenue from project sales of 17,869 million baht represented 95 percent of total revenue. Of the total revenue from project sales in 2010, 7,988 million baht (45%) derived from condominium projects, 6,788 million baht (38%) derived from single-detached house projects, and the balance of 3,081 million baht (17%) derived from townhouse projects.

In 2010, the economy is expected to continue to expand and the real estate sector is anticipated to grow in line with this expansion. With our competitive strengths, and dedicated commitment of management and staff, Sansiri will continue to grow its sales and profitability to remain one of the strongest leaders in Thailand's property market, as well as our contribution of Corporate Social Responsibility to sustainable development in the future.

A stylized, handwritten signature in white ink, consisting of a large 'A' followed by a cursive flourish.

Apichart Chutrakul  
Chief Executive Officer

# NET WORK

**All for one, one for all.**

In addition to our main business focuses, we actively seek partners that can provide unique opportunities for living that creates something truly special.





# BOARD OF DIRECTORS

- |  |  |
|--|--|
| 1. Chairman of the Board<br>(Independent Director)<br><b>Mr. Kovit Poshyananda</b> | 6. Director / President<br><b>Mr. Srettha Thavisin</b>                 |
| 2. Vice-Chairman<br>Chief Executive Officer<br><b>Mr. Apichart Chutrakul</b>       | 7. Director / Chief Operating Officer<br><b>Mr. Wanchak Buranasiri</b> |
| 3. Independent Director<br><b>Mr. Mana Noppun</b>                                  | 8. Director<br><b>Mr. Kriengkrai Thiennukul</b>                        |
| 4. Independent Director<br><b>Mr. Jesadavat Priebjivat</b>                         | 9. Director<br><b>Mrs. Nujchanart Panthawangkun</b>                    |
| 5. Independent Director<br><b>Mr. Wirat Uanarumit</b>                              | 10. Independent Director<br><b>Mr. Porntat Amatavivadhana</b>          |

Today for tomorrow.

In line with our thoughts towards the future,  
we continually seek creative innovations for  
living with values and imaginative design.

IN  
NOVATIVE

# AUDIT COMMITTEE



1. Chairman of the Audit Committee  
**Mr. Mana Noppun**
2. Member of the Audit Committee  
**Mr. Jesadavat Priebjrivat**
3. Member of the Audit Committee  
**Mr. Wirat Uanarumit**

# CSR COMMITTEE



1. Chairman of the CSR Committee  
**Mr. Srettha Thavisin**
2. Member of the CSR Committee  
**Mr. Jesadavat Priebjrivat**
3. Member of the CSR Committee  
**Mr. Porntat Amatavivadhana**

**Make things possible.**

It is our continued determination to develop the quality of our employees while seeking out new technologies that will help to create, develop and improve residences so that they meet international standards.

# COMPE TENCY

# REPORT ON CORPORATE GOVERNANCE BY THE AUDIT COMMITTEE FOR THE YEAR 2010

The Audit Committee is constituted in such a way as to be independent of the Company's management. Being appointed by the Board of Directors, all members of the Audit Committee are qualified individuals and independent directors who possess the qualifications stipulated by the Stock Exchange of Thailand. Presently, the Audit Committee is composed of Mr. Mana Noppun as a Chairman of the Audit Committee with other 2 members, Mr. Jesadavat Priebjivat and Mr. Wirat Uanarumit.

The Audit Committee performs the tasks assigned to it by the Board of Directors. It acts independently, however, and is unconstrained in its access to information and always receives good co-operation from the Company, in conformity to regulations of the Stock Exchange of Thailand. In 2010 the present Audit Committee met 4 times, in which the Chairman and all members of Audit Committee have attended all meetings in full. Moreover, the Audit Committee also consulted with the Management, the internal audit officer, and the independent auditor as deemed appropriate.

Meetings with the internal audit officer and the independent auditor were free of direction from the Management. The Audit Committee has not only supported the Board of Directors to perform its duties and responsibilities, but also closely monitored to ensure the good corporate governance. The findings of the Audit Committee are summarised as follows:

**1. REVIEW OF FINANCIAL STATEMENTS** Prior to submission of quarterly and annual financial statements that were reviewed and audited by the independent auditor to the Board of Directors for approval; the Audit Committee had reviewed these statements based on its queries and explanations provided by the Management. The review shows that these financial reports were in conformity to generally accepted accounting principles as well as provided sufficient disclosure of accurate and reliable information in the timely manner without any significant adjustment from auditor during or after the reviews.

**2. REVIEW OF INTERNAL CONTROL SYSTEM** The Audit Committee, in cooperation with the internal audit officer, has not only regularly reviewed the Company's internal control system in order to assess the effectiveness and sufficiency of the system, but also has made suggestions on improving effectiveness. The review shows that the Company's internal control system is sufficient, appropriate and being regularly updated to cope with the changing environment and serve the business operations to achieve the objectives while conforming to the pertinent regulations. The Audit Committee did not find any significant constraints or deficiency leading to impediment to business operations. In addition, the Audit Committee has emphasised that the Management must continue improving the internal control system to be highly effective at all times.

**3. REVIEW OF DISCLOSURE OF CONNECTED TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST** Prior to the approval by the Board of Directors for any connected transactions and potential conflicts of interest, the Audit Committee had reviewed and commented on such transactions to ensure the transparency and conformity to the rules and regulations of the Stock Exchange of Thailand. In this regard, the Audit Committee did not find any significant issues regarding the violation of the regulation of Stock Exchange of Thailand concerning connected transactions or any potential conflicts of interest.

**4. COMPLIANCE WITH LAWS AND REGULATIONS** The Audit Committee had reviewed the processes and procedures to ensure compliance with regulations regarding securities and the Stock Exchange of Thailand, guidelines by the Stock Exchange of Thailand, and other related business acts. The review shows that the Company has always acted in compliance with laws and regulations. In this regard, the Audit Committee did not find any significant issues regarding the violation of regulations, guidelines, and obligations with any external parties.

**5. OVERSEEING AND MONITORING THE INTERNAL CONTROL MATTERS** The Audit Committee, in cooperation with the internal audit officer, has reviewed the report on internal control matters on quarterly basis. The information technology system was also continuously developed and fully utilised to support the auditing work. The review shows that the internal control was conducted in the independent, sufficient, and effective manners with the sufficiently elaborate information security safeguards. Moreover, the summary of findings and the guidelines to prevent or mitigate any potential risks were sent to the involved parties for their further actions.

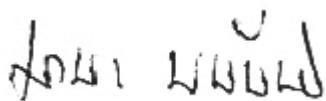
**6. GOOD CORPORATE GOVERNANCE** The Company realises the importance of good corporate governance and has focused our operations to ensure the efficiency, transparency, and good business ethics, resulting in our integrity known among shareholders, investors, and all parties involved.

## 7. SELECTING, APPOINTING AND PROPOSING REMUNERATIONS FOR THE AUDITOR

The Audit Committee has reviewed the performance, the independency and the appropriation of the remunerations of the auditor, and agreed to continue the appointment of Ernst & Young Office Limited as the Company's auditor for the accounting period ended 31 December 2011. The appointment of auditor will be proposed for further approval at the Annual General Meeting 2011.

**A SUMMARY REVIEW BY THE AUDIT COMMITTEE** In 2010, the Audit Committee had fully utilised its expertise and capabilities without any constraints in its access to information from the directors, the Management, employees, and all involved parties, to independently perform its duties as appointed by the Board of Directors. Considering the overall operations of the Company, the Audit Committee is convinced that the Company adheres to good business ethics, that the Board of Directors and the Management have determined to professionally perform their duties to successfully run the Company and achieve corporate goal as planned, that the reports on financial information and operation are correct, that its internal control systems and internal audit systems are effective, that its risk management systems are sufficiently protective, that its corporate governance is based on the principles including transparency, integrity, accountability, competitiveness, and credibility, and that its financial reports are in conformity to generally accepted accounting principles with sufficient disclosure of accurate and reliable information. The Company has always acted in compliance with all related regulations. The Audit Committee also believes that the Company has shown strong determination to continuously improve its operational processes, leading to the transparent and effective management with good corporate governance. Thus, the Management's performances could be examined to ensure the best interest of all stakeholders.

On behalf of the Audit Committee,



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(Mr. Mana Noppun)  
Chairman of the Audit Committee  
28 February 2011

# CORPORATE SOCIAL RESPONSIBILITY (CSR)

Under its objectives to give back to society, Sansiri has foreseen the importance of being a responsible member of society and taking part in developing qualified youths who will be the main driving force of the nation's future. The company has defined plans to take part in social activities by emphasising on supporting and helping children and youths, both in Thailand and abroad, who are in trouble because of natural disasters. The company was honoured to be one of the partner organisations to join in protecting and supporting Children and Youth Rights with Unicef in Thailand last year. This was due to the successful Iodine Please Project, which had a Memorandum of Understanding signed between Sansiri Public Company Limited and Unicef Thailand. The contents of the Memorandum of Understanding indicate a policy to continuously develop the project for youths.



Picture of the Signing of the Memorandum of Understanding between Mr. Kovit Poshyananda, Chairman of Sansiri PLC. and Mr. Tomo-oh Hosumi, Representative from Unicef Thailand, with His Excellency Anand Panyarachun, Unicef Ambassador, Thailand and Mr. Srettha Thavisin, President of Sansiri looking on, as of 28 December 2010.



## **ACTIVITY OBJECTIVES FOR CHILDREN AND YOUTH DURING THE YEAR 2010**

### **1. ENCOURAGING AND SUPPORTING IN SPORT**

The Sansiri Academy Project is a continuing project to support children and youths who are interested in football, to spend their spare time playing sport for free. They can learn and practice their skills with professional coaches who hold License A and B, including ex-national footballers who are experienced and well equipped for standard practices on Saturday and Sunday. At the present time, 4 branches have been opened for this purpose. Support has also been put in place to give skilled students a better chance to join schools and clubs that support football, such as Assumption Thonburi School and Rajapracha Club, in order that they can move up to play at club or national levels. Sansiri has recruited more than 1,000 interested youths thus far.

### **2. EDUCATIONAL SUPPORT**

Under the Exchanging Heart Project, a project that the company started to give via registration online its residential owners and staff the opportunity to be part of a ฿ 100,000 Education Support Fund, disbursements will be given to some schools in the South who have been affected by the impact of the violence. There is also a 2011 co-project with Unicef in Thailand to help children to be educated according to their basic rights.

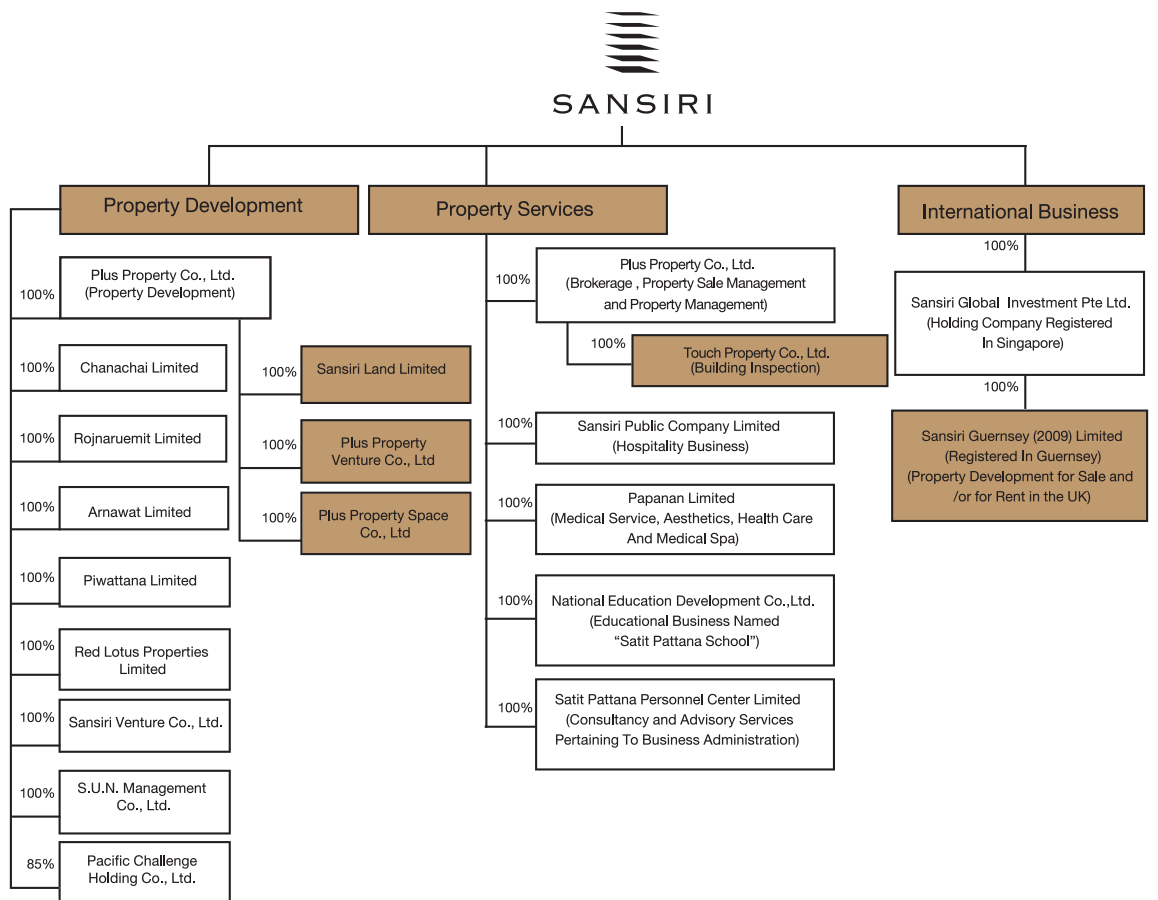
### **3. HEALTH SUPPORT**

With the Iodine Please Project, Sansiri was honoured to be chosen by the government as 1 of 7 organisations to push a campaign that tackled the Iodine deficiency in Thailand at “The Thailand get together Event” to add Iodine for Higher IQ 2010. For this project, Sansiri co-operated with a number of companies to campaign about the problem that Thai children had a lower IQ than the standard level via many activities such as Public Relations Media via the internet, animation pictures, documentary, printed matter and public display shown in simple and easy to understand form to help people realise the problem that is caused by consuming salt without adding enough iodine. The impact from this problem has been detrimental to the brain and body of Thai children for more than 50 years. The campaign has created a social force that urged the government to take action on this matter. Sansiri also cooperated in every way to push for the Universal Salt Iodisation Law, which will be a sustainable way to add iodine to all the salt in Thailand consumed by both humans and animals. Adding iodine is also an international practice accepted by the international congresses of WHO and Unicef to solve the iodine deficiency problem. The campaign was well supported by the government, as can be seen by the law that was issued and become effective since 1 January 2011 that stipulates iodine must now be compulsorily added to salt.

Apart from the above activities for youths, Sansiri realises that a long running cooperation is needed to solve problems and continually aims to create projects that will inspire staff, residential owners and partners to take part in socially beneficial schemes. Sansiri acts as a model company for other organisations listed in the Stock Exchange of Thailand, who gives importance to children's rights by working with Unicef in Thailand to establish a pilot project that protects children according to the following determinations:

1. Determination not to use child labour in business, such as mentioning in the construction contract that child labour must not be used.
2. Determination on supporting Mother and Children's Rights. This is a way to support breast-feeding for 6 months by arranging an area for Sansiri staff, who come back to work after giving birth to a child, which provides the convenience of keeping milk during working hours for later feeding. The company also supports staff welfare by arranging care-taking courses for children and youths of different ages.
3. Determination to help children who have been affected by the impact of natural disasters in Thailand and all over the World, by donating US\$1 million of year-end profits at the end of 2011 to Unicef at its Headquarters, in order to be a leading Thai organisation that helps as many children as possible who are in need of urgent assistance.

# INVESTMENT STRUCTURE OF SANSIRI GROUP



## REMARK

-  Represents Direct Holdings
-  Represents Indirect Holdings

# GENERAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES

Sansiri Public Company Limited (the “Company” or “Sansiri”), registration number 0107538000665, with the security symbol “SIRI” on the Stock Exchange of Thailand, was established in 1984 to engage in real estate business. The Company converted to be a public company limited in 1995 and has been listed on the Stock Exchange of Thailand since 1996.

As at 28 February 2011, the Company’s registered capital was 15,991,205,802.64 baht consisting of 3,736,263,038 ordinary shares at the par value of 4.28 baht, with issued and paid-up capital of 6,445,507,481.76 baht.

The Company’s head office is located at 16th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400.

Telephone number : (662) 201-3905-6  
Facsimile : (662) 201-3904  
Home Page : [www.sansiri.com](http://www.sansiri.com)

## THE COMPANY’S SUBSIDIARIES ARE AS FOLLOWS:

As of 28 February 2011

Company / Head Office address	Type of Business	Paid-up Capital	% of shareholding
<b>SUBSIDIARIES IN WHICH SANSIRI DIRECTLY HOLDS SHARES</b>			
<b>Chanachai Limited</b> 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	90,000,000 baht by divided into 90,000 ordinary shares with a par value of 1,000 baht each	100

Company / Head Office address	Type of Business	Paid-up Capital	% of shareholding
<b>Rojnaruemit Limited</b> 12th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	4,875,000 baht by divided into 780,000 ordinary shares with a par value of 6.25 baht each	100
<b>Arnawat Limited</b> 12th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 306-8000 Fax. (662) 306-8029	Property Development	10,000,000 baht by divided into 1,000,000 ordinary shares with a par value of 10 baht each	100
<b>Piwattana Limited</b> 10th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 306-8000 Fax. (662) 306-8029	Property Development	100,000,000 baht by divided into 10,000,000 ordinary shares with a par value of 10 baht each	100
<b>Red Lotus Properties Limited</b> 16th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	20,000,000 baht by divided into 2,000,000 ordinary shares with a par value of 10 baht each	100
<b>Sansiri Venture Co.,Ltd.</b> 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	3,000,000 baht by divided into 300,000 ordinary shares with a par value of 10 baht each	100
<b>S.U.N. Management Co., Ltd.</b> 16th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	10,000,000 baht by divided into 1,000,000 ordinary shares with a par value of 10 baht each	100
<b>Papanan Limited</b> 2/2, Bhakdi Building, Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Tel. (662) 253-1010 Fax. (662) 253-9625	Medical Service, Aesthetics, Health Care and Medical Spa	20,000,000 baht by divided into 2,000,000 ordinary shares with a par value of 10 baht each	100

Company / Head Office address	Type of Business	Paid-up Capital	% of shareholding
<b>National Education Development Co., Ltd.</b> 380 Panya-Indra Road, West Samwa Sub-district, Klong Samwa District, Bangkok 10510 Tel. (662) 915-5390-2 Fax. (662) 915-5501	Educational Business named "Satit Pattana School")	40,000,000 baht by divided into 400,000 ordinary shares with a par value of 100 baht each	100
<b>Satit Pattana Personnel Center Limited</b> 380 Panya-Indra Road, West Samwa Sub-district, Klong Samwa District, Bangkok 10510 Tel. (662) 915-5390-2 Fax. (662) 915-5501	Consultancy and advisory services pertaining to business administration	1,000,000 baht by divided into 100,000 ordinary shares with a par value of 10 baht each	100
<b>Pacific Challenge Holding Co.,Ltd.</b> 2/2, Bhakdi Building, Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Tel. (662) 253-1010 Fax. (662) 253-9625	Property Development	2,500,000 baht by divided into 250,000 ordinary shares with a par value of 10 baht each	85
<b>Plus Property Co., Ltd.</b> 10th Floor, 163 Rajchapark Buliding, Sukhumvit 21 (Asoke), North Klongtoey Sub-district, Wattana District, Bangkok 10110 Tel. (662) 661-7555 Fax. (662) 661-6633	Property Development, Brokerage, Sale Management, Property Management	600,000,000 baht by divided into 60,000,000 ordinary shares with a par value of 10 baht each	100

#### **SUBSIDIARIES IN WHICH SANSIRI DIRECTLY HOLDS SHARES**

<b>Sansiri Land Limited</b> 11th Floor, 475 Sri Ayutthaya Road, Thanon Phayathai Sub-district, Rajthevi District, Bangkok 10400 Tel. (662) 201-3905-6 Fax. (662) 201-3904	Property Development	1,000,000 baht by divided into 100,000 ordinary shares with a par value of 10 baht each	100
<b>Touch Property Co., Ltd.</b> 14th Floor, 163 Rajchapark Buliding, Sukhumvit 21 (Asoke), North Klongtoey Sub-district, Wattana District, Bangkok 10110 Tel. (662) 661-7555 Fax. (662) 661-6633	Building Inspection	5,000,000 baht by divided into 500,000 ordinary shares with a par value of 10 baht each	100

Company / Head Office address	Type of Business	Paid-up Capital	% of shareholding
<b>Plus Property Venture Co., Ltd.</b> 16th Floor, 163 Rajchapark Building, Sukhumvit 21 (Asoke), North Klongtoey Sub-district, Wattana District , Bangkok 10110 Tel. (662) 661-7555 Fax. (662) 661-6633	Property Development	10,000,000 baht by divided into 1,000,000 ordinary shares with a par value of 10 baht each	100
<b>Plus Property Space Co., Ltd.</b> 16th Floor, 163 Rajchapark Building, Sukhumvit 21 (Asoke), North Klongtoey Sub-district, Wattana District , Bangkok 10110 Tel. (662) 661-7555 Fax. (662) 661-6633	Property Development	10,000,000 baht by divided into 1,000,000 ordinary shares with a par value of 10 baht each	100

#### **SUBSIDIARIES IN OVERSEAS COUNTRIES**

<b>Sansiri Global Investment Pte Ltd</b> (registered in Singapore) 3 PHILLIP STREET #18-00 COMMERCE POINT SINGAPORE (048693)	Holding Company	50,000 Singapore Dollars by divided into 50,000 ordinary shares	100
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#### **SUBSIDIARIES IN WHICH SANSIRI INDIRECTLY HOLDS SHARES THROUGH SANSIRI GLOBAL INVESTMENT PTE LTD**

<b>Sansiri Guernsey (2009) Limited</b> (registered in Guernsey) La Tonnelle House Les Banques St Sampson GUERNSEY GY1 3HS	Real estate development for sale and lease in United Kingdom	10,000 Pound by divided into 10,000 ordinary shares	100
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# OTHER REFERENCES

## SECURITIES REGISTRAR

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building,

Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone : (662) 229 2800

Facsimile : (662) 654 5427

TSD Call center : (662) 229 2888

E-mail : TSDCallCenter@set.or.th

Website : <http://www.tsd.co.th>

## THE AUDITOR

Ernst & Young Office Limited

33rd Floor, 193/136-137, Lake Rajada Office Complex,

Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone : (662) 264 0777

Facsimile : (662) 264 0790



# TYPE OF BUSINESS

## Operational Structure of the Company and Subsidiaries

Sansiri Group is made up of Sansiri Public Company Limited as a parent company with a broad range of eighteen subsidiaries, thirteen of which are directly held by Sansiri Public Company Limited while five of which are indirectly held through the subsidiaries. Currently, core business of Sansiri Group could be summarised as follows:

### 1. PROPERTY DEVELOPMENT consists of:

**1.1 PROPERTY DEVELOPMENT FOR SALE** includes single-detached house, detached house, townhouse, and condominium projects, being operated through:

Company Name	Divisions of Operations within the Group
1. Sansiri Public Company Limited	Development of single-detached house, townhouse, and condominium projects for middle to high income consumers
2. Plus Property Company Limited	Development of condominium and townhouse projects for middle income consumers
3. Piwattana Limited	Development of single-detached house, detached house, condominium and townhouse projects for middle and low income consumers
4. Red Lotus Properties Limited	Development of single-detached house and townhouse projects for foreign consumers
5. Sansiri Venture Company Limited	Development of condominium projects for high income consumers
6. Sansiri Land Limited	Development of townhouse projects operated and managed by Plus Property Company Limited
7. Plus Property Venture Company Limited	Development of condominium and townhouse projects for middle income consumers and managed by Plus Property Company Limited
8. Plus Property Space Company Limited	Development of condominium and townhouse projects for middle income consumers and managed by Plus Property Company Limited
9. Chanachai Limited	Development of single-detached house and condominium projects for middle to high income consumers

**1.2 PROPERTY DEVELOPMENT FOR RENT** includes office buildings, apartment and leasehold commercial building

Company Name	Divisions of Operations within the Group
1. Sansiri Public Company Limited	Investment in office building and apartment for rent with monthly rental fee in return
2. Pacific Challenge Holding Company Limited	Investment in office building with monthly rental fee in return
3. S.U.N. Management Company Limited	Development of commercial building for leasehold agreement

**2. PROPERTY SERVICES** consist of:

Company Name	Divisions of Operations within the Group
1. Plus Property Company Limited	Property and asset management, property brokerage services, property sales management, property development consultancy, and property management
2. Touch Property Company Limited	Building inspection
3. Sansiri Public Company Limited	Hotel business development, generating recurring income to the total revenues
4. Papanan Limited	Medical spa services under the brand “S Medical Spa”
5. National Education Development Limited	Educational business under the name “Satit Pattana School”
6. Satit Pattana Personnel Center Limited	Personnel management for Satit Pattana School

**3. INTERNATIONAL INVESTMENT** consists of:

Company Name	Divisions of Operations within the Group
1. Sansiri Global Investment PTE LTD	Offshore investment in property development for sales and/or for lease/rent
2. Sansiri Guernsey (2009) Limited	Property development for sale and/or for lease/rent in the United Kingdom

# REVENUE STRUCTURE

Revenue structure classified by business groups during 2008 – 2010, is as follows:

Products/Services	Operated by	% Shares held by Sansiri	Year Ending 2010		Year Ending 2009		Year Ending 2008	
			Million Baht	%	Million Baht	%	Million Baht	%
<b>1) Property Development</b>								
<b><u>Property for sale</u></b>								
- Single-detached house	SIRI, PP, RED, CC	-, 100, 100, 100	6,788	36.2	5,341	33.4	5,861	47.4
- Townhouse	PLUS, PPV, CC	100, 100, 100	3,081	16.4	2,648	16.6	2,009	16.2
- Condominium	SIRI, PLUS, CC, SV	-, 100, 100, 100	8,000	42.7	7,115	44.5	3,710	30.0
<b><u>Property for rent</u></b>								
- Projects for rent	SIRI, CC, PCH	- , 100, 85	156	0.8	186	1.2	195	1.6
- Leasehold rights written off	CC, SUN	100, 100	43	0.2	43	0.3	43	0.3
<b>2) Property Services</b>	SIRI, PLUS, TOUCH, PPN, NED, SPC	- , 100, 100 , 100, 100 , 100	527	2.8	491	3.1	404	3.3
<b>3) Other Revenues</b>								
- Interest income			23	0.1	14	0.1	31	0.3
- Revenue from common Property charges			54	0.3	48	0.3	40	0.3
- Revenue from forfeiture of down payment and changed contract fee			42	0.2	56	0.4	21	0.2
- Other income			40	0.2	30	0.2	48	0.4
- Gain on sale of investments in related parties			-		-		-	
<b>Total Revenue</b>			<b>18,755</b>	<b>100</b>	<b>15,972</b>	<b>100</b>	<b>12,362</b>	<b>100</b>
<b>% increase (decrease) in revenue</b>			<b>17.4</b>		<b>29.2</b>		<b>-1.5</b>	

<b>Remark -</b>	SIRI	means	Sansiri Public Company Limited
	PLUS	means	Plus Property Company Limited
	CC	means	Chanachai Limited
	SV	means	Sansiri Venture Company Limited
	PP	means	Piwattana Limited
	RED	means	Red Lotus Properties Limited
	PPV	means	Plus Property Venture Company Limited
	PCH	means	Pacific Challenge Holding Company Limited
	SUN	means	S.U.N. Management Company Limited
	TOUCH	means	Touch Property Company Limited
	PPN	means	Papanan Limited
	NED	means	National Education Development Limited
	SPC	means	Satit Pattana Personnel Center Limited (Formerly known as “Club House Property Limited”)

# MILESTONE DURING THE YEAR

## FEBRUARY 2010

- The Stock Exchange of Thailand (SET) approved the listing of share warrants of Sansiri Public Company Limited #1 (SIRI-W1) on 3 February 2010. In this regard, the SIRI-W1 totalling of 736,792,026 units has been traded on SET since 3 February 2010.

## MAY 2010

- Dividend payment for the 2009 operating results was paid at the rate of 0.52 Baht (Fifty Two Stang) per share.

## JUNE 2010

- Sansiri increased its holding in S.U.N. Management Company Limited (a subsidiary) from 51 percent to 100 percent through the purchase of 490,000 shares or representing 49 percent of issued and paid-up shares.

## SEPTEMBER 2010

- The Board of Directors has approved the cancellation of the Re-capitalisation Plan and the newly issued shares being allotted on a Private Placement basis, totalling 1,398,000,000 shares. The Board of Directors will propose to the 2011 Annual General Meeting of Shareholders to approve the decrease of the registered capital being reserved under such Plan.

- Sansiri bought 24 single-detached houses back of Baan Sansiri Sukhumvit 67 project which located on Sukhumvit Road, Bangkok; according to the put option with the Sansiri Property Fund.

# TYPE OF PRODUCTS AND SERVICES

Core operation of Sansiri Group is divided into two businesses (1) Property Development, and (2) Property Services. The detailed descriptions of each product and service category are as follow:

## 1. PROPERTY DEVELOPMENT

### 1.1 PROPERTY DEVELOPMENT FOR SALE

- **SINGLE-DETACHED HOUSE** – Following the successful launch of “Habitia” brand in 2008 to penetrate the mid-priced market, Sansiri presently covers every customer segment ranging between 3.6 – 60.0 million baht per unit. All segments of single-detached house projects are focusing on high quality to meet Sansiri standards. In 2010, Sansiri launched 6 new single-detached house projects with the project value of approximately 6,916 million baht. Furthermore, Sansiri bought back the 24 units of single-detached houses of Baan Sansiri Sukhumvit 67 from Baan Sansiri Property Fund. All units will be sold or rent to individual buyers with the project value of approximately 964 million baht.

- **DETACHED HOUSE** – Sansiri has developed the detached house projects through its subsidiary, Piwattana Limited, formerly named Prompt Pattana Property Limited. The first project was launched in 2006 under the brand “Baan Promptpatt Ramindra”. In 2010, Sansiri launched two more projects under “Baan Promptpatt” brand with the project value approximately of 1,257 million baht.

- **TOWNHOUSE** – Sansiri has developed townhouse projects focusing on the middle income customers through Plus Property Company Limited (“Plus”) and its subsidiaries. Plus successfully launched the projects under the brands “Plus Citypark”, “Plus Park Avenue”, and “Town Plus”. In 2009, Sansiri launched the brand “Town Plus X” with the unit price range between 3.5 – 5.0 million baht. To build brand awareness among customers, Sansiri has launched three new brands to serve each market segment. The “**Town Avenue**” brand is for the unit price range between 3.0 – 5.0 million baht focusing on the middle income customers. The brand “**Habitown**” and “**V Village**” are focusing on low income customers, with the unit price range between 2.1 – 3.0 million baht and lower than 1 million baht respectively. Furthermore, Sansiri has launched home office project under “**B Avenue**” brand, serving the customers who need “live & work residential”.

• **CONDOMINIUM** – Focusing on the middle and high income customers, Sansiri chooses to develop its projects in the business district with close proximity to the sky train and underground train routes, as well as in the prime resort area such as Hua Hin. In 2010, Sansiri expanded into low income segment by launching “**dcondo**” brand, locating in convenient travelling area. The price of “dcondo” projects are ranging between 0.9 – 1.7 million baht per unit. Three projects launched under this brand consist of “dcondo Onnuch-Suvarnabhumi”, “dcondo Ramkhamhaeng” and “dcondo Ramindra”. In 2010, Sansiri launched totally eleven of condominium projects with the project value approximately 16,950 million baht.

## **1.2 PROPERTY DEVELOPMENT FOR RENT**

Sansiri has recurring income from properties for rent including two office buildings; Siripinyo Building and Bhakdi Building, and a leasehold commercial building in Silom area named “Sun Square Silom”.

## **2. PROPERTY SERVICES**

### **2.1 PROPERTY SERVICES**

Property Services business suitably complemented to Sansiri’s core business – property development for sale by not only increasing customers’ satisfaction of fully-integrated services and expanding its sources of recurring incomes, but also allowing it to capitalise upon its database to further improve its property development projects corresponding to the market demand. Provided by Plus Property Company Limited (“Plus”), the full range of services include not only the sale, purchase, and lease of properties and property management but also the consulting services of project feasibility studies, market surveys and analysis, financial feasibility analysis, and the rehabilitation plan of derelict properties. In addition, building inspection service is provided by Touch Property Company Limited. Currently, Plus and its subsidiary manage over 224 residential and commercial projects covering the area of 7.6 million square meters (31 December 2010).

### **2.2 EDUCATIONAL BUSINESS**

Sansiri has operated a school under the name “Satit Pattana School” for recurring income, and creating opportunity to expand business and synergy to several of Sansiri’s property projects for sale located nearby.

### **2.3 HOTEL BUSINESS**

At present, Sansiri operates a 46-key hotel named “Casa del Mare” locating on the area of 3 Rai 2 Ngan and 51 Square Wah in Hua Hin District of Prachuap Kiri Khan province.

### **2.4 MEDICAL SPA BUSINESS**

Sansiri has operated medical spa business through its subsidiary, Papanan Limited under the brand “S Medical Spa”, locating at Bhakdi Building on Wireless Road. Furthermore, “S Medical Spa” expands business opportunity by launching “seaSpa”, a one-stop spa service center at Casa del Mare Hotel, in October 2007. It can be viewed that Sansiri has fully utilised its existing businesses to create synergy and truly add more value to hospitality business.

# MARKET AND COMPETITION

## 1. MARKETING

Despite the global economic downturn and political instability, the real estate sector has been resilient since the second half of 2009. Clearer signals of economic recovery have remained positive, including an increase in the consumer confidence index and the implementation of economic stimulus packages by the government. Although the tax privileges for real estate expired in June 2010, the real estate sector continues to grow rapidly. To ensure the fundamental growth of real estate sector, the Bank of Thailand announced a preventive measure to set the loan-to-value (LTV) limit for housing purchases, with 95 percent LTV for condominiums becoming effective on 1 January 2011 onwards, and 90 percent LTV for single-detached houses and townhouses becoming effective on 1 January 2012. The LTV regulation will not impact the purchasing power directly, since the limitation is consistent with the current market practice. Impacts will be seen as limited access to project financing for small and medium developers. In 2010, interest rates were increasing but were relatively low, compared with the historical rates. Furthermore, the housing demand is still growing, especially demand for housing located along BTS sky train and MRT subway lines. Experienced developers with strong brand recognition and successful track records are likely to gain not only market share, but also pricing power whereas marketing activities will help stimulate housing purchases.

Sansiri has a collection of housing projects for sale covering all segments. Our product types include not only single-detached houses, detached houses, townhouses but also condominiums located in business area and prime resort area. Our product strategies vary from segment to segment, which are described below:

## PRODUCT STRATEGIES

### • SINGLE-DETACHED HOUSES

Sansiri has successfully launched mid-sized, single-detached houses under four brands, including **“Setthasiri”** with average selling price per unit of 6 to 10 million baht, **“Burasiri”** with average selling price per unit of 5 to 8 million baht, **“Saransiri”** with average selling price per unit of 3 to 5 million baht, and **“Habitia”** with average selling price per unit of 3 to 4 million baht. The projects under **“Habitia”** brand was constructed by using the prefabrication construction technology.

In 2010, Sansiri had continuously launched projects under Setthasiri and Saransiri brand and focused more on product development to differentiate Sansiri from peers. Such instances allow us to move beyond the norm, such as combining local Thai architecture with our uniquely Sansiri style to develop houses and clubhouses. Examples of this determination for



the best can be seen at Setthasiri Chaipayruk-Changwattana. In addition, the “Habitia” brand has received well response from customers with the total of 4 active projects, namely Habitia Bangyai, Habitia Panya-indra project#1, Habitia Panya-indra project#2, and Habitia Ratchapruk.

#### • DETACHED-HOUSES

Sansiri has expanded our business further by successfully penetrating the new market of detached houses targeting at medium-income young couples, through the launch of a new brand, called “Baan Promptpatt.”, which is developed by our subsidiary named Piwattana Limited, (formerly known as Prompt Pattana Property Limited).

In 2010, Sansiri launched two more projects, “Baan Promptpatt Priva” and “Baan Promptpatt Prime”. Currently, Sansiri has 5 projects under the “Baan Promptpatt” brand.

#### • TOWNHOUSES

Since 2006, Sansiri launched the medium-priced townhouse projects under the brand “Plus Citypark”, “Plus Park Avenue“, “Town Plus”, and “Town Plus X”, with average selling price per unit of 2.1 to 5.0 million baht.

In 2010, Sansiri penetrated a lower-income segment by launching “**V Village**” and “**Habitown**”, which are two-storey townhouses with average selling price per unit of 0.9 – 2.5 million baht. In 2010, two projects were launched under these brands, namely “Habitown Watcharapol” and “V Village Phase 1”. For medium-priced townhouses, Sansiri developed under its own brand, namely “**Town Avenue**” with average selling prices per unit of 3.0 to 5.0 million baht. Currently, there are three projects under this brand; Town Avenue Rama 2, Town Avenue Srinagarindra and Town Avenue Rama 9. Moreover, Sansiri also launched a Home Office product under “**B Avenue**” brand to cover all market segments of residential and commercial uses.

#### • CONDOMINIUMS

Banking on its success in high-income and medium-income condominiums, Sansiri entered the low-income segment to expand its clientele in 2010. The “**dcondo**” brand is dedicated to low-end condominiums, with average selling price per square meter around 40,000 to 60,000 baht, located in communities with convenient travel access to BTS sky trains, express ways, and highways. The three projects launched to date are dcondo Onnuch-Suvarnabhumi, dcondo Ramkamhaeng and dcondo Ramindra. The key success factors for these projects are convenient locations which are close to express ways and affordable pricing. In addition, the projects take on Sansiri’s reputation for delivering attractive design, high-quality construction, and good value properties to customers.

In 2010, Sansiri launched condominiums covering all customer groups in various locations along BTS sky train and MRT subway lines as well as in communities with convenient access to highways. The launches include PYNE by Sansiri, KEYNE by Sansiri, Via 49, and Via Botani, with another three condominiums under the new concept of “Aesthetic Living”, namely, WYNE Sukhumvit, TEAL Sathorn-Taksin, and ONYX Phaholyothin. All condominiums have received good response from customers with the average selling rate of 75 percent of total number of units launched.

## MARKETING ACTIVITIES

Throughout the year 2010, the real estate industry was on a rollercoaster ride due to various negative political and economic factors of various magnitudes, internally and internationally. However, 2010 presale figures of key developers still showed that demands of consumers were not that much affected as initially foreseen. The market was clearly dominated by major developers while market share of small developers had shrunk further. Financial difficulties, accessibility to project financing loans, as well as credibility in brands could have played their part in limiting business expansion among small developers.

Sansiri started the year with new proposition to consumers. The main idea was to communicate to consumers and make them understand our visionary thinking that Sansiri did not just build “housing projects” but we built “life” for them. The theme “Iconic Living”; Inspiration, Tomorrow Living, Beautiful Community, Exclusive, and Goodwill, was created and communicated to consumers throughout the year.

The Iconic Living idea was created to communicate to consumers but the theme would mean nothing if Sansiri could not deliver concrete substance to consumers. The evidence of the translation of ideas into actual product development programme and marketing activities included the setup of Design Solution Department who integrated the ideas of “Inspiration” and “Tomorrow Living” into actual product concepts.

With our strong brand connections and brand relationship with our customers, it has always been obvious that our customers were the most important brand ambassadors and the best reference we could have hoped for. Many activities under the ideas of “Beautiful Community” and “Exclusive” were created to allow even stronger bonds between us and our customers. The activities that our customers could enjoy included concerts, discount privileges from various outlets nearby our projects which have been proved successful and well received by our customers.

The idea of “Goodwill” was translated into our corporate social responsibility programme which focuses on 3 key issues affecting youth; health, education, and sports. After 3 years in operation, our Sansiri Football Academy has expanded to cover 4 key areas in Bangkok with over 300 participants for each location.

This year, we have entered into corporation with unicef and helped them kicked start national campaign called “Iodine Please”, aiming to gather public awareness which we hoped would result in the change in government policy on iodised salt manufacturing regulations. The campaign was a success. Within only 3 months running, the law was passed.

Partnership with our key business partners were still one of our key initiatives for this year. As a property developer who wanted to offer “life” to our customers, we needed strategic partners who shared same visions and to help provide value-added services and offerings that could lift up the “life” of our customers. “Sansiri Family SIMcard” by GSM Advance, AIS was one of key initiatives that were proved successful with our customers.

Sansiri also led the market on digital marketing strategies and innovations. Throughout the year, we deployed our digital tools, including social media and new media, in various ways that ensured our leadership in this area. Later during the year, other developers started to form their activities around digital strategies but we have already proved that we were steps ahead.

During the last quarter, Sansiri and our strategic partners hosted the event called “Iconic Living 2010” at Siam Paragon, attracting more than 10,000 visitors and potential customers and generated more than 2 billion baht in sales activities during our 3 days event. New projects including our new middle-lower segment dcondo were introduced during the event to ensure consumers were aware of our product variety.

To sum up, the year 2010 was a year that we have successfully delivered what we have hoped for in order to lift ourselves beyond competitors. Our vision was to look beyond just building residential project but offering “life” to our customers and the programme and activities we have created have proved to work well with this direction. We look forward to maintaining our stance and delivering “life” to consumers based on this visionary thinking for this year and next.

## 2. SUMMARY OF PROPERTY MARKET IN 2010

### SITUATION OF LOW RISE RESIDENTIAL UNITS

The recovery of several economic indicators together with the improvement in social stability since 3Q2009 resulted in an improvement in consumer confidence. The government's real estate stimulus package such as property tax incentive and reduction in transfer fee directly benefited middle- to low-income market segments especially in pre-built single-detached house and townhouse markets. Absorption rate of single-detached house and townhouse projects have been improved from 2009. Total units offered of single-detached house and townhouse also increased from previous year. Due to the expansion of transportation projects in outer suburban areas of Bangkok, most developers tend to concentrate more on low rise projects.

#### SINGLE-DETACHED HOUSE MARKET

The number of single-detached house supply in the latter half of 2010 amounted to 18,417 units from 400 projects, increased by 7.5 percent or 1,283 units from that of the latter half of 2009. Northern Bangkok area had the highest increasing rate of supply which increased by 1,234 units or 27 percent, compared to the second half of 2009, resulting from the launches of 22 new projects or 1,583 units in the second half of 2010. Supply's growth in Northern Bangkok is supported by the convenience of transportation system and facilities in that area. The number of single-detached house supply in Southern and Western Bangkok increased by 6 percent and 2 percent respectively, while the number of single-detached house supply in Northeastern and Eastern Bangkok reduced by 3 percent and 2 percent correspondingly as shown in Table 1. Major developers, including Pruksa Real Estate Company Limited, Land & House Public Company Limited and Sansiri Public Company Limited; have been competing more actively in single-detached house market. They control 67 percent of total available for sale units, increased by 8 percent from the latter half of 2009.

**TABLE 1: TOTAL SINGLE-DETACHED HOUSE AVAILABLE FOR SALE UNITS AS OF 2H2009 AND 2H2010**

Area	2H-2009			2H-2010		
	Number of Projects	Total Units Offered	Percentage of Total Unit Offered (%)	Number of Projects	Total Units Offered	Percentage of Total Unit Offered (%)
Northern	113	4,644	27	122	5,878	32
Northeastern	61	2,920	17	58	2,832	15
Eastern	69	3,040	18	67	2,974	16
Western	107	4,491	26	107	4,570	25
Southern	44	2,039	12	46	2,163	12
<b>Total</b>	<b>394</b>	<b>17,134</b>	<b>100</b>	<b>400</b>	<b>18,417</b>	<b>100</b>

Source: Research & Development Department, Plus Property Co., Ltd.

In the second half of 2010, the number of sold units amounted to 8,329 units, a 15 percent or 1,069 units increase from that of the first half and 18 percent or 1,269 units increase from the second half of 2009. The absorption rate was at 45 percent, improved by 3 percent from that of the first half. The number of the remaining units at the end of 2010 was at 10,088 units, a slight increase from the previous year. The absorption rate of single-detached house was highest at 49 percent in Northeastern Bangkok area, due to several transportation routes such as Ramindra – Argnarong highway, Airport Rail Link project and MRT Pink Line. Northern and Western Bangkok had the same absorption rate at 47 percent while Southern Bangkok area had the lowest absorption rate at 37 percent as shown in Table 2.

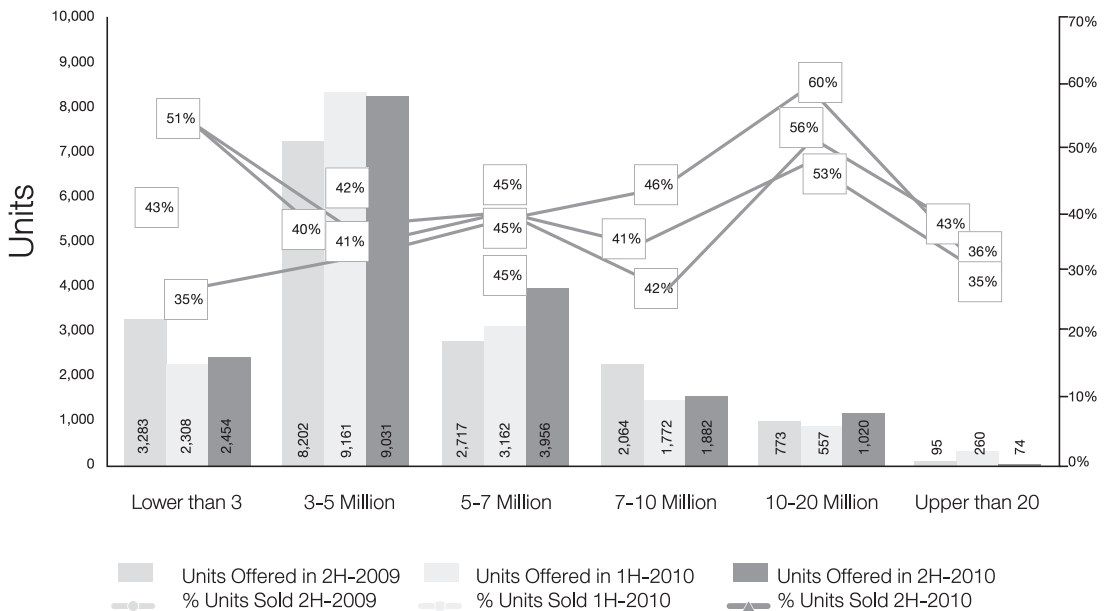
**TABLE 2: ABSORPTION RATE OF SINGLE-DETACHED HOUSES IN BANGKOK AND VICINITIES IN 2010 BY LOCATION**

Area	1H-2010				2H-2010			
	Total Units Offered	Total Units Sold	%Sold	Average Unit Sold / Month / Project	Total Units Offered	Total Units Sold	%Sold	Average Unit Sold / Month / Project
Northern	5,113	2,065	40	3.0	5,878	2,755	47	3.8
Northeastern	2,396	828	35	2.4	2,832	1,399	49	4.0
Eastern	3,001	1,353	45	3.6	2,974	1,225	41	3.0
Western	4,535	2,022	45	3.1	4,570	2,141	47	3.3
Southern	2,175	992	46	3.7	2,163	809	37	2.9
<b>Total</b>	<b>17,220</b>	<b>7,260</b>	<b>42</b>	<b>3.1</b>	<b>18,417</b>	<b>8,329</b>	<b>45</b>	<b>3.5</b>

Source: Research & Development Department, Plus Property Co., Ltd.

Based on housing supply in the latter half of 2010, single-detached house with average unit price of 3 to 5 million baht dominated the market with total available for sale of 9,031 units representing 49 percent of total units available for sale in the market. The single-detached houses with average unit price of 5 to 7 million baht had the second highest number of supply with 3,956 units offered, followed by the single-detached houses with average unit price less than 3 million baht with 2,454 units offered in the latter half of 2010 as shown in Figure 1. In terms of absorption rate, the single-detached houses with average unit price of 10 to 20 million baht had the highest absorption rate at 60 percent, thanks to the low level of available for sale units and a suitable match with customer's demand.

**FIGURE 1: ABSORPTION RATE AND UNITS OFFERED OF SINGLE-DETACHED HOUSES IN BANGKOK AND VICINITIES BY PRICE LEVELS**



Source: Research & Development Department, Plus Property Co., Ltd.

## TOWNHOUSE MARKET

In the latter half of 2010, the number of townhouse supply amounted to 25,458 units from 327 projects, increased by 11 percent or 2,428 units from that of the first half and increased by 45 percent or 7,867 units from the second half of 2009 in every area, driven by an increase in new units offered in townhouse market. Most of new projects were launched in Northern Bangkok area as a result of construction of SRT Red Line, MRT Pink Line, and BTS Sky Train Extension together with Government Center which was established on Changwattana road since 2008. These factors encouraged developers to progress their projects in that area. As a result, Northern Bangkok area had the highest number of supply at 6,893 units. The number of townhouse supply in Eastern, Western, Northeastern, and Southern Bangkok was 5,576 units, 4,812 units, 4,132 units, and 4,045 units respectively as shown in Table 3. Major developers dominated 57 percent of total available for sale units. Three major developers were Pruksa Real Estate Public Company Limited, K.C. Properties Public Company Limited, and Sansiri Public Company Limited.

**TABLE 3: TOTAL TOWNHOUSE AVAILABLE FOR SALE UNITS AS OF 2H2009 AND 2H2010**

Area	2H-2009			2H-2010		
	Number of Projects	Total Units Offered	Percentage of Total Unit Offered (%)	Number of Projects	Total Units Offered	Percentage of Total Unit Offered (%)
Northern	84	6,070	35	98	6,893	27
Northeastern	38	2,051	12	51	4,132	16
Eastern	53	2,980	16	70	5,576	22
Western	66	4,617	26	69	4,812	19
Southern	29	1,873	11	39	4,045	16
<b>Total</b>	<b>270</b>	<b>17,591</b>	<b>100</b>	<b>327</b>	<b>25,458</b>	<b>100</b>

Source: Research & Development Department, Plus Property Co., Ltd.

In the latter half of 2010, the number of sold units amounted to 14,543 units, a 21 percent or 2,492 units increase from that of the first half and 76 percent or 6,245 units increase from the second half of 2009. The number of sold units in townhouse market increased dramatically in the latter half of 2010 due to several supporting factors such as economic growth, construction progress of transportation system and BOI stimulus package for low-priced market. The absorption rate of townhouse was highest at 62 percent in Northeastern Bangkok area, a significant increase from the first half of 2010. Western and Northern Bangkok had the same absorption rate as the first half of 2010 at 57 percent and 55 percent respectively as shown in Table 4.

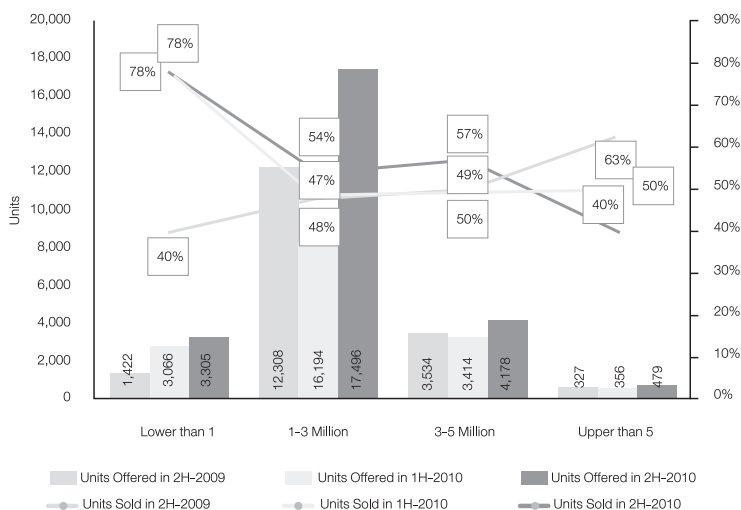
**TABLE 4: ABSORPTION RATE OF TOWNHOUSES IN BANGKOK AND VICINITIES IN 2010 BY LOCATION**

Area	1H-2010				2H-2010			
	Total Units Offered	Total Units Sold	%Sold	Average Unit Sold / Month / Project	Total Units Offered	Total Units Sold	%Sold	Average Unit Sold / Month / Project
Northern	8,294	4,377	53	7.5	6,893	3,815	55	6.5
Northeastern	2,424	1,041	43	4.8	4,132	2,576	62	8.4
Eastern	3,896	1,947	50	6.1	5,576	3,161	57	7.5
Western	5,260	3,152	60	9.1	4,812	2,940	61	7.1
Southern	3,158	1,534	49	7.1	4,045	2,051	51	8.8
<b>Total</b>	<b>23,030</b>	<b>12,051</b>	<b>51</b>	<b>7.2</b>	<b>25,458</b>	<b>14,543</b>	<b>57</b>	<b>7.4</b>

Source: Research & Development Department, Plus Property Co., Ltd.

In terms of housing supply, townhouse with average unit price of 1 to 3 million baht led the market in second half of 2010 with townhouses less than 1 million baht per unit having the highest absorption rate of 78 percent, increased by 38 percent from that of the latter half of 2009 due to the government's BOI stimulus package that benefited the middle to low-income customers. However, absorption rate of townhouse with the price range over 5 million baht per unit decreased by 23 percent due to the high level of remaining supply from the first half of 2010 and product did not match with customer's demand as shown in Figure 2.

**FIGURE 2: ABSORPTION RATE OF TOWNHOUSES IN BANGKOK AND VICINITIES BY PRICE LEVELS**



Source: Research & Development Department, Plus Property Co., Ltd.

## SITUATION OF HIGH RISE RESIDENTIAL UNITS

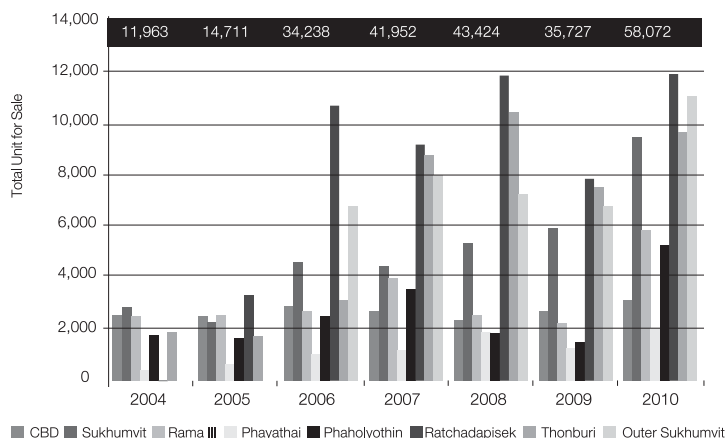
The recovery of several economic indicators together with the improvement in social stability since 3Q2009 resulted in improving consumer confidence. Moreover, several factors that stimulated property investment such as property tax incentive and sky train extension development benefited the customers who are looking for condominium projects. In 2010, total condominium units offered increased from previous year by 71 percent while the absorption rate improved as well.

## CONDOMINIUM MARKET

The number of units offered in 2010 was at 58,072 units, a 63 percent growth from the previous year, due to the highest number of new project launches during the last 5 years. The government's BOI policy and sky train extension project, led developers to invest more in condominium projects located along sky train routes. The number of condominium supply in Phaholyothin area increased at the highest rate of 262 percent up to 5,242 units. Rama III and Outer Sukhumvit area show an increase in number of condominium units available for sale by 164 percent and 60 percent respectively as shown in Figure 3.



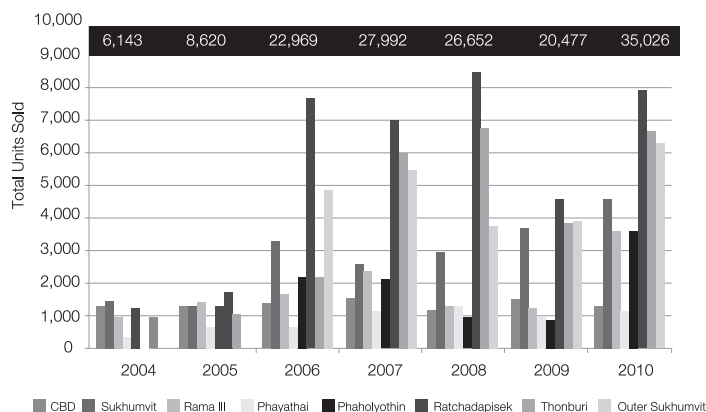
**FIGURE 3: ANNUAL SUPPLY OF CONDOMINIUM UNITS IN 2004 TO 2010**



Source: Research & Development Department, Plus Property Co., Ltd.

Total number of condominium units sold in all 8 areas in 2010 stood at 35,026 units, a 71 percent growth from that of 2009 with the absorption rate in 2010 stood at 60 percent of total units offered. Most of units sold were from new condominium projects launched along sky train routes. The area with highest sales increase compared to that of last year was Phaholyothin area with a 3.27 times increase due to high potential location of new condominium projects launched and improvement of design development to meet customer's needs. The Central Business District area (Ploenchit – Chidlom and Silom – Sathorn area) was the only area faced with the sales drop in 2010, by 13 percent, since condominiums in that area were mid- to high-priced units and customers are still concerned with economic recovery. However, the area with the highest sales still was Ratchadapisek area at 7,931 units, followed by Thonburi area with sold units of 6,674 units, and Outer Sukhumvit area with sold units of 6,300 units as shown in Figure 4.

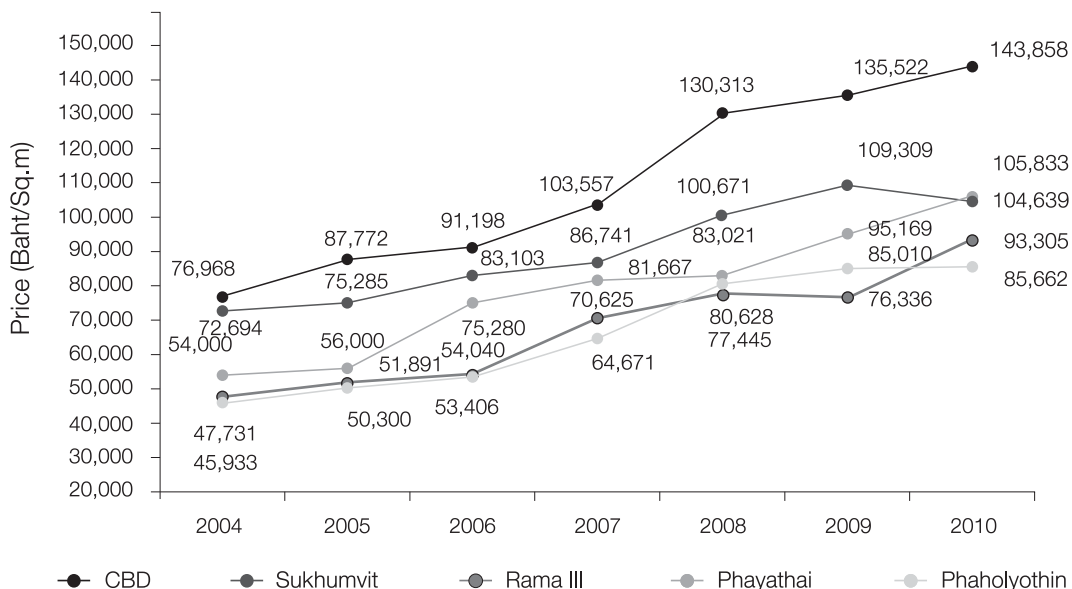
**FIGURE 4: ANNUAL DEMAND OF CONDOMINIUM UNITS IN 2004 TO 2010**



Source: Research & Development Department, Plus Property Co., Ltd.

The average selling price of condominium in 2010 went up by 6 percent compared with that of last year or increased by 6,445 baht per square meter to 106,659 baht per square meter. Rama III area had the highest growth with a 22 percent increase to 93,305 baht per square meter due to high potential of new projects in prime locations with new designs. Phayathai area had the second highest price increase with the price raised by 11 percent to 105,833 baht per square meter. Average price of condominium units in Central Business District area (Ploenchit – Chidlom and Silom – Sathorn) increased by 6 percent to 143,858 baht per square meter. However, average selling price of Sukhumvit area dropped by 4 percent to 104,639 baht per square meter due to the lower selling price of new projects than the existing ones as shown in Figure 5.

**FIGURE 5: ASKING PRICE OF CONDOMINIUM UNITS BY AREA IN 2004 TO 2010**



Source: Research & Development Department, Plus Property Co., Ltd.

# PRODUCT PROCUREMENT

## 1. SELECTION OF LOCATIONS FOR PROJECT DEVELOPMENT

Sansiri has the dedicated business development division which focuses on selecting the locations for our project developments. To select suitable location for development, this division has to work closely with our brokerage network and with Plus Property Company Limited and also relies upon site surveys compiled by the business development team. In 2010, Sansiri increased two more channels to get land information through its website “www.sansiri.com” and call center. The business development division in cooperation with other departments, including government affairs, legal, product development, project development and marketing, analyses and studies the feasibility of the project development as well as selects the suitable product among single-detached houses, condominiums, and townhouses, for each location. Our business development division, together with our legal and government affairs team undertakes feasibility studies regarding matters such as the height of the buildings and set-back areas, while our product development and marketing teams select the product suitable for that particular plot of land and decide on the target customer group for that project. At this stage, the project development team completes a feasibility study on that construction costs. Finally, in order to establish an accurate and realistic sales forecast, the business development team reviews relevant market information in consultation with the sales and marketing teams.

## 2. PROCUREMENT OF CONSTRUCTION MATERIALS

Sansiri has transparent and clear procedure of construction material procurement process to optimise purchasing price according to the high standard set forth. Bidding process to procure construction materials allows Sansiri to compare the price versus the quality. Sansiri also gained economies of scale from consolidating volume, and negotiating in bulk with manufacturers. Construction material price volatility has been mitigated by assigning specific teams to closely monitor key construction material price change and preset the delivery prices of the material.

Sansiri copes with the fluctuation of construction materials for single-detached houses and townhouse projects by purchasing the materials directly from the manufacturers, which accounts for approximately 30 to 40 percent of the total project construction costs. Sansiri also purchases some materials for condominium projects on a lump sum amount and enjoys the benefits from economies of scales, and mitigates risk of increasing material cost through the turnkey construction contract with contractors.

In order to select the qualified suppliers, Sansiri considers not only competitive price and production capacity but also the raw material sourcing capability to ensure the timely delivery of construction materials. Sansiri regularly updates the qualified supplier list by closely monitoring and evaluating the timely delivery of every supplier on a semi-annual basis.

### 3. SELECTION OF CONTRACTORS

The ability to procure the services of quality and dependable contractors is important to real estate business. Sansiri mitigates the risk of contractor shortage by establishing good relationship with a group of contractors. In recent period, Sansiri has not encountered any material difficulty procuring the services of contractors. Following the preliminary selection process, Sansiri evaluates the construction capability to ensure timely construction. Having several small contractors for a single project provides more flexibility. Sansiri has been able to manage coordination among contractors through more than 56 medium and large contractors, to ensure high-standard housing projects. Since 2008, Sansiri has held the QC Award ceremony to motivate contractors to deliver high quality and timely construction.

# RISK FACTORS

## 1. PRE-SELLING CONDOMINIUMS

Selling condominiums before commencing construction not only reduces market risk while giving Sansiri more flexibility in developing these products to cope with the changing market conditions, it also provides Sansiri with a working capital. Nonetheless, pre-sales of condominiums bear the risks of unexpected construction costs that cannot be passed on to the buyers, as sales prices have already been finalised. Therefore, lower gross profit is an inevitable consequence of higher construction costs. Sansiri has mitigated the risks by negotiating turnkey construction contracts, enabling Sansiri to control construction costs more effectively and to protect profits from the uncertainties of rising construction material costs. The construction of condominium projects normally lasts 14 - 26 months. It is the responsibility of Sansiri to ensure the timely construction progress as well as project completion and delivery to customers as scheduled. Since Sansiri has many years of considerable skill and experience in condominium construction and always works closely with contractors, problems of this sort can be handled smoothly. Consequently, constructions have always been completed on time.

In addition, pre-selling condominiums bears the market risk of having unsold units upon the construction completion should the condominium projects were not well-received from customers. Sansiri has mitigated this inventory risk by doing in-depth research to develop condominium projects suitable for each customer group, as well as initiating attractive sales promotions prior to the construction completion to stimulate the sales. Generally, down payment and installments for condominium projects are set at 5 to 20 percent of the selling prices with the balance to be paid upon condominium unit transfer. In this regard, there is a risk that some customers may forfeit their deposits. Sansiri has mitigated this risk by implementing an effective installment collection process and system. Our Customer Relations Department follows up on installment payments with customers continuously, and keeps executives informed so that action on sudden defaults are swiftly addressed and Sansiri's collection system is applied effectively. For example, Customer Service will issue a warning letter to customers if they have not paid installments for 3 months. In such case, the unit will be taken back and resold so that Sansiri will not lose the opportunity to sell and meet the transfer schedule. However, the low down payment is usually applied to condominiums in low to mid-priced market, which most customers always buy for their own living. Therefore, the possibility to forfeit their deposits is quite low.

## 2. LAND ACQUISITION

Obtaining land plots in prime locations at reasonable prices is the first priority of Sansiri's land acquisition team. We have different strategies depending on the type of project. For condominium projects, we generally choose mid-city locations near key business areas, mainly close to both the BTS Sky train and MRT subway lines (or in areas where extensions of

transit lines have been approved and construction has commenced). The risk of not acquiring prime locations for condominium projects has been mitigated through an extensive network of brokers as well as the large land database by “Plus Agency,” a wholly-owned subsidiary named Plus Property Company Limited (“Plus”). Being Thailand’s leading property management and brokerage firm, “Plus” is a valuable source of property information or “market intelligence” for the Sansiri Group. Furthermore, Sansiri has since increased two more channels for land sourcing, notably through our website- [“www.sansiri.com”](http://www.sansiri.com) and our “1685” Call Center respectively. To reduce dependence on the condominium market and to provide further opportunities for future growth, Sansiri has expanded businesses and successfully penetrated the single-detached house and townhouse markets in recent years. Sansiri has since acquired land along the city’s Outer Ring Road and in suburbs that offer numerous advantages for single home development while locating townhouse projects on routes with easy access to the city center.

### **3. FLUCTUATION IN CONSTRUCTION MATERIAL PRICES**

In 2010, the price index of construction materials increased by 2.3 percent compared to that of 2009 (Source: Bureau of Trade and Economic Indices, Ministry of Commerce). This was mainly due to price increases in steel and steel products, wood and wood products and electrical appliances. These construction materials are key components for project development, thus the construction material price volatility will directly impact the cost of project development.

Sansiri is aware of construction material price volatility risk and has carefully planned to mitigate such risk by purchasing directly from the manufacturers through the bidding process and pre-agreeing the delivery prices. In this regard, Sansiri has focused on increasing our bargaining power and negotiating deeper discounts on large volume purchases for several projects under construction. Direct procurement of some construction materials for single-detached house and townhouse projects such as pile and roof tiles has been increasing to 45 percent of total 2010 construction cost. For the condominium project development, direct procurement has been used for several items such as tiles, sanitary ware and air conditioners. In addition, Sansiri also mitigated the risk of higher material cost of condominium project through the turnkey construction contract with contractors, resulting in better cost and quality control.

Special units have been established to closely monitor, and to promptly react when the price of major construction material categories changes. These reactions include but not limited to re-negotiate the future contract price with the manufacturers or contractors when the construction material price significantly decreases. Sansiri usually receives cooperation from the manufacturers or contractors as a valuable business partner with good reputation, and long-standing experience in the real estate business.

In order to select qualified suppliers, Sansiri considers not only the competitive price and production capacity but also the sourcing capability to ensure the timely delivery of construction materials. Sansiri regularly updates its qualified supplier lists by closely monitoring and evaluating performance of every supplier on a semi-annual basis.

## **4. A SHORTAGE OF CONTRACTORS**

Sansiri and its subsidiaries have successfully launched housing projects in various locations, leading to several active projects in progress. Sansiri eliminates the risk of contractor shortage by establishing strong relationship with a group of contractors to create a valuable database. Following the preliminary selection process, Sansiri evaluates the construction capability to ensure reliable and timely construction. Having several small contractors for a single project often provides more flexibility but also introduces some difficulties in coordination with the associated risk of late or wrong construction delivery. Given such risk, Sansiri closely monitors and meticulously inspects via our Quality Control Department to ensure a high standard of every housing project. Banking on our efficient operational system and transparent selection process, Sansiri currently has a list of 56 qualified contractors, from medium to large, which helps reinforce our development progress and growth.

Furthermore, In 2010 Sansiri held the annual QC Award ceremony to motivate contractors to deliver high quality and timely construction. The award-winning contractor will receive certain privilege, such as the reduction in retention amounts. The annual QC Award ceremony has been continuously held since 2008.

## **5. A CHANGE IN INTEREST RATE AND ACCESSIBILITY TO SOURCES OF FUNDS**

Interest rates in 2010 remained low, with a slight increase from that of 2009 as a result of local economic recovery. An increasing interest rates has not affected consumers' affordability. Commercial banks maintain prudent lending policies, making it difficult for some developers to obtain project-financing loans. Sansiri has established strong relationships with various commercial banks and always negotiates to achieve competitive price on project financing loans. All current projects are secured by project financing loans and other credit facilities made available by domestic financial institutions.

The increase in interest rates in 2010 has slightly impacted Sansiri's cost of funding as all project financing loans carry the floating interest rates. However, in order to provide alternative sources of funding and to reduce the dependence on long-term project financed loans, Sansiri issued unsecured debentures in 2010 with a cost of funds close to other unsecured financing loans. Successful placement of the debentures provided Sansiri with another alternative source of funding for future project development. Moreover, Sansiri might consider entering into financial derivative contracts with commercial banks to mitigate interest rate risks.

## **6. UNSOLD UNITS**

Currently, Sansiri plans construction progress based on sales forecast, which has been regularly updated by sales and marketing team. However, the economic slowdown could lead to decreasing sales and temporary unsold housing stock. Sansiri has reduced this inventory risk through the efficient inventory management. To enhance the ability to cope with the changing environment, the single-detached house and townhouse projects have been phased with both pre-built houses and semi pre-built houses which are available for sale. Consequently, Sansiri could adjust the construction plan correspondingly to the softer housing demand as well as to modify subsequent project phases that satisfy consumer preferences and affordability. Currently, Sansiri has 19 single-detached house projects under construction

and available for sale, with total project value of 20,412 million baht, 9,821 million baht or 48 percent of which were sold. Of the total project value of 10,568 million baht from 14 active townhouse projects under construction and available for sale, 5,314 million baht or 50 percent of the total project value were sold. Consequently, Sansiri has finished but unsold housing stock of 411 units, worth approximately 2,361 million baht, as of 31 December 2010.

For condominium projects, Sansiri steadfastly conducts the in-depth research on consumer behavior before launching any projects, along with attractive sale promotions to stimulate sales transaction. Currently, Sansiri has 19 condominium projects available for sale with total project value of 30,503 million baht, 25,004 million baht or 82 percent of which were sold. As of 31 December 2010, Sansiri has completed but unsold condominium stock of 2 units, worth approximately of 37 million baht.

## **7. ACCOUNTING PRACTICE CHANGE**

Prior to the implementation of the new accounting practices, there were 3 revenue recognition methods for real estate businesses; 1) The whole amount when property rights are transferred, 2) Percentage of completion, and 3) Installments due. In order to comply with the International Financial Reporting Standards (IFRS), the Federation of Accounting Profession (FAP) together with the Securities and Exchange Commission (SEC) announced the new accounting standards becoming effective on 1 January 2011. Under the new accounting practices, real estate revenue of all entities shall be realised only by the whole amount when property rights are transferred.

Sansiri adopted the new accounting standards in quarter 4/2010. A change in revenue recognition to fully realise the whole amount when the property rights are transferred will not have significant impact on revenue realisation of single-detached houses and townhouse projects, which constitute approximately 50-60 percent of Sansiri's total revenue. According to the market practices, sales of single-detached houses and townhouse projects require deposits and down payment less than 20 percent of the contract price, making the sales unqualified for revenue recognition as percentage of completion. Consequently, sales of single-detached houses and townhouses are fully realised when the property rights are transferred, which is in line with the new accounting method. Alternatively, sales of condominium projects had been realised as a percentage of completion, and are expected to have the greater impact if there are any discrepancies in revenue recognition between the values of transferred property in a particular year and the expected revenues based on the percentage of completion method. Sansiri shall record higher revenue when the value of transferred property in particular year is higher than the expected revenues applying the percentage of completion method. On the other hand, Sansiri shall record lower revenue when the value of transferred property in particular year is lower than the expected revenues applying the percentage of completion method. The realised profit during the previous years was adjusted through the line item of "retained earnings". As a result, debt to equity ratio might increase due to decreasing shareholders' equity. Notwithstanding, Sansiri has assessed the impact and set measures in order to keep up with accounting policy changes by closely monitoring construction progress of project developments and managing condominium transfer periods to balance revenue streams. However, the accounting policy change will not have any impact on the normal operations of the property developers and the industry.

The change in accounting practices of the revenue recognition method will not only impact income before tax from the alteration in revenue, but will also have effect on the corporate



income tax due to discrepancy between taxable income as defined by accounting policy and by the Revenue Department. In summary, taxable income and corporate income tax payable to the Revenue Department will be based on revenue recognition as a percentage of completion. Thus, if forecasted revenues based on the percentage of completion method are higher than the value of transferred property in a particular year, Sansiri will have higher taxable income, compared to income before tax as appeared on the income statement. This is due to the effective tax rate (referred to as corporate income tax as percentage of income before tax) being higher than 30 percent. On the other hand, if the forecasted revenue based on the percentage of completion method is lower than the value of transferred property in a particular year, Sansiri will have lower taxable income, compared to income before tax as appeared on the income statement, as the effective tax rate will be lower than 30 percent.

In 2010, our corporate income tax was reduced due to two factors. Firstly, revenue and corporate income tax for condominium projects launched before the fourth quarter of 2010 were recognised by a percentage of completion method. When applying the new accounting policy based on transfers, revenue was recognised as transfer amounts, but the corporate income tax was based on percentage of completion. Secondly, revenue of projects that launched after the fourth quarter of 2010 was also recognised upon transfer, but taxable income was based on two alternatives. If the unit was sold and transfer to customer during the same calendar year, the corporate tax will be based on revenue recognition. On the other hand, if the unit is sold but cannot be transferred to customer within the same year, the corporate income tax will be based on revenue installments, leading to a slight mismatch in transactions recorded. In such case, Sansiri is liable for the corporate tax, but cannot recognise the revenue, making the effective tax rate for that project higher than 30 percent. Both factors will have impact on condominium projects only, since single-detached houses and townhouse projects are already realised when the property rights are transferred, which is similar to the new accounting method. In summary, the corporate income tax of 2010 was lower because the deduction in the first case was higher than that of the second occurrence.

## **8. ENVIRONMENTAL IMPACT ASSESSMENT (EIA) REPORT APPROVAL**

There are several housing projects which require Sansiri and subsidiaries to provide environment impact assessment report prior to receiving permission from the Environmental Impact Evaluation Bureau within the Ministry of Natural Resources and Environment. In this regard, Sansiri has worked closely with professional consultancy companies, registered with the Ministry of Natural Resources and Environment in order to prepare EIA reports in compliance with rules and regulations under National Environmental Quality Act (NEQA) of 1992. The housing projects which require EIA approvals are condominium projects with more than 79 units; while single-detached houses and townhouse projects are not required to get EIA approval.

Sansiri and subsidiaries fully comply with all EIA rules and regulations for all housing projects which required approval from the Environmental Impact Evaluation Bureau. In this regard, Sansiri and subsidiaries work closely with contractors to ensure that the construction is carried out pursuant to the specifications approved by EIA committee to prevent controversy, claims and litigations, and thus no additional environmental investment is required. Sansiri closely monitors the progress and procedures for all housing projects to ensure that we are in compliance with the rules and get approval from the Environmental Impact Evaluation Bureau as scheduled.

# SHAREHOLDER STRUCTURE AND MANAGEMENT

## 1. THE COMPANY'S SECURITIES : ORDINARY SHARES

As at 28 February 2011, the Company's registered capital was 15,991,205,802.64 baht, consisting of 3,736,263,038 ordinary shares at a par value of 4.28 baht each, with paid-up capital of 6,445,507,481.76 baht.

## 2. OTHER SECURITIES

(A) ESOP Warrants offering to the directors and employees of the Company and its subsidiaries (ESOP # 5)

The Annual General Meeting of Shareholders # 11/2006 held on 20 April 2006 had approved the Employee Stock Ownership Plan to issue and offer the ESOP Warrants to the directors and employees of Sansiri Public Company Limited and its subsidiaries # 5 (ESOP # 5), summarised as follows:

1. Total number of warrants offered	: 52,820,000 units
2. Exercise ratio	: 1 unit per 1 ordinary share
3. Exercise price	: 5.00 baht per 1 ordinary share
4. Total number of shares reserved for exercising right	: 52,820,000 shares
5. Maturity	: 5 years from the issuance date of Warrants

In this regard, the Company had issued and offered the ESOP Warrants of the Company ("Warrants") under ESOP # 5 Plan to the directors and employees of the Company and its subsidiaries since 30 June 2009. Total number of the Warrants which were already been allotted and subscribed was 45,770,000 units. Therefore, the Company will propose for approval at the 2011 Annual General Meeting of Shareholders for the decrease of the registered capital of the Company by cancelling the 7,050,000 shares being reserved for the exercising right of the Warrants under the ESOP # 5 Plan, corresponding to the remaining unsubscribed Warrants.

(B) Share Warrants No. 1 (SIRI-W1)

The Extraordinary Meeting of Shareholders No. 1/2009 held on 6 November 2009, passed the resolution to approve the issuance and allocation of the Share Warrants No. 1 (SIRI-W1),

totalling of 736,814,346 units to the Company's existing shareholders on a pro rata basis (Rights offering), without a charge, at the ratio of 2 existing ordinary shares to 1 unit of the Warrant, at the exercise price of 5.20 baht per share. The Warrants are exercisable on the last business day of every quarter of each calendar year (March, June, September and December) throughout the maturity of the Warrant after the second anniversary of the issuance and offering date of the Warrants has elapsed. The Stock Exchange of Thailand (SET) approved the listing of Share Warrant No. 1 on 3 February 2010.

(C) ESOP Warrants offering to the directors and employees of the Company and its subsidiaries (ESOP # 6)

The Annual General Meeting of Shareholders # 15/2010 held on 30 April 2010 had approved the Plan to issue and offer the ESOP Warrants of the Company ("Warrants") under ESOP # 6 Plan to the directors and employees of Sansiri Public Company Limited and its subsidiaries # 6

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1. Total number of Warrants offered	: 75,000,000 units
2. Exercise ratio	: 1 unit per 1 ordinary share
3. Exercise price	: 5.20 baht per 1 ordinary share
4. Total number of shares reserved for exercising right	: 75,000,000 shares
5. Maturity	: 5 years from the issuance date of Warrants

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(ESOP # 6), summarised as follows:

In this regard, the Company had issued and offered the ESOP Warrants of the Company ("Warrants") under ESOP # 6 Plan to the directors and employees of the Company and its subsidiaries since 6 August 2010, all Warrants were allotted and fully subscribed.

### 3. SHAREHOLDERS

The ten largest shareholders according to the latest registry of shareholders on 24 February 2011 (the closing date of the shares register book – XO), are as following:

No.	Major Shareholders	Number of Shares	Proportion of shares holding % of paid-up capital
1.	MR. SRETTA THAVISIN GROUP <sup>1/</sup>	326,366,684	21.67
2.	CHASE NOMINEES LIMITED 42	112,365,600	7.46
3.	Viriyah Insurance Company Limited	94,368,000	6.27
4.	UBS AG SINGAPORE, BRANCH-PB SECURITIES CLIENT CUSTODY	83,107,500	5.52
5.	Natural Park Public Company Limited	62,721,231	4.16
6.	Finansa Life Assurance Co., Ltd.	53,572,800	3.56
7.	TFB FOR MFC-THAI FUND INVESTMENT PLAN	38,495,800	2.56
8.	Mr. Apichart Chutrakul	38,020,088	2.52
9.	CHASE NOMINEES LIMITED 4	22,374,700	1.49
10.	UOB KAY HIAN PRIVATE LIMITED	21,493,517	1.43
	<b>Total</b>	526,519,236	34.96

\* As of 28 February 2011, the Company has the paid-up capital of 6,445,507,481.76 baht, divided into 1,505,959,692 ordinary shares at a par value of 4.28 baht each.

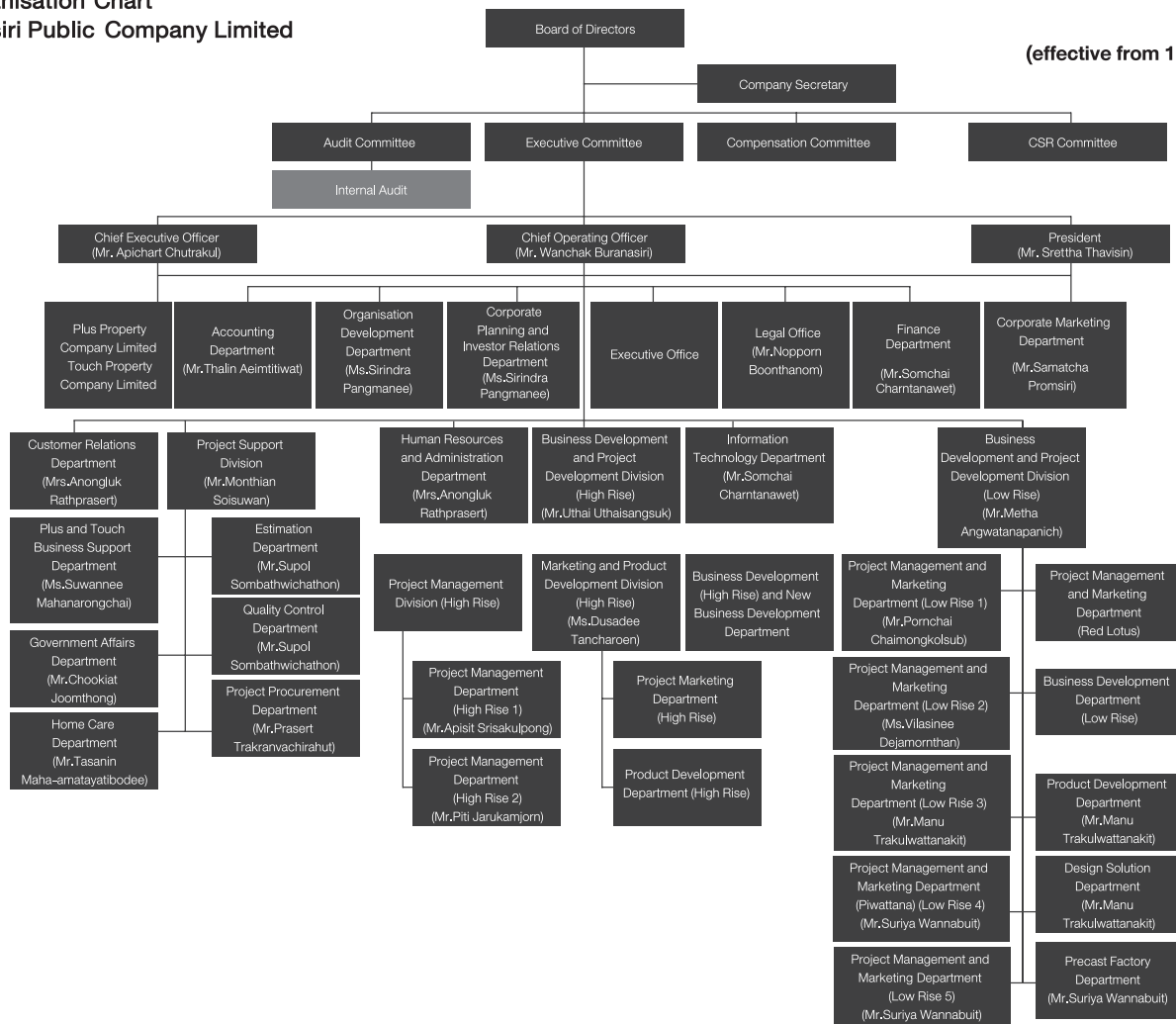
Remark <sup>1/</sup> Mr. Srettha Thavisin Group consists of (1) T.S. Star Company Limited (the holding company wholly owned by Mr. Srettha Thavisin who is also the director), holding 318,174,400 shares, equivalent to 21.13 percent of the Company's issued and paid-up capital and (2) Mr. Srettha Thavisin holds 8,192,284 shares, equivalent to 0.54 percent of the Company's issued and paid-up capital.

### 4. DIVIDEND PAYMENT POLICY

The Company's dividend policy is to pay dividend at the rate of approximately 50 percent of its consolidated net income after deduction of all reserves as required by laws and the Company. However, such dividend payment shall be conformed to the law and the Articles of Association of the Company as well as subject to the Company and its affiliates' cash flow and investment plans, including justifications and other future considerations as deemed appropriate.

**Sansiri Public Company Limited**

(effective from 1 March 2011)



## 1. MANAGEMENT STRUCTURE

The Company's management structure consists of the Board of Directors, the Audit Committee, the Compensation Committee, Corporate Social Responsibility Committee (CSR Committee), and the Executive Committee, which are described below:

**(A) BOARD OF DIRECTORS**, consists of 10 directors, namely:

(As of 1 March 2011)

Board Members		Positions
1. Mr. Kovit	Poshyananda	Chairman of the Board (Independent Director)
2. Mr. Apichart	Chutrakul	Vice-Chairman
3. Mr. Mana	Noppun	Independent Director
4. Mr. Jesadavat	Priebjrivat	Independent Director
5. Mr. Wirat	Uanarumit	Independent Director
6. Mr. Srettha	Thavisin	Director
7. Mr. Wanchak	Buranasiri	Director
8. Mr. Kriengkrai	Thiennukul	Director
9. Mrs. Nujchanart	Panthawangkun	Director
10. Mr. Porntat	Amatavivadhana	Independent Director

### AUTHORISED DIRECTORS

As of 1 March 2011, the directors of the Company whose signatures binding the Company shall be Mr. Apichart Chutrakul, Mr. Srettha Thavisin, Mr. Wanchak Buranasiri, two of three directors co-sign with the Company's seal affixed.

### SCOPE OF AUTHORITY AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

According to corporate regulations, the Board of Directors is authorised to make decisions and ensure that the activities of the Company conform to the objectives and rules of the Company, resolutions of shareholders' meetings, and all relevant laws. This decision-making authorisation does not include matters that the law and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand specify must first be approved by the shareholders' meeting. The corporate regulations permit the Board of Directors to appoint an Executive Committee that controls the daily affairs of the Company in accordance with the policies and budget approved by the Board of Directors and any other matters assigned to it by the Board. Included in these activities are operations that fall within the scope of responsibility assigned to the Executive Committee and screening of other matters beyond that scope for the Board of Directors to consider. The corporate regulations, moreover, authorise the Board of Directors to appoint other committees to assist the Board in its managerial responsibilities.

## SELECTION OF INDEPENDENT DIRECTOR

The Company specifies the qualification of its independent director in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as follows:

1. Holds shares not exceeding 1 percent of the total voting shares of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the Company.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the Company or its subsidiary.
4. Have no or never had business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company in respect of controlling which may harm the independent decision-making, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company.
5. Is not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of Company, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company.
6. Is not or has never been the professional service provider, including but not limited to legal consultant or financial advisor who received the service fee more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the aforementioned service firms.
7. Is not the director who is nominated to be the representative of directors of the Company, major shareholders, or any other shareholders related to the major shareholders.
8. Do not operate the same and competitive business with the business of the Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds share for more than 1 percent of the total voting shares of any other companies which operate same and competitive business with the business of the Company, or its subsidiaries.

9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the Company.

After being appointed as the independent director in accordance with the conditions under the article (1) – (9), such independent director may be assigned by the Board of Directors to make decision in respect of collective decision on business operation of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of Company.

The definition of independent director of the Company is equal to the minimum requirement of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## **(B) AUDIT COMMITTEE**

The Audit Committee is constituted in such a way as to be independent of the Company's management. All members of the Audit Committee are qualified individuals and independent directors who possess the qualifications stipulated by the Stock Exchange of Thailand.

Presently, the Audit Committee consists of 3 directors who are not taking part in the management of the Company or majority shareholder of the Company, and 1 secretary, namely:

(As of 1 March 2011)

Name		Positions
1. Mr. Mana	Noppun	Chairman of the Audit Committee
2. Mr. Jesadavat	Priebjrivat	Member of the Audit Committee
3. Mr. Wirat	Uanarumit	Member of the Audit Committee

Remark : Secretary to the Audit Committee is Mr. Thalin Aeimtititwat

## **SCOPE OF AUTHORITY AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

The Audit Committee of the Company has the scope of duties and responsibilities to the Board of Directors on the following matters:

(1) to review the Company's financial reporting process to ensure that it is accurate and adequate;

(2) to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit;

(3) to review the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws relating to the Company's business;



(4) to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

(5) to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the Company;

(6) to prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

(a) an opinion on the accuracy, completeness and creditability of the Company's financial report,

(b) an opinion on the adequacy of the Company's internal control system,

(c) an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business,

(d) an opinion on the suitability of an auditor,

(e) an opinion on the transactions that may lead to conflicts of interests,

(f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,

(g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and

(h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and

(7) to perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

In its performance of duties as described above, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Company's Board of Directors shall remain responsible to third parties for the operations of the Company.

The term of office for the Chairman of the Audit Committee and members of the Audit Committee is 3 years (including the additional appointment to and removal from the Audit Committee). Furthermore, the members of the Audit Committee who retired by the expiration of the term of the appointment may be re-elected for another term, if the Board of Directors or the shareholders' meeting deems appropriate.

In this regard, the Chairman of the Audit Committee and all members have adequate expertise and experience to audit creditability of the Company's financial reports.

### **(C) COMPENSATION COMMITTEE**

Presently, the Compensation Committee consists of 3 non-executive directors and 1 secretary, namely:

(As of 1 March 2011)

Name		Positions
1. Mr. Mana	Noppun	Chairman of the Compensation Committee
2. Mr. Jesadavat	Priebjrivat	Member of the Compensation Committee
3. Mr. Porntat	Amatavivadhana	Member of the Compensation Committee

Remark : Secretary to the Compensation Committee is Mr. Wanchak Buranasiri

### **SCOPE OF AUTHORITY AND RESPONSIBILITIES OF COMPENSATION COMMITTEE**

1. To provide recommendation to the Board of Directors with respect to the policy and criteria for determining annual remuneration, in the form of both cash and non-cash reward, to be given to the directors. By considering the justifiable, reasonable and appropriate for the scope of duties and responsibilities of the directors and can be comparable with the remuneration rate of other companies in the same industry. Provided, however, that such remuneration is submitted for approval in the shareholders' meeting.
2. To consider the annual remuneration, annual salary adjustment, change in salary rates, and other remuneration according to the positions, benefits, as well as the terms and conditions of employment, to the Chief Executive Officer and the President.
3. To provide recommendation to the Board of Directors with respect to the policy and criteria for determining annual remuneration and other benefit to be given to the senior executives, according to their positions.
4. To consider and provide opinions in the event that the Company would like to issue and allot warrants, which are more than 5 percent of total warrants issued in each lot of allocation, to directors and executive employees of the Company and/or its subsidiaries, as well as determine the name of directors and executive employees being entitled to purchase warrants more than 5 percent and number of warrants to be issued to each of them, subject to the relevant laws, rules and regulations.
5. To perform any other act as assigned by the Company's Board of Directors in relation to the determination of significant compensation.

## **(D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)**

The Corporate Social Responsibility Committee or CSR Committee is appointed by the Board of Directors, became effective since 28 July 2010. The CSR Committee comprises of 3 directors with the President as the Chairman and the other two shall be selected from amongst the directors, employees, independent advisors or specialists. The members of CSR Committee who are directors or independent specialists have a three-year term and could be re-elected for the purpose of continuity. The members of CSR Committee who are employees including the President have a term of office as deemed appropriate by the Board of Directors.

The CSR Committee, presently consists of:

(As of 1 March 2011)

Name		Positions
1. Mr. Srettha	Thavisin	Chairman of the CSR Committee
2. Mr. Jesadavat	Priebjrivat	Member of the CSR Committee
3. Mr. Porntat	Amatavivadhana	Member of the CSR Committee

## **SCOPE OF DUTIES AND RESPONSIBILITIES OF CSR COMMITTEE**

The duties of the CSR Committee are as follows:

1. To review CSR policy and activities and submit to the Board of Directors for approval.
2. To agree and establish Sansiri Group's CSR strategy to ensure that it remains an integral part of the group strategy and its implementation in practice and that the Group's social, environmental and economic activities are aligned.
3. To review CSR plan and budget and submit to the Board of Directors for approval.
4. To review and monitor progress of CSR activities and evaluate the success and quality of CSR Programmes.
5. To promote CSR programmes and encourage participation among directors and employees.
6. To elect the CSR Working Group to develop CSR Plan and create the CSR Programmes.
7. To conduct CSR-related issues as appointed by the Board of Directors.

## **(E) EXECUTIVE COMMITTEE**

The Executive Committee is appointed by the Board of Directors to supervise and control the daily affairs of the Company. Being selected from a list of the Company's Top Management, members of the Executive Committee must not be the directors of the Company (except the member of Executive Committee no. 1-3 in the list as shown below). Therefore, they are not

“Director and Management” according to the Notification of the Securities and Exchange Commission.

The Executive Committee, presently consists of:

(As of 1 March 2011)

Name		Positions
1. Mr. Apichart	Chutrakul	Chairman of the Executive Committee
2. Mr. Srettha	Thavisin	Deputy Chairman of the Executive Committee
3. Mr. Wanchak	Buranasiri	Member of the Executive Committee
4. Mr. Thalin	Aeimtitiwat	Member of the Executive Committee
5. Mr. Monthian	Soisuwan	Member of the Executive Committee
6. Mr. Uthai	Uthaisangsuk	Member of the Executive Committee
7. Mr. Nopporn	Boonthanom	Member of the Executive Committee
8. Mr. Metha	Angwatanapanich	Member of the Executive Committee
9. Mr. Manu	Trakulwattanakit	Member of the Executive Committee
10. Mr. Somchai	Charntanawet	Member of the Executive Committee
11. Mrs. Anongluk	Rathprasert	Member of the Executive Committee and Secretary to the Executive Committee

#### SCOPE OF AUTHORITY AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

1. Supervising and controlling the daily affairs of the Company so that they conform to the policies and budget approved for them by the Board of Directors. This includes making business plans, directions, strategies, and organisational structures, and managing the Company’s operations. Corporate expenditures must conform to the economic conditions and the competition encountered by the Company, according to the aforementioned policies and budget. The Committee must also monitor the results of corporate operations and ensure that they accord with the approved business plan of the Company.

2. Conducting any other affairs assigned to it by the Board of Directors, including authorisation of whatever operations fall within the scope of authority assigned to the Committee by the Board of Directors, which authority is subject to periodic review.

3. Screening other matters beyond the Committee’s scope of authority before passing them to the Board of Directors for consideration.

However such authorisation assigned by the Board of Directors shall not cause the Executive Committee, President or any proxy to approve the transactions that he or potentially conflicted persons may involve directly or indirectly in advantage/disadvantage. And that involvement cause in conflict of interest to the Company or any related transaction which referred by the Articles of Association of the Company the Securities and Exchange Commission’s regulations, except the normal business transactions such as buying or selling goods or products of the Company in accordance with the policy, rules and budgeting which assigned by the Board of Directors.

**(F) THE MANAGEMENT**, according to the definition under the Notification of the Securities and Exchange Commission, presently consists of the person, namely:

(As of 1 March 2011)

Name		Positions
1. Mr. Apichart	Chutrakul	Chief Executive Officer
2. Mr. Srettha	Thavisin	President
3. Mr. Wanchak	Buranasiri	Chief Operating Officer
4. Mr. Thalín	Aeimtitiwat	Senior Executive Vice President – Accounting Department
5. Mr. Uthai	Uthaisangsuk	Senior Executive Vice President – Business Development and Project Development Division (High Rise)
6. Mr. Metha	Angwatanapanich	Senior Executive Vice President – Business Development and Project Development Division (Low Rise)
7. Mr. Monthian	Soisuwan	Executive Vice President – Project Support Division
8. Mr. Nopporn	Boonthanom	General Counsel / Legal Office
9. Mr. Manu	Trakulwattanakit	Executive Vice President – Project Management and Marketing Department (Low Rise 3) Executive Vice President – Product Development Department (Low Rise ) Executive Vice President – Design Solution Department
10. Mr. Suriya	Wannabuit	Executive Vice President –Project Management and Marketing Department (Low Rise 4 and 5)
11. Mrs. Anongluk	Rathprasert	Senior Vice President – Customer Relations and Human Resources and Administration Department
12. Mr. Somchai	Charntanawet	Senior Vice President – Finance and Information Technology Department
13. Miss Vilasinee	Dejamornthan	Senior Vice President – Project Management and Marketing Department (Low Rise 2)
14. Mr. Chookiat	Joomthong	Senior Vice President – Government Affairs Department
15. Mr. Supol	Sombathwichathon	Senior Vice President – Quality Control and Estimation Department
16. Mr. Tasanin	Maha-amatayatibodee	Senior Vice President – Home Care Department
17. Mr. Apisit	Srisakulpong	Senior Vice President – Project Management Department (High Rise 1)
18. Miss Dusadee	Tancharoen	Vice President– Marketing and Product Development Division (High Rise)
19. Miss Sirindra	Pangmanee	Vice President – Corporate Planning and Investor Relations and Organisation Development Department
20. Mr. Samatcha	Promsiri	Vice President – Corporate Marketing Department

Name		Positions
21. Mr. Prasert	Trakranvachirahut	Vice President – Project Procurement Department
22. Mr. Pornchai	Chaimongkolsub	Vice President – Project Management and Marketing Department (Low Rise 1)
23. Miss Suwannee	Mahanarongchai	Vice President – Plus and Touch Business Support Department (Research-Business Development and Consultant)
24. Mr. Piti	Jarukamjorn	Vice President – Project Management Department (High Rise 2)

**Note :** Information of the directors and management of the Company are explained in detail under the topic “Details on the Directors and Management”

## **(G) COMPANY SECRETARY**

Mr. Nopporn Boonthanom was appointed by the Board of Directors, to be the Company Secretary effective from 13 August 2008 with the preliminary Duty and Scope of Responsibilities as specified by the Securities and Exchange Acts (No.4) B.E. 2551.

## **2. SELECTION OF DIRECTORS AND MANAGEMENT**

Selection of Company directors must receive approval from a general meeting of shareholders, unless a position falls vacant for some other reasons than the normal expiry of a director’s term of office. The Board of Directors may then elect a replacement at its next meeting to fill that position only for the remainder of that term, unless the period remaining is less than two months. Appointment of independent directors and audit committee directors will be made by the Board of Directors from a list of qualified persons generally accepted by the business sector and appropriate academic realm and nominated by the Chief Executive Officer and the President for that purpose, or proposed for appointment at a meeting of shareholders, as is the case with directors of the Board whose names are proposed jointly by the Chief Executive Officer and the President.

### **METHOD OF ELECTION OF DIRECTORS AT A SHAREHOLDERS’ MEETING**

The Company’s regulations differ from the method stipulated by Article 70, Clause 1 of the Public Companies Act of B.E. 2535. The Company’s regulations require that the Board of Directors must be approved by a majority of votes in a shareholders’ meeting, with one vote for each share. Election may be of individuals or of groups, as the shareholders’ meeting deems appropriate. No shareholder may divide his/her votes among several individuals or groups. At each Annual General Meeting of Shareholders, one third of the positions on the Board become vacant, and those whose terms have expired may be re-elected for another term of office.

### 3. MANAGEMENT REMUNERATION

#### 3.1 CASH REMUNERATION

(A) Total Cash Remuneration for the directors and members of the Audit Committee in 2010 – ten persons in all – amounted to 10,620,000 baht. They were in the forms of meeting allowances, special remuneration to the non-executive directors and salary to the Audit Committee, the details of which were as follows:

Remuneration for the directors for the year 2010					
No.	Name		Meeting Allowances	Special Remuneration to the Non-Executive Directors (baht / year)	Total (baht / year)
1	Mr. Kovit	Poshyananda	180,000	1,500,000	1,680,000
2	Mr. Apichart	Chutrakul	180,000	-	180,000
3	Mr. Mana	Noppun	180,000	1,000,000	1,180,000
4	Mr. Jesadavat	Priebjrivat	180,000	1,000,000	1,180,000
5	Mr. Wirat	Uanarumit	180,000	1,000,000	1,180,000
6	Mr. Srettha	Thavisin	180,000	-	180,000
7	Mr. Wanchak	Buranasiri	180,000	-	180,000
8	Mr. Kriengkrai	Thiennukul	180,000	1,000,000	1,180,000
9	Mrs. Nujchanart	Panthawangkun	180,000	1,000,000	1,180,000
10	Mr. Porntat	Amatavivadhana	180,000	1,000,000	1,180,000
				<b>Total</b>	<b>9,300,000</b>

The remuneration for the Audit Committee was paid in form of salary at the same rate as in year 2009, which were 50,000 baht per month for the Chairman and 30,000 baht per month for other members.

Remuneration for member of Audit Committee for the year 2010		
No.	Name	Salary (baht / year)
1	Mr. Mana Noppun	600,000
2	Mr. Jesadavat Priebjrivat	360,000
3	Mr. Wirat Uanarumit	360,000
<b>Total</b>		<b>1,320,000</b>

(B) Cash Remuneration for the Management was in the forms of salary and bonus as follows:

Remuneration for the Management		
Type of remuneration	The year 2010	
	No. of Top Management	Amount (baht)
Total salary	24	51,026,200
Total bonus	24	179,900,000
	<b>Total</b>	<b>242,206,200</b>

## 3.2 OTHER REMUNERATION

### 3.2.1 THE PLAN TO ISSUE AND OFFER THE ESOP WARRANTS TO THE DIRECTORS AND ITS SUBSIDIARIES I.E. ESOP # 5 AND ESOP # 6 PLAN

Remark : Please see the details of warrants under ESOP # 5/2006 Plan in the topic "Shareholder Structure" under the heading "2. Other Securities".

The details of warrants under ESOP Plan which were allotted to the directors of the Company are as follows:

The name of directors (at present)		Warrants under ESOP# 5		Warrants under ESOP# 6	
		No. of warrants	% of ESOP Plan	No. of warrants	% of ESOP Plan
1. Mr. Kovit	Poshyananda	1,000,000	1.89	3,000,000	4.00
2. Mr. Apichart	Chutrakul	2,600,000	4.92	-	-
3. Mr. Mana	Noppun	-	-	2,000,000	2.67
4. Mr. Jesadavat	Priebjrivat	-	-	2,000,000	2.67
5. Mr. Wirat	Uanarumit	-	-	2,000,000	2.67
6. Mr. Srettha	Thavisin	2,600,000	4.92	-	-
7. Mr. Wanchak	Buranasiri	2,600,000	4.92	-	-
8. Mr. Kriengkrai	Thiennukul	-	-	2,000,000	2.67
9. Mrs. Nujchanart	Panthawangkun	-	-	2,000,000	2.67
10. Mr. Porntat	Amatavivadhana	-	-	2,000,000	2.67

**3.2.2 CONTRIBUTIONS TO THE PENSION FUND :** In 2010, the Company had not paid any contributions to the pension funds of directors, except for directors and executives who are also holding the status as Company employee, to which the Company had contributed to their provident fund as follow:



Type of remuneration	The year 2010	
	No. of person	Amount (baht)
Contributions to the Pension Fund	24	5,847,964

## 4. CORPORATE GOVERNANCE

The Company regards corporate governance as a system essential to the processes and structures of leadership and control. It facilitates responsibility for one's position through transparency and enhances corporate competitiveness as a mean to preserving capital and adding value to shareholders' equity in the long term. Corporate governance is a code of business ethics that protects various interested parties and society as a whole. To this end, the Company has established an Audit Committee, composed of individuals independent of the Company, and free of managerial control. The Audit Committee meets every three months to examine the stewardship of the Company in terms of transparency, integrity, accountability, and competitiveness.

In addition, since some of the Company's joint venture partners and shareholders are foreigners who need to have prompt and accurate knowledge of the Company, the Company is aware of the importance of corporate governance as a factor in determining whether an investor will choose to invest in the Company. For this reason, the Company has regularly updated its information, accounting, and management systems to ensure fast and accurate reports, and established an Investor Relations Office to co-ordinate communication with investors.

The progress made by the Company in implementing all 5 sections contained in the Principles of Good Corporate Governance for Listed Companies laid down by the Stock Exchange of Thailand is herewith explained as follows:

### 1. RIGHT OF SHAREHOLDERS

To increase transparency, competitive advantage and the confidence of shareholders, investors and all stakeholders in the Company, the Board of Directors has set the guideline for protection of fundamental rights of the shareholders (such as the right to trade and transfer shares, to receive dividend from profits of the Company, to receive sufficient news and information from the Company, to attend and exercise their voting rights in the shareholders' meeting, etc.) including the following principles:

(a) The Company provides the information about the shareholders' meeting by sending the notice summoning the meeting along with the agenda for the meeting within sufficient timeframe (14 days prior to the meeting date). The notice summoning the meeting and the agenda for the meeting contained the details of the meeting inclusive of date, time, venue, agenda of the meeting and other necessary information required for decision making process together with the comments from the directors for each agenda, and proxy form for the shareholders who are unable to attend the meeting, etc. Furthermore, the Company also advertised these information in the Company website before sending them to the shareholders.

(b) Chairman of the meeting allocates sufficient and appropriate time and carries out the meeting according to the agenda. And during the meeting, the Chairman allows the shareholders to freely express their opinions and raise their questions in relation to the Company business.

(c) Chairman of the Board, the Chairman of the sub-committee, and all directors (unless with reasonable cause) are to attend the meeting and answer the questions from the shareholders.

(d) To ensure efficiency, transparency, accountability, and sufficient information disclosure of the business operations for the utmost benefits of the shareholders and stakeholders.

## **2. EQUITABLE TREATMENT OF SHAREHOLDERS**

### **(1) GENERAL RIGHTS**

The Company realises its duty to protect the rights and benefits of the shareholders and to place importance on fair and equal treatment for all shareholders. It is the Company's policy to disclose information with respect to business operation with accuracy and transparency, including the rights in which the shareholders are entitled to, or any issues that could impact the Company business such as shareholders' participation in the shareholder's meeting to exercise their voting rights, the right to receive dividend, decrease or increase capital, etc.

### **(2) SHAREHOLDERS' MEETING**

The Company has established the policy to hold the shareholders' meeting in accordance with the applicable laws and regulations of the Stock Exchange of Thailand, including the summoning of the meeting, notification of the agenda, sending of the notice summoning the meeting, recording of minutes of the meeting, and also facilitating the shareholders in shareholders' meetings.

- **Before the Meeting**

In 2010, the Company held shareholders' meeting once, which was the Annual General Meeting of Shareholders on 30 April 2010. The Company sent the notice summoning the meeting along with the agenda of the meeting to the shareholders not less than 14 days prior to the date of the meeting. To provide the opportunity to the shareholders to study the materials for the meeting before receiving the information in forms of documents, the Company also publicised the information in the Company website for approximately 28 days prior to the meeting date and had informed the Stock Exchange of Thailand of such broadcasting.

The Company has provided the shareholders with the following information to help them in decision making process:

- Facts and reason along with the opinion of the Board of Directors for each agenda.
- Important information such as the biography of the person being appointed as a director (for the agenda to appoint the new director as a replacement the director who retired upon completion of their term), details of remuneration for directors and sub-committee, etc.

- Proxy of the shareholders in which the Company has provided another alternative for the shareholders to propose at least 1 independent director to be their proxy to attend the meeting and to vote, in case that the shareholder is unable to attend the meeting.

At present the Company has the policy to improve the information in the materials for the shareholders' meeting to be more detailed. The Company realises the importance of the shareholder's right to access the Company information. And therefore, will add more details of the important agenda to be considered, reasons for necessity, the positive and negative impacts of that agenda.

Furthermore, the Company has facilitated the shareholders and their proxy at each shareholders' meeting by arranging the barcode registration system and the voting form for each agenda.

- During the Meeting

In the shareholders' meeting held in 2010, the Chairman of the Board of Directors acted as Chairman of the meeting with the Chairman of the sub-committee and the Company and the directors attended the meeting (the names were shown in the minutes of meeting) to report or to answer to any questions from the shareholders. Before proceeding with the agenda of the meeting, the Chairman of the meeting explained to the meeting the procedure of voting for each agenda and informed the meeting of the voting result after completing the consideration of each agenda.

The Company carried out the meeting according to the agenda stated in the notice summoning the meeting, and allowed the shareholders to vote for the new director according to the agenda to appoint the new director. Furthermore, the Company holds on to the principle in which to give the opportunity to the shareholders to study the information before making decision, and the Company will not add any agenda without informing the shareholders in advance.

During the meeting, the Chairman gave equal opportunity for the shareholders to examine the Company business operations, to ask questions, and to express their opinions and suggestions. All shareholders, minor and major shareholders, all received the same and equal information about the Company business operations and financial information, including equal rights to receive dividend.

- After the Meeting

The Company has completely and accurately recorded the minutes of meeting, voting of each agenda and the issues or questions and any opinions from the shareholders. The minutes of shareholders' meeting held in 2010 was submitted to the Stock Exchange of Thailand within 14 days after the meeting date, and also publicised in the Company website, [www.sansiri.com](http://www.sansiri.com), for information and examination by the shareholders.

### **3. ROLES OF THE STAKEHOLDERS**

The Company places importance on all groups of its stakeholders regardless of whether they are internal stakeholders such as employees and management of the Company and

its subsidiaries, or external stakeholders such as shareholders, customers, competitors, and creditors. The Company is fully aware that support from all stakeholders will enable the Company to build the competitive advantage and create profits, which is the long term success for the Company.

For such purpose, the Company provides fair, transparent, and timely disclosure of the important information to ensure that all stakeholders are treated equally.

#### **(1) SHAREHOLDERS**

The Company aims to ensure that the shareholders receive appropriate returns for their investment by ensuring sound business operation results and continuing business development. The Company also implements effective and efficient internal control system to ensure that the benefits of the Company and the shareholders are protected.

#### **(2) CUSTOMERS**

The Company recognises the importance of the customers and therefore, determines to build customer satisfaction appropriately by offering high quality products and services in response to the customers' needs as a professional.

#### **(3) EMPLOYEES**

The Company recruits and retains the potential and experienced employees with determination to continuously develop and increase the skills of the employees and to encourage the employees to be successful and secure in their profession. The Company treats every employee equally, provides the employees with reasonable welfares and other benefits such as provident fund, health and life insurance, etc.

#### **(4) MANAGEMENT**

The Company recognises the importance of the management who is an important factor to the Company's business success and therefore, has arranged for the appropriate structure of remuneration for the management.

#### **(5) CREDITORS AND TRADE PARTNERS**

The Company operates and deals business with its creditors and all groups of its trade partners on the principles of fairness and ethical manners by complying with the laws and regulations and on the agreed terms and conditions.

#### **(6) TRADE COMPETITORS**

The Company treats its trade competitors fairly and does not seek for any information of the competitors dishonestly.

## **(7) RESPONSIBILITIES TO THE COMMUNITY, SOCIETY, AND ENVIRONMENT**

The Company operates its business based on responsibilities, care, and concerns to the overall community, society, and the environment, and also to comply with all relevant laws and regulations.

### **4. INFORMATION DISCLOSURE AND TRANSPARENCY**

The Company places importance on the disclosure of information accurately, completely, transparently and freely both for financial statements and general information, and also other information that would impact the price of the Company property. And to ensure that the investors and all other related parties have free access to the information, these information are to be publicised through different media channels such as website of the Stock Exchange of Thailand, form 56-1, annual reports, and at the Annual General Meeting of shareholders.

Moreover, the Company's information which has been reported to the Stock Exchange of Thailand, shareholders and the investors will be publicised in both Thai and English language in the Company website [www.sansiri.com](http://www.sansiri.com). This is another communication channel which is very timely and with an easy access for the users. The Company has set up the Investor Relations Department to be responsible for the communication and provision of the Company's information and activities to the shareholders, analysts and other investors, fairly and equally. The role of the Investor Relations also refers to create and ensure positive image and attitude, and confidence from the analysts and investors. The investors or any interest parties can contact the Investor Relations at the telephone number (662) 201-3905 or at the e-mail address: [IR@sansiri.com](mailto:IR@sansiri.com).

The important information of the Company consists of financial statements and other non-financial information in accordance with the regulations of the Securities and Exchange Commission, and the Stock Exchange of Thailand, and also other relevant information. The Company's financial statements which have been reported to the Stock Exchange of Thailand, has been verified and examined by the Company's auditor and has been approved by the Company's Board of Directors. The Board of Directors is responsible for the budget of the Company and its subsidiaries and the financial information that appears in the Annual Report. The financial statements are produced according to accounting principles generally accepted in Thailand and capable of being applied and implemented on a regular basis. The aforementioned statements require great care and circumspection, and must disclose all significant information related to them in the Notes to the Financial Statements. Furthermore, the Board of Directors has instituted an effective system of internal controls to ensure with reasonable certainty that all accounts are accurate, complete, and adequate for the purpose of maintaining the Company's assets. They must also identify weak points vulnerable to significant occurrences of fraud and dishonest business practices. For this reason, the Board of Directors has appointed an Audit Committee consisting of non-executive directors to examine the quality of the Company's financial reports and system of internal controls. Their opinions in this regard are compiled in the Report of the Audit Committee, which appears in the Annual Report and Form 56-1.

## **5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

### **(1) STRUCTURE OF BOARD OF DIRECTORS**

#### **(1.1) COMPOSITION OF THE BOARD OF DIRECTORS**

The Company's Board of Directors has been elected by the Annual General Meeting of the Shareholders in accordance with the Company's Article of Association. At present, the Company has total of 10 directors, which is appropriate to the size of business. The Company's Board of Directors comprises of 3 executive directors, outside directors who are non-executive directors, along with audit committee totalling 7 persons. There are 5 independent directors on the board which is more than one third (1/3) of the total numbers of directors on board.

However, non-executive directors and audit committee of the Company hold the knowledgeable with high experience in business, professional managers independent of executive influence. Thus the executive management of the Company is guided and supervised impartially by non-executive directors and audit committee, providing sufficient balance in the opinion of the Company.

The Board of Directors clearly determines and distinguishes the duties and responsibilities of the Board itself, its committees, and the management of the Company, as explained in detail under the topic "1. Management Structure". These duties and responsibilities are regularly communicated to the directors, management, and staff of the Company as well.

#### **(1.2) QUALIFICATIONS OF INDEPENDENT DIRECTORS**

Independent director refers to a director whose qualifications are in line with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as follows:

1. Holds shares not exceeding 1 percent of the total voting shares of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the Company.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the Company or its subsidiary.
4. Have no or never had business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company in respect of controlling which may harm the independent decision-making, including not being or never been the significant shareholder, or controlling parties of any person having business

relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company

5. Is not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of Company, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company.

6. Is not or has never been the professional service provider, including but not limited to legal consultant or financial advisor who received the service fee more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms.

7. Is not the director who is nominated to be the representative of directors of the Company, major shareholders, or any other shareholders related to the major shareholders.

8. Do not operate the same and competitive business with the business of the Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds share for more than 1 percent of the total voting shares of any other companies which operate same and competitive business with the business of the Company, or its subsidiaries.

9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the Company.

After being appointed as the independent director in accordance with the conditions under the article (1) – (9), such independent director may be assigned by the Board of Directors to make decision in respect of collective decision on business operation of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of Company.

The definition of independent director of the Company is equal to the minimum requirement of the Securities and Exchange Commission and the Stock Exchange of Thailand.

### **(1.3) SEPARATION OF CONTROL OF CHAIRMAN OF THE BOARD AND MANAGING DIRECTOR**

From the Company structure, the Board of Directors has elected the independent director who has no relation with the management to be Chairman of the Board. The Company determines that the Chairman of the Board of Directors is not the same person as the Managing Director in order to separate duty of making policy and management of the Company's daily business operations.

The Chairman of the Board has leadership and important role in overseeing to ensure that the management manages the Company in accordance with the policy, including to assist, advise, and support the operations of the management. However, the Chairman of the Board of Directors has no participation in the business operations under the responsibilities



of the management while the Chief Executive Officer and the President will be responsible for the management of business as appointed and approved by the Board of Directors. Moreover, the Chairman of the Board is also the chairman of the Board of Directors' meeting and the Shareholders' meeting, to ensure that the meetings are carried out smoothly and successfully and also encourage all directors to participate in the meeting.

#### **(1.4) COMPANY SECRETARY**

The Company has the policy to comply with the new amendment of the Securities and Exchange Act and the good corporate governance principles for the listed Company, by providing the company secretary to be in charge of all corporate secretarial and other related tasks with more efficiency and systematic approach. At present, Mr. Nopporn Boonthanom, the General Counsel Legal Office and Secretary to the Board is appointed by the Board as the Company secretary, taking care on the Company secretary area who is in charge of keeping the Board informed of any necessary laws and regulations and also to manage and ensure that the Board of Directors' meeting and Shareholders' meeting are carried out smoothly and efficiently.

#### **(2) SUB-COMMITTEE**

The Board of Directors has appointed four committees to assist in corporate administration and supervision consists of (1) the Audit Committee (2) the Compensation Committee and (3) the CSR Committee and (4) the Executive Committee. Details of the roles, responsibilities, and composition of each committee can be found under the topic "(1) Management Structure". The Chairman of the Board is not either a chairman or a member of any committee to ensure independence of the committees.

#### **(3) ROLE, DUTY, AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board of Directors has the obligation and responsibility to perform its duty in accordance with the laws, objectives, regulations, code of conducts, and the resolution of the shareholders meeting, including to consider and approve the Company's policy and management direction, financial target, and budget. The Board of Directors also oversees and monitors to ensure that the business operations are managed effectively and according to the policy for the utmost benefits of the shareholders under the ethical standards with honesty and carefulness.

#### **(3.1) BUSINESS ETHICS**

The Board of Directors has clear policies on business ethics, which have been communicated to management and employees on a regular basis. All concerned individuals are expected to adopt these policies and implement them with integrity, honesty, and fairness in their dealings with the Company, interested parties, the public, and society. Interactions between the individuals concerned and other parties are constantly monitored. The Company has compiled and published a code of professional ethics for staff and determined penalties for violating the aforementioned code.



### **(3.2) CONFLICT OF INTEREST**

To avoid conflict of interest, the Board of Directors carefully reviews any item that could be construed as a conflict of interest, and to establish written policies and procedures for the authorisation of transactions between related parties. The Article of Association of the Company and its subsidiaries were revised to stipulate that if there is any transaction between the Company and its subsidiaries, or the sale and acquisition of the Company's and its subsidiaries' assets, all transactions must be complied with the guidelines by the Stock Exchange of Thailand regarding the inter-related transaction.

The Board of Directors is aware of each incidence of a potential conflict of interest or inter-related transaction and considers the appropriateness of each occurrence. The Company complies with the principles of the Stock Exchange of Thailand whereby prices and conditions are negotiated strictly on an arm's-length basis. The details of each transaction, its value, the parties involved, and the reason or necessity of the transaction are explained in the Annual Report and Form 56-1. In particular, directors, management and employees are not allowed to consider or vote on matters in which they may have a potential conflict of interest.

### **(3.3) INTERNAL CONTROL AND INTERNAL AUDIT**

The Company places importance on the effective and appropriate internal control system for business operations, both in the management and operational levels. Therefore, the Company has adjusted the structure of the organisation to be in line with the Company's objectives, business, duty, and responsibilities of each strategic business unit. The Company has also clearly established the written guideline of the obligation, and scope of authority of the staff and management, has the control and monitoring system for the utilisation of the Company's assets, and has clear separation and segregation of duty and obligation for the operators, the monitoring party and the evaluator. This is to balance the power and authorisation and enables appropriate cross examination among all parties involved. Furthermore, the Company also has the internal control of financial system, by setting the financial reporting structure according to the respective management in charge.

The Company conducts investigation to determine that its operations and financial activities are proceeding properly and efficiently, and are compliant with all relevant laws and regulations. In order that the internal auditing unit be independent, capable, and balanced, the Board of Directors has stipulated that its reports must be made directly to the Audit Committee and that its activities be evaluated by the Audit Committee as well.

### **(3.4) RISK MANAGEMENT**

The Company places great importance on risk management. The risk involved in each corporate activity is evaluated and determined, along with measures to prevent and manage risk and its effect on corporate operations. The task of the management is to assess the economic, financial, social, and legal risks produced by the changes in circumstance, along with their impacts on competitiveness in the industry, and to decide on the appropriate solutions.

#### (4) MEETINGS OF THE BOARD OF DIRECTORS

The normal frequency of meetings of the Board of Directors is on quarterly basis. Other special meetings may be held as the need arises. Each meeting has a clear agenda, determined in advance, part of which is a regular review of operational results. The Secretary to the Board issues invitations to each meeting, along with the agenda of the meeting and all relevant documents, seven days in advance, so that the directors may have sufficient time to study all pertinent information prior to attending the meeting. Each meeting normally lasts approximately one to two hours. In 2010, the Board of Directors held four regular meetings and five extraordinary meetings, totalling nine meetings. The attendance of each director is as follows:

Details of directors and members of each committee attendance records in year 2010

Name		Board of Directors Meeting	Audit Committee Meeting	Compensation Committee Meeting	CSR Committee Meeting
1. Mr. Kovit	Poshyananda	9/9	-	-	-
2. Mr. Apichart	Chutrakul	8/9	-	-	-
3. Mr. Mana	Noppun	9/9	4/4	1/1	-
4. Mr. Jesadavat	Priebjrivat	9/9	4/4	1/1	1/1
5. Mr. Wirat	Uanarumit	6/9	3/4	-	-
6. Mr. Srettha	Thavisin	8/9	-	-	1/1
7. Mr. Wanchak	Buranasiri	9/9	-	-	-
8. Mr. Kriengkrai	Thiennukul	7/9	-	-	-
9. Mrs. Nujchanart	Panthawangkun	8/9	-	-	-
10. Mr. Porntat	Amatavivadhana	9/9	-	1/1	1/1

The Chairman of the Board of Directors has allocated sufficient time for the proposal of issues for consideration of the directors and to encourage the directors to freely and thoroughly discuss the issue. The secretary to the Board takes minutes of the meeting with all important details of the meeting including the discussion of the meeting and the opinion of the directors being clearly recorded. The minutes of the previous meetings which have been approved by the Board of Directors shall be kept and ready for the examination of the directors and other related parties.

#### (5) SELF EVALUATION OF THE BOARD OF DIRECTORS

The Company acknowledges the information about performance evaluation of the Board of Directors in accordance with the regulation set by the Stock Exchange of Thailand. The Company evaluates the performance of the Board of Directors from time to time. However, at present, the Company intends to carefully and appropriately set the guideline for performance evaluation of the Board of Directors, and to use this information to improve efficiency of the Board of Directors.

## **(6) REMUNERATION FOR DIRECTORS AND THE MANAGEMENT**

The Company's remuneration policy for directors is straightforward and transparent. Levels of remuneration are equivalent to the industry standards, high enough to attract and retain directors who possess the desired qualifications, and are approved by the Shareholders' meeting. Directors who are appointed as audit committee are given increased remuneration appropriate to their greater workload.

The Board of Directors appointed the Compensation Committee composed of audit committee and non-executive directors, so as to give impartial and appropriate consideration to the remuneration due to the Board of directors, and independent directors. Their recommendations must then be approved by a meeting of shareholders. Details of the remuneration given to directors and the management are provided under the topic "3. Management Remuneration", under the heading of "Management".

## **(7) DEVELOPMENT OF DIRECTORS AND MANAGEMENT**

### **(7.1) DEVELOPMENT OF DIRECTORS**

The Company recognises the importance of the directors who are important mechanism for the determination of the Company's policy and plan to achieve corporate business goal and to take care of the benefits of all shareholders who trust and appoint the directors to set the policy and supervise the business affairs operations of the management. Therefore, the Company has aimed to continuously and consistently develop all directors to be knowledgeable in all matters necessary and related to their works and Company business. This includes support in terms of time allocation and any related expenses for the directors, audit committee, the management, and employees in charge of the corporate secretarial tasks, to attend or participate in the trainings and seminars with various institutions such as the Stock Exchange of Thailand, the Securities and Exchange Commission, Thai Institute of Directors, and Thai Listed Companies Association. The purpose of the trainings and seminars is to improve knowledge, understanding, and to be informed of any laws, rules, responsibilities, and any useful information which could be utilised and be beneficial for the business in the future.

Moreover, in case of appointment of the new director, the secretary of the Board of Directors as a person in charge of the corporate secretarial tasks of the Company will be preparing the necessary documents and information which are useful and beneficial for the directors to learn and aware of their roles, obligations and responsibilities such as Directors' Manual for Thai Listed Company issued by the Securities and Exchange Commission and the Rules on obligations and responsibilities to disclose reports to the Office on each person's securities holding in accordance with section 59, and its penalty in accordance with section 275 of the Securities and Exchange Act B.E. 2535. These are the details of obligations and responsibilities in which the directors must abide by legally, including the Code of Best Practice which is the guideline for the internationally accepted standards and business practices.

## **(7.2) DEVELOPMENT OF MANAGEMENT AND SUCCESSION PLAN**

The Company determines to develop the management from middle level to top level of management for continued business succession plan for the planning and business operations in various functions including product development, sales and marketing, financial, and other supporting functions. The Company set up the committee consisting of top level management as deemed appropriate, and the management of each strategic business unit have meetings to set the working plan and coordination. The Committees include the investment committee considering and making decisions on land purchases or other investment, the committee considering the Company's financial information, and the committee for product development and marketing. These committees comprise of the Chief Executive Officer, President, and the Chief Operating Officer as the core members, with the management of relevant strategic business units as the members of each committee. The Company is confident that this working structure will be a good way to develop the potential of the management as they will have the opportunity to participate and be part of the team to set the plan and business operational process, and also to see and closely work with the management from other strategic business units. Furthermore, it is the opportunity for them to study and learn from the experiences of higher level management in actual business operations. We can see that such working structure, apart from being a good way to develop potential of the management, it also enables the continuity of business and the succession and transfer of responsibilities between the same level of management in different strategic business units or from the higher level of management without any interruption. This is due to the fact that this working structure does not rely on an individual, but on teamwork. The coordination of each individual in a team working together synchronously has enabled the succession of works gradually in forms of learning and transmission of works, and also the significant responsibilities altogether.

As for the middle level management, the Company also has continued development and succession plans. The top level management of each respective strategic business unit will consider and support their middle management and the staff in their strategic business units who has potential to develop and become their successor. The names of middle level management will be proposed and selected to participate in the SLP (Sansiri Leadership Programme) which is a training programme to support and enhance the potential of middle management in preparation to be the executives. The employees will learn the procedures and strategies of the modern management, including how to become a good and effective management in the future. Furthermore, this is the building of networks for coordination among different strategic business units as the employees who participate in the programme will attend classes and join the activities together. For lower level employees, the Company has a project to select the employees of a high calibre. The top level management from different but related strategic business units will be discussing and select the skilled employees with positive attitude to participate in the training in form of on-the-job training to enable them to grow and become middle management respectively. Apart from the aforementioned projects, the Company also has Management Trainee Project to help employees to learn and understand the process and procedure of business operations of the organisation which will enable the employee to plan and carry out business operations in accordance with the Company's objectives and to help support the development of management.

Moreover, the Company also supports the seminar projects / excursions both domestically and overseas to help improve skills, knowledge and to explore new visions for the employees to apply these skills and knowledge to their works, for example, Managerial Grid or The 7 Habits of Highly Effective People by Stephen R. Covey. All middle level management will have opportunity to attend these important trainings and seminars to improve and develop their skills to be ready to be leaders and the management.

## **5. SUPERVISING THE USE OF INSIDE INFORMATION**

The Board of Directors and corporate management are obliged to report their holding of the Company's securities to the Securities and Exchange Commission with every change in the holdings of Company shares. This is one measure to enable the Company to determine whether any purchase of shares relied on the use of inside information by the above-mentioned persons. The Company had set the policy with regard to the disclosure of significant corporate information by notifying the Board of Directors and the Executives or relevant department heads who may have significant inside information that would affect the security prices, are prohibited to sell or buy the Company's securities during one month prior to the release of financial statements or the inside information to the public, as well as reiterate them to share those information to only among those who need to know. Other executives should only come to know of this information at the same time as it is disclosed to the public. By these methods, the Company believes that if inside information were used for personal gain, the scope of an investigation would be effectively limited and the persons responsible will be quickly identified and penalised.

## **6. INTERNAL CONTROLS**

Sansiri highly recognises the importance of internal control system and ensures the suitable monitoring and supervision to bring about higher efficiency. The Board of Directors has assigned the Audit Committee, which works independently, to regularly oversee and review the internal control system to ensure the appropriateness and effectiveness of the current system. Thus, the internal control system must be efficient enough to protect the assets of Sansiri Group while preventing the misuse of assets by the management. The thorough disclosure is required to ensure transparency and able to be audited, according to Good Corporate Governance practice. This system, therefore, is meant to safeguard the interests of shareholders and provide justice for all groups of stakeholders.

Sansiri's internal control system is set up to harmonise with corporate operations and management in five areas, namely: (1) the organisation and its surroundings; (2) risk management; (3) control of management's operations; (4) information and communication systems; (5) monitoring systems.

## **THE ORGANISATION AND ITS SURROUNDINGS**

Sansiri has set up the organisation in such a way that the operations of management can be easily controlled while adjusting the organisation chart to enhance flexibility to cope with the changing business environment. The Board of Directors, consisting of three directors from management, along with seven outside directors who are either qualified individuals of eminence and Audit Committee. This composition of the Board facilitates checks and balances

for fair, effective decision-making. As for the management structure, responsibilities have been clearly divided among three basic areas of internal control, namely authorising, recording financial data and other information, and asset management. In this regard, Sansiri has set up the Office of Internal Audits, which directly reports to the Audit Committee and helps in monitoring, evaluating, and improving the internal control system.

## **RISK MANAGEMENT**

Sansiri's annual business plan sets forth clear and measurable targets conforming to the corporate vision. The analysis of various types of risks is utilised to draw up this annual plan as well as determine the operational strategies, benchmarks, and monitoring tools. An accounting system measures the costs of each business activity on a separate basis, enabling Sansiri to evaluate the gain or loss in each and judge how competitive each is. During implementation of the plan, moreover, the relevant risk factors are regularly monitored and assessed to determine how likely they are to affect operations. If any one factor changes or becomes more prominent than originally anticipated, Sansiri will be able to adjust strategies or institute measures to prevent or prepare for such a risk in time.

## **CONTROL OF MANAGEMENT'S OPERATIONS**

The Board of Directors has appointed two committees, the Audit Committee and the Compensation Committee, both of which strictly adhere to the scope of authority, duties, and responsibilities assigned to them.

Sansiri sets the scope of authority and responsibilities for each function properly, in accordance with the decentralisation and high efficiency. Sansiri constantly monitors the operations of the subsidiaries, and has put in place means whereby to monitor their operations and ensure that both Sansiri and the subsidiaries are in compliance with the regulations and all relevant legislation. Sansiri has, furthermore, determined a clear vision that serves as a guideline directing the work of all units within the organisation, and propagated it throughout the Company on a consistent basis. Sansiri has, besides this, selected a corporate culture and promoted activities that reinforce this culture, thereby promoting the same, harmonious Company-wide values, procedures, and workplace environment. It is this corporate culture that will strengthen the honesty, responsibility, and integrity of all employees and ensure Sansiri's future success.

## **INFORMATION AND COMMUNICATION SYSTEMS**

In light of the importance of information and communication systems, Sansiri has upgraded our computerised database management system. This new process will facilitate the gathering and management of data as well as improve the accuracy and efficiency of operational reports. Sansiri now possesses, moreover, an internal computer network that links outside agencies to the Company, thus making overall communications within and outside the Company more rapid and effective. These systems have been established with sufficiently elaborate information security safeguards.

## MONITORING SYSTEMS

The Board of Directors met 9 times in 2010, and the Audit Committee reported on its findings to the Board of Directors every quarter. The management is responsible for examining and monitoring operational results to do an analysis of financial impact on a continual basis. Sansiri holds a meeting of senior management from every department to report on progress according to the corporate plan two or three times a year. This is in addition to the regular monitoring of Sansiri's operational systems and conformity to the plan's benchmarks at various levels of command within the organisation. These meetings facilitate, by other means, the flow of information across departmental boundaries. If any significant defect is found, a report of it is made to the Audit Committee or the Board of Directors for decision and resolution.

During the Board of Directors' meeting # 3/2011 held on 28 February 2011, at which the Audit Committee was present, the Board of Directors and the Audit Committee both assessed the Sansiri's internal control system in accordance with the evaluation form provided by the Securities and Exchange Commission. After interrogating management concerning the five aspects of the internal control system, namely the organisation and its surroundings, risk management, control of management's operations, information and communication systems, and monitoring systems, both bodies agreed that Sansiri Group has complied with generally accepted standards of accounting, the guidelines by the Securities and Exchange Commission, and the regulations of the Stock Exchange of Thailand in making quarterly financial reports, the financial statements for 2010, and the consolidated financial statements of the subsidiaries, correctly and consistently. It was agreed that the preparation and disclosure of these financial statements were accurate, adequate, and timely, and that Sansiri's internal control system was sufficient, appropriate, and could be adjusted effectively to changing circumstances. It was agreed, moreover, that by these means Sansiri and subsidiaries would achieve the objectives, and that they were in compliance with all relevant legislation and regulations. Neither body discovered any significant problems or deficiencies that would damage Sansiri's operations.



## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>1 Mr. Kovit Poshyananda</b> - Chairman of the Board - Independent Director	75	- Ph.D. (Economics) Cornell University United States - Attended Training the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD)	0.122%	Present	Independent Director, Chairman of Audit Committee	Furukawa Metal (Thailand) Company Limited
				Present	Independent Director, Chairman of the Nomination and Remuneration Committee	Bangkok Bank Public Company Limited
				Present	Independent Director, Chairman of Audit Committee	Shangri-La Hotel Public Company Limited
				Present	Vice Chairman	Walailak University
				Present	Chairman	Thai Institute of Directors Association (IOD)
				Present	Independent Director, Chairman of Audit Committee	Glow Energy Public Company Limited
				Present	Director	The Office of the Council States of Thailand
				Present	The Expert on Finance	Office of Insurance Commission
<b>2 Mr. Apichart Chutrakul</b> - Vice Chairman (Authorised Director)	50	- Master of Business Administration University of San Diego United States	2.553%	Present	Chief Executive Officer	Sansiri Public Company Limited
				Present	Member of the Central Land Development Sub-Commission	Real Estate Business Promotion Bureau, Department of Lands
				2009 - Present	Director	National Education Development Company Limited
				2009 - Present	Director	Touch Property Company Limited
				2008 - Present	Director	Plus Property Space Company Limited
				2008 - Present	Director	Plus Property Venture Company Limited
				2006 - Present	Director	Papanan Limited
				2006 - Present	Director	Pacific Challenge Holding Company Limited
				2006 - Present	Director	Red Lotus Properties Limited
				2003 - Present	Director	Arnawat Limited
				2003 - Present	Director	Piwattana Limited
				2003 - Present	Director	Satit Pattana Personnel Center Limited
				2002 - Present	Director	S.U.N. Management Company Limited
				2002 - Present	Director	Sansiri Venture Company Limited
				2000 - Present	Director	Sansiri Land Limited
				1998 - Present	Director	Plus Property Company Limited
				1990 - Present	Director	Chanachai Limited
				1990 - Present	Director	Rojnaruemit Limited
				2003 - 2008	Director	Siri Phuket Limited

Note 1/ Including the shares held by spouse and minor children



## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>3 Mr. Srettha Thavisin</b> - Director (Authorised Director)	48	- Master of Business Administration (Finance) Claremont Graduate School United States	0.544%	Present 2009 - Present  2008 - Present 2008 - Present 2006 - Present 2006 - Present 2003 - Present 2003 - Present 2003 - Present 2002 - Present 2000 - Present 1998 - Present 1990 - Present 1990 - Present 2007 2003 - 2006	President Director  Director Director Director Director Director Director Director Director Director Director Director Director Director	Sansiri Public Company Limited National Education Development Company Limited Plus Property Space Company Limited Plus Property Venture Company Limited Pacific Challenge Holding Company Limited Red Lotus Properties Limited Arnawat Limited Piwattana Limited Satit Pattana Personnel Center Limited Sansiri Venture Company Limited Sansiri Land Limited Plus Property Company Limited Rojnarumit Limited Chanachai Limited Touch Property Company Limited Siri Phuket Limited
<b>4 Mr. Wanchak Buranasiri</b> - Director (Authorised Director) - Secretary to the Compensation Committee	45	- Master of Engineering (Chemical Engineering) Imperial College of Science Technology and Medicine University of London United Kingdom - Attended Training the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD)	1.358%	Present 2009 - Present  2009 - Present 2008 - Present 2008 - Present 2006 - Present 2006 - Present 2006 - Present 2003 - Present 2003 - Present 2003 - Present 2002 - Present 2002 - Present 2000 - Present 1998 - Present 1994 - Present 1993 - Present 2003 - 2008	Chief Operating Officer Director  Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director	Sansiri Public Company Limited National Education Development Company Limited Touch Property Company Limited Plus Property Space Company Limited Plus Property Venture Company Limited Papanan Limited Pacific Challenge Holding Company Limited Red Lotus Properties Limited Arnawat Limited Piwattana Limited Satit Pattana Personnel Center Limited S.U.N. Management Company Limited Sansiri Venture Company Limited Sansiri Land Limited Plus Property Company Limited Rojnarumit Limited Chanachai Limited Siri Phuket Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name – Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>5 Mr. Mana Noppun</b> – Chairman of the Audit Committee – Chairman of the Compensation Committee – Independent Director	69	– Bachelor of Engineering Chulalongkorn University – Bachelor of Arts in Economics Sukhothai Thammathirat Open University	–none–	2004 – Present 2002 – Present	Sub-committee, Academic Promotion for the officer of BMA State Enterprise Performance Agreement Committee	The Bangkok Metropolitan Administration (BMA) Ministry of Finance
<b>6 Mr. Jesadavat Priebjivat</b> – Independent Director – Member of the Audit Committee – Member of the Compensation Committee	53	– Master of Business Administration New York University United States – Attended Training the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD)	–none–	Present Present 2004-2007	Director Chief Financial Officer Executive Vice President and Chief Investment Officer	Islamic Bank of Thailand CAT Telecom Public Company Limited MFC Asset Management Public Company Limited
<b>7 Mr. Wirat Uanarumit</b> – Independent Director – Member of the Audit Committee	48	– Master of Business Administration The Pennsylvania State University United States – Attended Training the Director Certificate Program (DCP) held by the Thai Institute of Directors Association (IOD)	–none–	Present 2005 – present 2005 – present	Director Assistant Managing Director – Finance Executive Vice President	PTTICT Solutions Company Limited Thai Oil Public Company Limited PTT Public Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>8 Mr. Kriengkrai Thiennukul</b> - Director	51	- Bachelor of Arts in Economics Thammasat University - Leadership Program Capital Market Academy	0.046%	Present	Deputy Secretary	The Federation of Thai Industries
				Present	Vice President	Suankularb College Alumni Association under the Royal Patronage
				Present	Managing Director	New Waitek Company Limited
				Present	Executive Director	Prestige Direct Marketing Company Limited
				Present	Executive Director	Milk Plus
				Present	Executive Director	Media Shaker Company Limited
				Present	Executive Director	Bangkok Binding Company Limited
				2009 - Present	Member of The Board	The Thammasat Economics Association
				2008 - Present	Member of The Board	Thailand Institute of Scientific and Technological Research (TISTR)
				2006 - Present	Chairman	The Printing and Paper Packing Industry Club(F.T.I.)
				2006 - Present	Advisor	Committee Checks and Follow Work Police Administration Bangrak Metro Police
				2006 - 2009	Member of The Board	Metropolitan Electricity Authority (MEA)
				2006 - 2008	Member of The Board	Office of Small and Medium Enterprises Promotion
				2005 - 2008	Board of Executive Committee	The Federation of Thai Industries
				2005 - 2008	Chairman	The Federation of Thai Printing Industry Foundation
<b>9 Mrs. Nujchanart Panthawangkun</b> - Director	40	- Master of Business Administration MIT Sloan School of Management Massachusetts Institute of Technology United States	-none-	2009 - Present	Director, Accounting, Finance and Investment Committee	The General Insurance Association
				2009 - Present	Director, Enterprise Risk Management Club	The General Insurance Association
				2005 - Present	Chief Executive Officer	VIG Car Rent (Sixt Thailand)
				2002 - Present	Assistant Managing Director, Finance and Investment Department Head	The Viriyah Insurance Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>10 Mr. Porntat Amatavivadhana</b> - Independent Director - Member of the Compensation Committee	41	- Master of Science in Management Boston University United States  - Attended Training the Director Accreditation Program (DAP) and Audit Committee Program (ACP) held by the Thai Institute of Directors Association (IOD)	-none-	2008 - Present 2008 - Present  2007 - Present 2006 - 2007 2005 - 2007	Director Director  Chief Executive Officer Director Managing Director	K-Tech Construction Public Company Limited Eurotech Engineering International Company Limited Infinite Capital Company Limited Bliss-Tel Public Company Limited Ayudhya Securites Public Company Limited
<b>11 Mr. Thalin Aeimtititwat</b> - Member of the Executive Committee - Secretary to the Audit Committee	49	- Master of Business Administration Western Michigan University United States  - Attended training the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD)	0.040%	Present  2008 - Present 2006 - Present 2003 - present 2003 - present 2000 - present 2000 - present 2003 - 2009	Senior Executive Vice President, Accounting Department Director Director Director Director Director Director Director	Sansiri Public Company Limited  Sansiri Venture Company Limited Red Lotus Properties Limited Arnawat Limited Piwattana Limited Rojnaruemit Limited Chanachai Limited Satit Pattana Personnel Center Limited
<b>12 Mr. Uthai Uthaisangsuk</b> - Member of the Executive Committee	42	- Master of Business Administration Middle Tennessee State University United States	0.039%	Present  2008 - present 2006 - Present 2006 - present 2004 - present 2004 - present	Senior Executive Vice President, Business Development and Project Development Division (High Rise) Director Director Director Director Director	Sansiri Public Company Limited  Sansiri Venture Company Limited Red Lotus Properties Limited Arnawat Limited Sansiri Land Limited S.U.N. Management Company Limited
<b>13 Mr. Metha Angwatanapanich</b> - Member of the Executive Committee	43	- Master of Business Administration National Institute of Development Administration (NIDA)	0.013%	Present  2006 - 2009	Senior Executive Vice President, Business Development and Project Development Division (Low Rise) Senior Vice President , Project Development Low Rise	Sansiri Public Company Limited  Sansiri Public Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>14 Mr. Monthian Soisuwan</b> - Member of the Executive Committee	58	- Diploma Graduate in Business Administration (MINIMBA) Thammasat University	-none-	Present 2009 - Present 2009 - Present	Executive Vice President, Project Support Division Managing Director Managing Director	Sansiri Public Company Limited Plus Property Company Limited Touch Property Company Limited
<b>15 Mr. Nopporn Boonthanom</b> - Member of the Executive Committee - Company Secretary	46	- Master of Law Chulalongkorn University - Attended training the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD)	0.076%	Present 2006 - Present 2003 - Present 2003 - Present 2003 - Present 2000 - Present 2000 - Present 2006 - 2007	General Counsel / Legal Office Director Director Director Director Director Director Director	Sansiri Public Company Limited Red Lotus Properties Limited Arnawat Limited Piwattana Limited Satit Pattana Personnel Center Limited Rojnaruemit Limited Chanachai Limited Sansiri Venture Company Limited
<b>16 Mr. Manu Trakulwattanakit</b> - Member of the Executive Committee	50	- Master of Business Administration National Institute of Development Administration (NIDA)	-none-	Present  2009 - 2010  2007 - 2009	Executive Vice President - Project Management and Marketing Department (Low Rise 3) Executive Vice President - Product Development Department (Low Rise) Executive Vice President - Design Solution Department (DSD) Senior Vice President - Project Management and Marketing Department (Low Rise 3) Senior Vice President - Product Development Department (Low Rise) Vice President - Project Management Department (Low Rise 1, 3)	Sansiri Public Company Limited  Sansiri Public Company Limited  Sansiri Public Company Limited
<b>17 Mr. Somchai Charntanawet</b> - Member of the Executive Committee	50	- Master of Business Administration Chulalongkorn University	0.053%	Present 2009 - 2010  2005 - 2009	Senior Vice President - Finance and Information Technology Department Vice President - Finance Department Vice President - Information Technology Department Vice President - Finance Department	Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited
<b>18 Mrs. Anongluk Rathprasert</b> - Member of the Executive Committee	51	- Bachelor of Arts (Business Administration) Suan Sunandha Rajabhat University	0.001%	Present 2009 - 2010 2005 - 2009	Senior Vice President - Customer Relations and Human Resources Department Vice President - Customer Relations and Human Resources Department Assistant Vice President - Customer Relations Department	Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>19 Mr. Suriya Wannabuit</b> - Executive Vice President - Project Management and Marketing Department (Low Rise 4, 5)	40	- Master of Business Administration Chulalongkorn University	0.001%	Present	Executive Vice President - Project Management and Marketing Department (Low Rise 4, 5)	Sansiri Public Company Limited
				2008 - 2010	Managing Director	Piwattana Limited , Arnawat Limited
				2007 - 2008 2001 - 2007	Executive Vice President Vice President - Project Management Department (Low Rise 1, 3)	Pruksa Real Estate Public Company Limited Sansiri Public Company Limited
<b>20 Miss Vilasinee Dejamornthan</b> - Senior Vice President - Project Management and Marketing Department (Low Rise 2)	39	- Master of Business Administration Assumption University	0.007%	Present	Senior Vice President - Project Management and Marketing Department (Low Rise 2)	Sansiri Public Company Limited
				2006 - 2008	Assistant Vice President - Business Development and Investment Department	Sansiri Public Company Limited
<b>21 Mr. Chookiat Joomthong</b> - Senior Vice President - Government Affairs Department	43	- Bachelor of Law Thammasat University	-none-	Present	Senior Vice President - Government Affairs Department	Sansiri Public Company Limited
				2010	Vice President - Government Affairs Department	Sansiri Public Company Limited
				2005 - 2009	Assistant Vice President - Government Affairs Department	Sansiri Public Company Limited
<b>22 Mr. Supol Sombathwichathon</b> - Senior Vice President - Quality Control and Estimation Department	51	- Executive Master of Business Administration (XMBA) Thammasat University	-none-	Present	Senior Vice President - Quality Control and Estimation Department	Sansiri Public Company Limited
				2004 - 2009	Vice President Estimation Department	Sansiri Public Company Limited
<b>23 Mr. Tasanin Maha-amatayattibodee</b> - Senior Vice President - Home Care Department	47	- Bachelor of Architecture King Mongkut's Institute of Technology Ladkrabang	-none-	Present	Senior Vice President - Home Care Department	Sansiri Public Company Limited
				2010	Vice President - Home Care Department	Sansiri Public Company Limited
				2009 - 2010	Assistant Vice President - Home Care Department	Sansiri Public Company Limited
				2008 - 2009	Assistant Vice President - Quality Control Department	Sansiri Public Company Limited
				2006 - 2007	Assistant Vice President - Project Management Department (Low Rise 3)	Sansiri Public Company Limited
				2005 - 2006	Senior Director - Project Development Department	Plus Property Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name – Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>24 Mr. Apisit Srisakulpong</b> – Senior Vice President – Project Management Department (High Rise 1)	45	– Master of Business Management Chulalongkorn University	0.001%	Present  2010  2005 – 2008	Senior Vice President – Project Management Department (High Rise 1) Vice President – Project Management Department (High Rise 1) Assistant Vice President – Project Management Department (High Rise 1)	Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited
<b>25 Miss Dusadee Tancharoen</b> – Vice President– Marketing and Product Development (High Rise)	39	– Bachelor of Arts Chulalongkorn University	0.005%	Present  2009 – 2010  2004 – 2009	Vice President– Marketing and Product Development (High Rise) Assistant Vice President– Marketing and Product Development (High Rise) Senior Director– Marketing Corporate Department	Sansiri Public Company Limited Sansiri Public Company Limited Plus Property Company Limited
<b>26 Miss Sirindra Pangmanee</b> – Vice President – Corporate Planning and Investor Relations and Organisation Development Department	38	– Master of Business Administration Tepper School of Business Carnegie Mellon University United States	0.078%	Present  Present  2009 – 2010    2007 – 2009   2005 – 2007	Vice President – Corporate Planning and Investor Relations Department Vice President – Organisation Development Department Assistant Vice President – Organisation Development Department Assistant Vice President – Corporate Planning and Investor Relations Department Assistant Vice President – Corporate Finance and Investor Relations Department Senior Manager – Corporate Finance and Investor Relations Department	Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited   Sansiri Public Company Limited Sansiri Public Company Limited
<b>27 Mr. Samatcha Promsiri</b> – Vice President – Corporate Marketing Department	37	– Master of Arts (International Relations) University of Nottingham United Kingdom – Master of Arts (International Political Economy) University of Warwick United Kingdom	–none–	Present  2009 – 2010  2008 – 2009  2006 – 2007	Vice President – Corporate Marketing Department Assistant Vice President – Corporate Marketing Department Assistant Vice President – Marketing Department Senior Manager – Marketing Department	Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited Sansiri Public Company Limited

Note 1/ Including the shares held by spouse and minor children

## DETAILS ON THE DIRECTORS AND MANAGEMENT

Name - Present Position in Company	Age	Highest Academic Qualifications	% of shares held in the company <sup>1/</sup> as of 31 Dec 2010	Working Experience During The Past 5 years		
				Period	Position	Company (Type of Business)
<b>28 Mr. Prasert Trakranvachirahut</b> - Vice President - Project Procurement Department	38	- Master of Business Administration National Institute of Development Administration (NIDA)	--none--	Present	Vice President - Project Procurement Department	Sansiri Public Company Limited
				2009 - 2010	Assistant Vice President - Project Procurement Department	Sansiri Public Company Limited
				2006 - 2008	Senior Manager - Project Procurement Department	Sansiri Public Company Limited
<b>29 Mr. Pornchai Chaimongkolsub</b> - Vice President - Project Management and Marketing Department (Low Rise 1)	44	- Bachelor of Arts (Business Administration) Bangkok University	--none--	Present	Vice President - Project Management and Marketing Department (Low Rise 1)	Sansiri Public Company Limited
				2010	Assistant Vice President - Project Management and Marketing Department (Low Rise 1)	Sansiri Public Company Limited
				2006 - 2009	Senior Project Manager	Sansiri Public Company Limited
<b>30 Miss Suwannee Mahanarongchai</b> - Vice President - Plus and Touch Business Support Department (Research-Business Development and Consultant)	35	- Master of Business Administration (Finance) Assumption University	0.004%	Present	Vice President - Plus and Touch Business Support Department (Research-Business Development and Consultant)	Sansiri Public Company Limited
				2010	Assistant Vice President - Plus and Touch Business Support Department (Research-Business Development and Consultant)	Sansiri Public Company Limited
				2009	Senior Manager - Plus and Touch Business Support Department (Research-Business Development and Consultant)	Sansiri Public Company Limited
				2008 - 2009	Senior Manager - Business Development and Investment Department	Sansiri Public Company Limited
				2007 - 2008	Director - Business Development Department	Plus Property Company Limited
				2005 - 2007	Associate Director - Business Development Department	Plus Property Company Limited
<b>31 Mr. Piti Jarukamjorn</b> - Vice President - Project Management Department (High Rise 2)	33	- Master of Engineering (Construction Management) North Carolina State University United States	0.003%	Present	Vice President - Project Management Department (High Rise 2)	Sansiri Public Company Limited
				2010	Senior Manager - Project Management Department (High Rise 2)	Sansiri Public Company Limited
				2009	Manager - Project Management Department (High Rise 2)	Sansiri Public Company Limited
				2007 - 2009	Manager - Project Management Department (High Rise 2)	Sansiri Public Company Limited
				2006	Assistant Manager - Project Department	Sansiri Public Company Limited

Note 1/ Including the shares held by spouse and minor children



## DETAILS ON THE MANAGEMENT OF THE SUBSIDIARIES OR RELATED COMPANIES

(As of 31 December 2010)

The names of the Companies		Subsidiary Companies																
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
The names of the Management		Sansiri PCL.	Chanachai Limited	Rojanumit Limited	Amawat Limited	Piwattana Limited	Satit Pattana Personnel Center Limited	Red Lotus Properties Limited	Sansiri Venture Co.,Ltd.	S.U.N. Management Co.,Ltd.	Plus Property Co.,Ltd.	Sansiri Land Limited	Plus Property Venture Co.,Ltd.	Papanan Limited	Pacific Challenge Holding Co.,Ltd.	Touch Property Co.,Ltd.	Plus Property Space Co.,Ltd.	National Education Development Co.,Ltd.
1 Mr. Kovit	Poshyananda	X, /	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Mr. Apichart	Chutrakul	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
3 Mr. Srettha	Thavisin	/	/	/	/	/	/	/	/	/	/	/	/	-	/	-	/	/
4 Mr. Wanchak	Buranasiri	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
5 Mr. Mana	Noppun	XO, /	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Mr. Jesadavat	Priebjrivat	/, O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Mr. Wirat	Uanarumit	/, O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Mr. Kriengkrai	Thiennukul	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Mrs. Nujchanart	Panthawangkun	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Mr. Porntat	Amatavivadhana	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mr. Thalin	Aeimtitiwat	-	/	/	/	/	-	/	/	/	-	-	-	-	-	-	-	-
12 Mr. Uthai	Uthaisangsuk	-	-	-	/	-	/	/	/	/	-	/	-	-	-	-	-	/
13 Mr. Metha	Angwatanapanich	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-
14 Mr. Monthian	Soisuwan	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-

Note X = Chairman of the Board XO = Chairman of Audit Committee /= Director O = Member of Audit Committee

## DETAILS ON THE MANAGEMENT OF THE SUBSIDIARIES OR RELATED COMPANIES

(As of 31 December 2010)

The names of the Companies		Subsidiary Companies																
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
The names of the Management		Sansiri PCL.	Chanachai Limited	Rojnaruemit Limited	Arnawat Limited	Piwattana Limited	Sattit Pattana Personnel Center Limited	Red Lotus Properties Limited	Sansiri Venture Co.,Ltd.	S.U.N. Management Co.,Ltd.	Plus Property Co.,Ltd.	Sansiri Land Limited	Plus Property Venture Co.,Ltd.	Papanan Limited	Pacific Challenge Holding Co.,Ltd.	Touch Property Co.,Ltd.	Plus Property Space Co.,Ltd.	National Education Development Co.,Ltd.
15 Mr. Nopporn	Boonthanom	-	/	/	/	/	/	/	/	/	-	-	-	-	-	-	-	/
16 Mr. Manu	Trakulwattanakit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Mr. Suriya	Wannabuit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Mrs. Anongluk	Rathprasert	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Mr. Somchai	Charntanawet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Miss Vilasinee	Dejamornthan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21 Mr. Chookiat	Joomthong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Mr. Supol	Sombathwichathon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Mr. Tasanin	Maha-amatayattibodee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Mr. Apisit	Srisakulpong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Miss Dusadee	Tancharoen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Miss Sirindra	Pangmanee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 Mr. Samatcha	Promsiri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Mr. Prasert	Trakranvachirahut	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Mr. Pornchai	Chaimongkolsub	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Miss Suwannee	Mahanarongchai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Mr. Piti	Jarukamjorn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note X = Chairman of the Board XO = Chairman of Audit Committee /= Director O = Member of Audit Committee

## DETAILS ON THE SUBSIDIARIES' DIRECTORS

(As of 31 December 2010)

The name of Subsidiary Companies		Subsidiary Companies															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Name of the Director		Chanachai Limited	Rojanuemit Limited	Amawat Limited	Piwattana Limited	Satt Pattana Personnel Center Limited	Red Lotus Properties Limited	Sansiri Venture Co.,Ltd.	S.U.N. Management Co.,Ltd.	Plus Property Co.,Ltd.	Sansiri Land Limited	Plus Property Venture Co.,Ltd.	Papanan Limited	Pacific Challenge Holding Co.,Ltd.	Touch Property Co.,Ltd.	Plus Property Space Co.,Ltd.	National Education Development Co.,Ltd.
1 Mr. Apichart	Chutrakul	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
2 Mr. Srettha	Thavisin	/	/	/	/	/	/	/	/	/	/	/	-	/	-	/	/
3 Mr. Wanchak	Buranasiri	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
4 Mr. Thalini	Aeimtiwat	/	/	/	/	-	/	/	/	-	-	-	-	-	-	-	-
5 Mr. Nopporn	Boonthanom	/	/	/	/	/	/	/	/	-	-	-	-	-	-	-	/
6 Mr. Uthai	Uthaisangsuk	-	-	/	-	/	/	/	/	-	/	-	-	-	-	-	/
7 Mr. Metha	Angwatanapanich	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-
8 Mr. Monthian	Soisuwan	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
9 Mrs. Pakpilai	Thavisin	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
10 Mrs. Ob-oom	Chutrakul	-	-	-	-	-	-	-	-	-	/	-	-	-	/	-	-
11 Mr. Poomipak	Julmanichoti	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	/
12 Mrs. Nirada	Wonganantkul	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	/
13 Mr. Chan	Sirirat	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-
14 Mr. Jirayu	Archacharoensuk	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-
15 Mr. Chatchai	Udomphon	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-

Note / = Director

In 2010, the changing of subsidiaries' directors are as follows:

- Mrs. Nirada Wonganantkul registered as a director of Satit Pattana Personnel Center Limited on 20 April 2010.
- Mrs. Chotika Wisarnchai registered the resignation from the directors of Satit Pattana Personnel Center Limited since 4 May 2010.
- Mr. Ted Posakridsana Thirapatana registered the resignation from the directors of Sansiri Land Limited since 9 June 2010.
- Mrs. Ob-oom Chutrakul registered as a director of Sansiri Land Limited to replaced Mr. Ted Posakridsana Thirapatana on 9 June 2010.
- Mrs. Ornruedi Na-Ranong registered the resignation from the directors of S.U.N. Management Co., Ltd. since 9 July 2010.
- Mr. Kriengsak Thinnukul registered the resignation from the directors of S.U.N. Management Co., Ltd. since 9 July 2010.
- Mr. Thanapol Sirithanachai registered the resignation from the directors of S.U.N. Management Co., Ltd. since 9 July 2010.

# INTER-RELATED TRANSACTION

During the financial year ended on 31 December 2010, the Company and its subsidiaries had no inter-related transaction with major shareholders, directors, and related persons.

## **POLICIES OR TENDENCY FOR INTER-RELATED TRANSACTIONS IN FUTURE**

The Company's policy is to engage in transactions to the extent that such transactions serve the best interests of the Company at the time. The conditions applicable to such transactions are those that obtain during normal periods of business, at normal market rates, for entities or businesses that are non-related.

For future inter-related transactions, the Audit Committee and the Company will jointly ensure that they comply with the laws and regulations pertaining to securities, guidelines set by the Stock Exchange of Thailand, as well as the requirement regarding the disclosure of such transactions and the acquisition or sale of assets belonging to the Company and its subsidiaries.

# TABLE OF KEY FINANCIAL RATIOS

		Audited		
		2010	2009	2008
<b>LIQUIDITY RATIO</b>				
Current Ratio	Times	2.58	1.79	2.00
Quick Ratio	Times	0.33	0.29	0.23
Operating Cash flow To Total Debt	Times	(0.12)	0.12	(0.05)
Accounts Receivable Turnover	Times	388.91	54.65	13.57
Collection Period	Days	0.93	6.59	26.54
Inventory Turnover	Times	0.60	0.59	0.51
Inventory Turnover	Days	603.25	606.17	709.68
Accounts Payable Turnover	Times	15.33	13.65	11.89
Payment Period	Days	23.49	26.38	30.27
Cash Cycle	Days	580.68	586.38	705.94
<b>PROFITABILITY RATIO</b>				
Gross Profit Margin (of Core Revenue)	%	32.56	29.48	29.56
Gross Profit Margin (of Revenue from Project Sales)	%	33.47	29.66	28.94
Net Profit Margin	%	10.12	6.07	0.17
Return on Equity	%	21.44	12.14	0.27
<b>EFFICIENCY RATIO</b>				
Return on Total Assets	%	6.66	3.85	0.09
Return on Fixed Assets	%	66.04	43.88	10.21
Asset Turnover	Times	0.65	0.63	0.54
<b>FINANCIAL RATIO</b>				
Debt-to-Equity	Times	2.30	2.12	2.18
Gearing Ratio	Times	1.55	1.27	1.28
Interest Coverage	Times	5.27	4.41	1.31
Contingency Coverage (Cash Basis)	Times	(0.29)	0.28	(0.13)
Payout Ratio	%	50.00	50.00	50.00
<b>PER SHARE</b>				
Book Value per Share	Baht	6.39	5.60	5.24
Earnings per Share	Baht	1.28	0.66	0.01
Dividend per Share	Baht	1.18	0.52	0.30
<b>GROWTH RATIO</b>				
Total Assets	%	20.98	4.97	17.16
Total Liabilities	%	24.02	4.09	29.95
Revenue from Sales and Services	%	17.52	29.47	0.06
Operating Expenses	%	33.05	4.74	(19.01)
Net Profit	%	95.70	4,455.91	(94.17)

# MANAGEMENT DISCUSSION AND ANALYSIS

## MAJOR DEVELOPMENT IN 2010

### CHANGE IN ACCOUNTING POLICY

During the current year, the Federation of Accounting Professions issued 32 revised and new accounting standards, 28 of which are effective for fiscal years beginning on or after 1 January 2011 whereas 3 of which are effective for fiscal years beginning on or after 1 January 2013 with A Framework for the Preparation and Presentation of Financial Statements (revised 2009), becoming effective immediately. In this regard, Sansiri's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

#### TAS 12 INCOME TAXES

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax basis, and to recognise deferred tax as assets or liabilities under the stipulated guidelines. At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### TAS 19 EMPLOYEE BENEFITS

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, Sansiri records such employee benefits when they are incurred. Based on the management's assessment, an adoption of this accounting standard in 2011 will decrease consolidated retained earnings at the beginning of the year by approximately 23 million baht.

#### TAS 40 (REVISED 2009) INVESTMENT PROPERTY

This accounting standard requires entities to classify a property held for either rental income or capital gains in the future as an investment property. There are options for the entity to present the investment property at cost (but the entity has to present the fair value in notes to the financial statements) or at fair value which the differences arising from change in the fair value will be recorded as gain or loss in the income statements. As Sansiri and its subsidiaries

elect to present the investment property at cost, the adoption of this accounting standard in 2011 will affect the financial statements only for disclosure of fair value of the investment property in notes to the financial statements.

During the year 2010, Sansiri and its subsidiaries changed their accounting policy for recognition of revenue from sales of real estate from the percentage of completion method to recognising revenue in full when significant risks and rewards of ownership have been transferred to the buyer. This change was made to be in line with the International Financial Reporting Standard, and is in accordance with TAS 18 (revised 2009) "Revenue" which is effective on 1 January 2011.

In this regard, Sansiri and its subsidiaries have restated the previous year's financial statements as though the revenue from sales of real estate had originally been recognised in full when significant risks and rewards of ownership have been transferred to the buyer. The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for recognition of revenue from sales of real estate" in the statements of changes in shareholders' equity. The change in accounting policy resulted in the decrease of 1,235.31 million baht from the balance of Unappropriated retained earnings as previously reported as at 31 December 2008. Consequently, the restated balance of Total equity attributable to the parent's shareholders was 7,728.05 million baht as at 31 December 2008 whereas the restated Net income for the year 2009 was 969.73 million baht. The effects of the change in accounting policy to the balance sheets could be summarised as the decrease of 1,873.11 million baht from the balance of Unappropriated retained earnings as previously reported as at 31 December 2009 and the decrease of 943.53 million baht from the balance of Unappropriated retained earnings as previously reported as at 31 December 2010. For the income statements, the change in accounting policy led to the decrease of 637.81 million baht from the 2009 Net income attributable to equity holders of the parent and the increase of 929.58 million baht to the balance of 2010 Net income attributable to equity holders of the parent.

## **A CHANGE IN MAJOR SHAREHOLDERS**

On 1 April 2010, T.S. Star Company Limited, the holding company wholly owned by Mr. Srettha Thavisin who is also the director, bought Sansiri's shares from foreign funds. Following the sale transactions, Mr. Srettha Thavisin Group (including T.S. Star Company Limited and Mr. Srettha Thavisin) became the major shareholder of Sansiri, holding altogether 355,339,784 shares or 24.10 percent of total issued and paid-up capital of Sansiri as of 1 April 2010.

## **SUMMARY OF MARKET CONDITION FOR THE YEAR 2010**

The Thai economy in 2010 grew by 7.8 percent (Source: Office of the National Economic and Social Development Board or NESDB) despite the negative impacts from the internal political unrest, unclear global economic recovery, high volatility of Baht and international capital flows, and natural disasters. The supporting factors include the increase of export value by 28.5 percent and the strong recovery of local demands as the private investment and household consumption grew by 13.8 percent and 4.8 percent respectively. Tourism industry also expanded with the increasing number of tourists to 15.8 million in 2010, or a 12 percent growth from the previous year. The economic stability was good as the unemployment rate remained low.



The government's Stimulus Package was a contributing factor in the economic growth. Measures to assist real estate business by cutting transfer fee and measures to reduce cost of living together with the direct government's spending on "Strong Thailand Scheme" helped improve the consumer confidence index to 71.9 points in December 2010. (Source: Fiscal Policy Office) Despite the negative impact from the political unrest during April and May, concern over bubble economy, increasing interest rate, and a preventive measure by Bank of Thailand to set the loan-to-value (LTV) limit for condominium and housing purchases, the real estate market continued to grow in 2010 thanks to the strong recovery of housing demand since the beginning of the year. Based on the report by the Real Estate Information Center (REIC), the number of new registration units in Bangkok and vicinities in 2010 was at 105,152 units, an 11 percent growth from the previous year. Of the total new registration units, 54 percent were condominiums, 31 percent were single-detached houses, 12 percent were townhouses, 2 percent were commercial buildings and the balance of 1 percent were detached-houses.

## **ECONOMIC OUTLOOK FOR THE YEAR 2011**

The easy monetary policy together with the expansionary fiscal policy will remain the key supportive factors for economic growth in 2011. The NESDB forecasts that Thai economy in 2011 will expand in the range of 3.5 to 4.5 percent with supportive factors including the strong global economic recovery leading to exportation expansion by 12.5 percent and the expected growth in consumption expenditure and total investment at 3.9 percent and 7.3 percent respectively. However, there are risks and uncertainties especially the economic recovery in European countries and Japan, a restrictive monetary policy to manage inflation in China, together with the upward trends of global oil price and inflation rate. The NESDB also expects the headline inflation in 2011 to be in the range of 2.8 to 3.8 percent.

Consumer confidence index on overall economy in January 2011 stayed at 72.6 points, a slight increase from 71.9 points in December 2010, mainly driven by the strong economic recovery especially improving local demands, greater farm income, and the continuation of the government's policy on Stimulus Package such as measures to help reduce cost of living and a diesel subsidy. However, the negative factors are the upward trend of local oil prices and consumers' concern on internal political situation.

For real estate market, the Agency for Real Estate Affairs (AREA) forecasts the total number of newly-launched units in 2011 to be 107,508 units, 55 percent of which or 59,659 units will be condominiums. It is also expected that the key developers still control the real estate market owing to the consumer behavior trend to pay more attention on credibility and reliability of developers whereas the measure to limit loan-to-value for condominium and housing purchases and increasing interest rate will create barriers to entry for small and medium developers.

## **FINANCIAL RESULTS**

Total revenues in 2010 amounted to 18,755 million baht, a 17 percent increase from 15,972 million baht in 2009. The key drive was the 18 percent growth in revenue from project sales in consequence of successful launches and ownership transfer of single-detached house,

townhouse, and condominium projects. In this regard, revenue from project sales remained the core revenue representing 95 percent of total revenues.

## REVENUE FROM PROPERTY DEVELOPMENT FOR SALE

The breakdown of revenue from property for sales during 2008 – 2010 is as follows:

Revenue from property for sales	2010		2009		2008	
	Million baht	%	Million baht	%	Million baht	%
Single-detached houses	6,787.91	38	5,340.82	35	5,860.85	51
Townhouses	3,080.95	17	2,648.47	18	2,008.89	17
Condominiums	7,988.20	45	7,086.17	47	3,710.06	32
Others	11.93	0	28.50	0	-	-
Total	17,868.99	100	15,103.96	100	11,579.80	100

In 2010, revenue from project sales of Sansiri and subsidiaries amounted to 17,869 million baht, an 18 percent increase from 15,104 million baht in 2009. To the 2010 total revenue from project sales, 7,988 million baht revenue from condominium projects contributed 45 percent, 6,788 million baht revenue from single-detached house projects contributed 38 percent, with the balance of 3,081 million baht from townhouse projects contributed 17 percent.

The proportion of revenue from single-detached house projects increased from 35 percent of total revenue from project sales in 2009 to 38 percent of total revenue from project sales in 2010. The revenue from five singledetached housing projects with average price per unit of 4.5 to 8.7 million baht, namely Setthasiri Prachachuen phase 6, Burasiri Ngamwongwan-Prachachuen, Setthasiri Bangna-Wongwaen, Saransiri Thakham-Rama 2, and Burasiri Rachapruek, altogether contributed 2,890 million baht or 16 percent to total revenue from project sales.

In 2010, revenue from townhouse projects increased from that of 2009 by 16 percent to 3,081 million baht. The 2,792-million baht revenue representing 16 percent of total revenue from project sales came from ten projects under the brand “Town Plus” and “Town Plus X” with average unit price between 2.6 and 5.0 million baht. The biggest contributors to revenue from townhouses in 2010 were Town Plus Kaset Navamindra with the amount of 712 million baht and Town Plus X Prachachuen with the amount of 459 million baht.

Revenue from condominium projects grew by 12 percent from 7,086 million baht in 2009 to 7,988 million baht in 2010 due to the ownership transfer of newly completed condominium projects, including Prive’ by Sansiri in the second quarter, together with Hive Sathorn and 39 by Sansiri in the fourth quarter of 2010. The major contributor was revenue from five condominium projects with average unit price between 4.4 million baht to 15.9 million baht, contributing 7,182 million baht or 40 percent of total revenue from project sales. These projects included Siri at Sukhumvit, Baan Sansuk, Prive by Sansiri, Hive Sathorn and 39 by Sansiri.

## **REVENUE FROM PROPERTY SERVICES**

### **REVENUE FROM PROPERTY DEVELOPMENT FOR RENT AND BUSINESS MANAGEMENT**

In 2010, revenue from rental business including revenue from leasehold rights written off was 199 million baht, a 13 percent decrease from that of the previous year, due to the sale of property for rent. In June 2010, Sansiri sold the leasehold rights of an apartment, “SIRI Apartment”, located on wireless road. Instead of continue renting 24 single-detached houses of the flagship housing project, Baan Sansiri Sukhumvit 67, from Sansiri Property Fund set up by ING Fund, and renting out to individual tenants for recurring-income of property development for rent, Sansiri bought 24 single-detached houses, according to the put option with the Sansiri Property Fund. In this regard, Sansiri plans to renovate all the houses and sell or rent to individual customers. Meanwhile, Sansiri has not renewed the contracts with tenants, resulting in the decrease in revenue from property development for rent.

In 2010, revenue from business management was 376 million baht, a minimal decrease from 377 million baht in 2009, due to the decrease of 1 property under management of Plus Property Company Limited, from 129 properties as of 31 December 2009 to 128 properties as of 31 December 2010.

### **REVENUE FROM OTHER SERVICES**

For the year 2010, revenue from other services including revenue from medical spa business, hotel business, and school, was 152 million baht, a 33 percent growth from 114 million baht in the previous year. Revenue from school increased as a result of the higher enrolment in 2010, while revenue from medical spa business also increased by 9 percent from 62 million baht in 2009 to 68 million baht in 2010 due to the fully-integrated services that satisfy increasing number of health-conscious customers. In 2010, the occupancy rate of hotel business remained unchanged from the previous year, resulting in the same revenue of 15 million baht.

## **COST OF PROJECT SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

### **COST OF PROJECT SALES AND OTHER COSTS**

For the year 2010, cost of project sales amounted to 11,888 million baht, a 12 percent increase over 2009, mainly driven by the higher cost of land purchases and construction costs. Gross profit margin of project sales dramatically improved from 29.7 percent in 2009 to 33.5 percent in 2010 thanks to the higher gross profit margin of condominium projects of 35.1 percent, compared to 28.5 percent in 2009. The higher gross profit margin was driven by not only the higher gross margin of the upscale projects that were completed and transferred to customers in 2010, but also the efficient control of construction schedule and construction material costs. Cost of projects for rent decreased by 19 percent, corresponding to the decreasing revenue from rental business as a result of the sale of an apartment. In 2010, cost of business management increased from 242 million baht in 2009 to 301 million baht, caused by the increasing cost of outsourcing services including security guards and housekeepers.

In this regard, Sansiri has not passed the increasing charges to the customers, resulting in the decreasing gross profit from business management. Cost of other services including medical spa, hotel business, and school increased by 87 percent, due to the purchases of equipment and recruitment cost which were parts of setup cost that expected to yield increasing profit in the future.

## **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

In 2010, selling and administrative expenses were at 3,291 million baht, or 17.5 percent of total revenues, compared to 15.5 percent of total revenues in 2009. Selling expenses were at 1,706 million baht or 9.1 percent of total revenues in 2010, compared to 6.7 percent of total revenues in 2009 due to the marketing costs associated to the launches of new marketing concepts and new brands. In 2010, Sansiri launched three condominium projects, namely WYNE Sukhumvit, TEAL Sathorn-Taksin, and ONYX Phaholyothin, under the concept of “Aesthetic Living” to attract new customer groups as well as launched “dcondo”, the new brand for low-priced condominiums to expand clientele. Although all the launches were successful and resulted in the high presale amount in 2010, revenues from those condominium projects could not be realised as revenue from project sales until the housing units are complete and transferred to customers in the future. In addition, the expiration of the government’s tax measures to stimulate economy also caused the higher selling expenses from the special business tax and transfer fee, compared to the previous year. Nonetheless, the administrative expenses (including management benefit expenses) was at 1,585 million baht, or 8.5 percent of total revenues in 2010, a slight improvement from 8.8 percent of total revenues in 2009 due to the benefits of economy of scale from increasing number of housing projects and business expansion.

## **FINANCIAL COST**

In 2010, financial cost increased from 124 million baht in 2009 to 245 million baht, owing to the interest expenses incurred by the undeveloped plots of land.

## **OTHER EXPENSES**

Sansiri and subsidiaries recorded loss on diminution in value of property development and impairment loss on land, building and equipment with total amount of 15 million baht. In addition, Sansiri recorded loss on impairment of goodwill from the acquisition of Sansiri Venture Company Limited, Plus Property Venture Company Limited, and Plus Property Space Company Limited at 40.55 million baht, according to the amortisation of goodwill in relation to revenue recognition of property development for sale. Consequently, Sansiri had fully recorded loss on impairment of goodwill from the acquisition as of 31 December 2010.

## **NET PROFIT**

For the year 2010, Sansiri and subsidiaries reported net profit of 1,898 million baht, a 96 percent growth from 970 million baht in 2009, with the net profit margin of 10.1 percent of total revenues. Operating profit margin also improved from 13.9 percent in 2009 to 14.9 percent as a result of an increase in revenue and efficient cost management.

In 2010, the effective corporate income tax was at 27 percent of earnings before corporate income tax, in consequence of a change in accounting policy to realise revenue from project sales by transfer method in the fourth quarter of 2010. Unlike accounting which uses transfer of ownership as the basis for revenue recognition, the Revenue Department views that revenue will be recorded using accrual basis. For housing projects launched prior to October 2010 and realised revenue using percentage of completion method, revenue recognition (for tax purpose only) will continue using percentage of completion method until the projects are complete. The discrepancy between revenue from project sales by accounting and by tax purpose will cause the effective corporate income tax rate to be either higher or lower than the specified rate of 30 percent, depending on the difference between the value of housing transfer and the expected revenue from property development using percentage of completion method. For a year that the value of housing transfer is greater than the expected revenue using percentage of completion method, the effective corporate tax will be less than 30 percent of earnings before corporate income tax.

## **ASSETS**

Total assets of Sansiri and subsidiaries as of 31 December 2010 amounted to 31,190 million baht, an increase of 5,408 million baht from that of 31 December 2009, due to progressive construction of housing projects and land purchases for future project development to meet customers' need as evidenced by an increase of 4,836 million baht in the item "Property development for sale (net)".

As of 31 December 2010, Sansiri and subsidiaries had a total of 48 housing projects worth of 57,416 million baht under construction, including 47 active housing projects worth of 57,210 million baht available for sale and another housing project worth of 206 million baht with progressive construction but not launched yet. Of the total project value of 47 active housing projects, 33,399 million baht were sold (as of 31 December 2010), representing the selling rate of 58 percent of total project value.

Total non-current assets decreased by 227 million baht corresponding to the decrease of property development for rent by 448 million baht as a result of the sale of leasehold rights of an apartment for rent, "SIRI Apartment", located on wireless road. The difference between the selling price and the book value of the leasehold rights was 2.3 million baht, which was recorded as gain from the sale of property for rent included in the item "Other revenues" on Income Statement for the year ended 31 December 2010. In addition, Sansiri increased its investment in land, building and equipment from 999 million baht in 2009 to 1,390 million baht in 2010, most of which were investments in sale offices with respect to business expansion.

## **LIABILITIES**

Total liabilities of Sansiri Group amounted to 21,743 million baht as of 31 December 2010, an increase of 4,211 million baht over the same period of last year. Total current liabilities decreased by 1,578 million baht to 10,747 million baht whereas total non-current liabilities increased by 5,789 million baht to 10,996 million baht, mainly driven by increasing project financing loans corresponding to an increase in progressive construction of active housing projects. In addition, Sansiri issued medium-and long-term debentures twice in 2010 to

raise fund for business expansion. In February 2010, Sansiri issued the 1,000-million baht unsecured debenture with no debenture holders' representative at fixed interest rate of 4.90 percent per annum with maturity of 3 years 7 months and 20 days. In May 2010, Sansiri issued the 7-year unsecured debenture with no debenture holders' representative at fixed interest rate of 5.60 percent per annum with total issue size of 2,000 million baht. The debenture issuance not only provided Sansiri with more funding alternatives and less dependence on project financing loans but also helped mitigate risk of increasing interest rate with the issuance of fixed-rate, long-term debentures. The interest bearing debt also increased from 10,517 million baht as of 31 December 2009 to 14,677 million baht as of 31 December 2010, driven by progressive construction. The debt-to-equity ratio was 2.30 times with the interest-bearing debt-to-equity ratio (Gearing ratio) of 1.55 times.

## SHAREHOLDERS' EQUITY

As of 31 December 2010, Shareholders' Equity increased to 9,448 million baht, an increase of 1,197 million baht from the previous year, mainly driven by the 2010 net profit of 1,898 million baht. In 2010, Sansiri paid out dividend of 766 million baht, based on the 2009 financial result and recorded the translation adjustments of 31 million baht.

## LIQUIDITY

1. During the past 3 years, the movement of cash flow has been summarised as follows:

Unit: million baht

	31 Dec 2010	31 Dec 2009	31 Dec 2008
Net cash provided by (used in) operating activities	(2,607.85)	2,069.84	(769.06)
Net cash provided by (used in) investing activities	(399.95)	(349.50)	(345.41)
Net cash provided by (used in) financing activities	2,932.80	(258.51)	1,285.04

For the year 2010, beginning balance of cash was 3,439 million baht with net cash used in operating activities and investing activities of 2,608 million baht and 400 million baht respectively, and net cash provided by financing activities of 2,933 million baht, resulting in the ending cash balance of 3,331 million baht. For operating activities, cash outflow as development costs for property development for sale amounted to 14,830 million baht with the decrease of "Advances received from customers and unearned income" to be realised as revenue of 1,145 million baht. For investing activities, cash payment on purchase of furniture, fixture, and equipment of sale offices amounted to 540 million baht while cash inflow from the redemption of Sansiri Property Fund amounted to 132 million baht. For financing activities, cash inflow from debenture issuance amounted to 11,629 million baht while cash outflow for loan repayment including interest payment to financial institutions and Property Fund were 7,250 million baht and 849 million baht respectively. In 2010, cash outflow for dividend payment was 766 million baht.



2. The liquidity ratio of Sansiri Group increased from 1.79 times as of 31 December 2009 to 2.58 times as of 31 December 2010, due to the significant increase of 26 percent in the current assets together with the decrease of 13 percent in the current liabilities, compared to the previous year.

The current assets as of year ended 2010 stood at 27,694 million baht, a 26 percent growth over the same period of last year, with cash of 3,331 million baht. Of the total cumulative construction cost of property for sale of 81,963 million baht, 59,624 million baht were already transferred to customers as scheduled with the balance of Property development for sale of 22,339 million baht as of 31 December 2010.

The current liabilities stood at 10,747 million baht as of year ended 2010, a 13 percent decrease from the previous year, due to the redemption of Property Fund which excluded other payable of 849 million baht from the balance sheets. The current liabilities included the current portion of long-term loans and short-term promissory notes – purchase of land of 4,992 million baht and 463 million baht respectively, with unearned income of 2,841 million baht.

## **RETURN ON EQUITY**

The return of equity for the year 2010 was 21.44 percent, a significant improvement from 12.14 percent in 2009, mainly driven by the dramatic increase of net profit margin from 6.07 percent to 10.12 percent in 2010. In this regard, total revenue in 2010 increased by 17 percent from the previous year, whereas the gross profit margin also improved with a slight increase of operating expenses, owing to the efficient cost management. Moreover, Sansiri efficiently used assets to generate revenues with the improving asset turnover of 0.65 time, compared to 0.63 time in 2009. Financial leverage from the higher debt-to-equity ratio of 2.30 times in 2010, compared to 2.12 times in 2009, also resulted in the higher return on equity.

## **CAPITAL EXPENDITURE**

In 2010, Sansiri increased its holding in S.U.N. Management Company Limited from 51 percent to 100 percent through the purchase of 490,000 shares worth of 14.98 million baht. S.U.N. Management Company Limited is in property development business, selling leasehold rights of commercial building, SUN Square Silom, to individual customers.

## **SOURCES OF FUNDS**

In 2010, key sources of funds include project financing loans from financial institutions, debenture issuance, and down payment collection from project sales together with the cash inflow upon housing transfer. The project financing loans increased from 8,544 million baht as of 31 December 2009 to 10,488 million baht as of 31 December 2010 whereas proceeds from debenture issuance amounted to 3,974 million baht in 2010, increasing from 991 million baht in 2009. The uses of funds could be summarised as loan repayment to financial institutions, land acquisitions, and working capital for personnel development and computer system upgrade.

# FINANCIAL STATEMENTS

## REPORT OF INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF SANSIRI PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated balance sheets of Sansiri Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Sansiri Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sansiri Public Company Limited and its subsidiaries and of Sansiri Public Company Limited as at 31 December 2010 and 2009, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 6 to the financial statements whereby, in 2010, the Company and its subsidiaries changed their accounting policy for recognition of revenue from sales of real estate from the percentage of completion method to recognising revenue in full when the significant risks and rewards of ownership have been transferred to the buyer. The Company and its subsidiaries have thus restated the 2009 financial statements to reflect this change in accounting policy. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.



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Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182  
Ernst & Young Office Limited  
Bangkok: 28 February 2011



**Sansiri Public Company Limited and its subsidiaries**  
**Balance sheets**  
**31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009 (Restated)	2010	2009 (Restated)
Assets					
Current assets					
Cash and cash equivalents	8	3,331,313,418	3,439,231,591	2,050,506,554	1,859,642,992
Current investments		140,745,560	44,128,030	125,856,081	28,409,555
Trade accounts receivable – net	10	50,404,764	45,225,096	18,287,376	22,648,443
Short-term loans to related parties – net	7	–	14,700,000	3,407,878,321	2,715,850,450
Property development for sale – net	11	22,339,201,935	17,502,965,820	15,089,115,102	10,266,719,966
Other current assets					
Advance payment to contractors		1,270,489,497	698,778,385	969,544,760	264,434,824
Deposits for land and purchase of assets		484,639,988	235,043,930	416,655,968	182,244,366
Dividend receivable	12	–	–	300,000,000	–
Others		77,167,334	79,295,780	69,913,435	70,909,835
<b>Total current assets</b>		<b>27,693,962,496</b>	<b>22,059,368,632</b>	<b>22,447,757,597</b>	<b>15,410,860,431</b>
Non-current assets					
Investments in subsidiaries	12	–	–	1,078,314,209	964,330,009
Long-term investments					
Investments in available-for-sale securities	23	–	129,711,359	–	129,711,359
Restricted bank deposits	9	47,752,192	42,416,090	6,713,016	6,713,016
Other investments		330,400	330,400	330,400	330,400
Property development for rent – net	13	900,894,878	1,348,795,236	315,318,582	721,825,332
Land held for development – net	14	802,613,631	812,877,405	233,999,250	231,937,318
Land, building and equipment – net	15	1,389,502,458	999,233,070	501,390,407	381,177,607
Intangible assets – net	16	40,291,677	28,472,405	30,142,255	16,036,148
Other non-current assets					
Goodwill – net	17	141,253,448	181,797,272	–	–
Leasehold rights – net	18	79,124,554	80,636,999	79,124,554	80,636,999
Withholding tax deducted at source		17,760,750	25,213,585	–	–
Deposits for rental and others		76,969,497	73,692,991	47,552,964	54,324,186
<b>Total non-current assets</b>		<b>3,496,493,485</b>	<b>3,723,176,812</b>	<b>2,292,885,637</b>	<b>2,587,022,374</b>
<b>Total assets</b>		<b>31,190,455,981</b>	<b>25,782,545,444</b>	<b>24,740,643,234</b>	<b>17,997,882,805</b>

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

**Sansiri Public Company Limited and its subsidiaries**  
**Balance sheets (continued)**  
**31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009 (Restated)	2010	2009 (Restated)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	19	215,000,000	132,500,000	83,000,000	132,500,000
Accounts payable		804,687,542	831,927,569	491,169,681	438,957,452
Current portion of long-term loans	21	4,991,809,367	5,093,138,515	2,808,797,218	2,947,652,237
Short-term loans from related parties	7	-	-	15,300,000	15,300,000
Short-term promissory notes – purchase of land	20	463,250,000	-	463,250,000	-
Short-term provisions	22	77,464,576	67,304,321	44,395,846	31,186,406
Other payable – Property Fund	23	-	848,742,859	-	848,742,859
Other current liabilities					
Advances received from customers		65,580,689	60,575,285	9,444,653	15,482,210
Construction retention		212,326,257	235,258,654	110,256,739	116,687,729
Unearned income		2,840,541,001	3,990,201,397	1,702,450,333	2,312,250,300
Accrued expenses		730,453,905	498,138,029	469,436,145	312,253,747
Corporate income tax payable		244,572,845	494,400,908	15,934,542	261,193,429
Specific business tax payable		18,154,362	5,469,342	9,340,787	5,423,284
Others		82,789,837	67,089,085	35,463,281	38,071,711
Total current liabilities		10,746,630,381	12,324,745,964	6,258,239,225	7,475,701,364
Non-current liabilities					
Deferred leasehold revenue		641,866,458	683,736,674	-	-
Long-term promissory notes – purchase of land	20	787,600,000	-	787,600,000	-
Long term loans – net of current portion	21	5,495,747,248	3,450,888,135	4,844,759,360	2,404,147,491
Unsecured debentures	24	3,974,205,776	991,359,945	3,974,205,776	991,359,945
Long-term provisions	22	52,572,835	34,458,055	34,439,903	26,716,759
Other non-current liabilities		44,166,483	46,370,093	35,896,016	41,362,698
Total non-current liabilities		10,996,158,800	5,206,812,902	9,676,901,055	3,463,586,893
Total liabilities		21,742,789,181	17,531,558,866	15,935,140,280	10,939,288,257

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

**Sansiri Public Company Limited and its subsidiaries**  
**Balance sheets (continued)**  
**31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
			(Restated)		(Restated)
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
3,736,263,038 ordinary shares of Baht 4.28 each		15,991,205,803	15,991,205,803	15,991,205,803	15,991,205,803
Issued and paid-up					
1,490,633,692 ordinary shares of Baht 4.28 each					
(2009: 1,473,628,692 ordinary shares of Baht 4.28 each)		6,379,912,202	6,307,130,802	6,379,912,202	6,307,130,802
Share premium		12,522,600	-	12,522,600	-
Call in arrear		4,268,000	-	4,268,000	-
Unrealised loss					
Revaluation deficit on changes in value of investments		-	(2,232,860)	-	(2,232,860)
Translation adjustments		(31,164,428)	1,760,884	-	-
Retained earnings					
Appropriated – statutory reserve	26	400,319,958	279,251,429	400,319,958	279,251,429
Unappropriated		2,681,946,363	1,671,549,880	2,008,480,194	474,445,177
Equity attributable to company's shareholders		9,447,804,695	8,257,460,135	8,805,502,954	7,058,594,548
Minority interests – equity attributable to minority shareholders					
of subsidiaries		(137,895)	(6,473,557)	-	-
<b>Total shareholders' equity</b>		<b>9,447,666,800</b>	<b>8,250,986,578</b>	<b>8,805,502,954</b>	<b>7,058,594,548</b>
<b>Total liabilities and shareholders' equity</b>		<b>31,190,455,981</b>	<b>25,782,545,444</b>	<b>24,740,643,234</b>	<b>17,997,882,805</b>

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

**Sansiri Public Company Limited and its subsidiaries**  
**Income statements**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
			(Restated)		(Restated)
Revenues					
Revenues from project sales		17,868,994,031	15,103,958,075	9,782,047,755	6,443,093,186
Revenues from projects for rent		155,981,757	185,863,496	114,820,706	137,439,988
Revenues from business management		375,776,686	376,547,101	93,088,688	122,943,999
Revenues from leasehold rights written off		43,480,470	43,334,079	-	-
Revenues from other services	28	151,545,843	114,367,841	15,166,900	15,394,088
Other revenues					
Interest income		23,212,927	14,152,046	161,618,068	85,504,297
Dividend income		6,947,033	8,144,130	1,426,547,033	278,144,130
Others		129,020,411	126,046,911	82,167,155	61,842,434
Total revenues		18,754,959,158	15,972,413,679	11,675,456,305	7,144,362,122
Expenses					
Cost of project sales		11,888,339,968	10,624,056,710	6,480,059,956	4,459,267,771
Cost of projects for rent	23	131,865,141	162,219,673	114,418,592	142,889,839
Cost of business management		301,020,593	241,908,254	21,187,862	14,347,575
Leasehold and development costs written off		26,669,309	26,669,309	-	-
Cost of other services	28	193,261,087	103,504,370	21,193,560	15,856,946
Selling expenses		1,706,169,411	1,064,367,319	1,033,171,458	567,706,822
Administrative expenses		1,334,579,352	1,220,841,102	840,266,357	773,534,454
Management benefit expenses		250,585,200	188,567,250	242,206,200	181,600,000
Other expenses					
Loss on diminution in value of property development and impairment loss on land, building and equipment (reversal)	11, 13, 15	15,366,515	130,971,520	(3,590,000)	45,000,000
Loss on impairment of goodwill, investments and loans to subsidiaries	2,2, 7,2, 12, 17	61,503,116	162,479,904	120,600,000	169,075,714
Loss on exchanges		-	-	30,082,286	-
Total expenses		15,909,359,692	13,925,585,411	8,899,596,271	6,369,279,121
Income before finance cost and corporate income tax		2,845,599,466	2,046,828,268	2,775,860,034	775,083,001
Finance cost		(245,182,266)	(123,671,244)	(174,915,023)	(51,712,895)
Income before corporate income tax		2,600,417,200	1,923,157,024	2,600,945,011	723,370,106
Corporate income tax		(702,324,586)	(951,306,229)	(179,574,433)	(468,588,878)
Net income for the year		1,898,092,614	971,850,795	2,421,370,578	254,781,228

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

**Sansiri Public Company Limited and its subsidiaries**  
**Income statements (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2010	2009	2010	2009
		(Restated)		(Restated)
Net income attributable to:				
Equity holders of the parent	1,897,732,044	969,732,047	2,421,370,578	254,781,228
Minority interests of the subsidiaries	360,570	2,118,748		
	1,898,092,614	971,850,795		
Earnings per share				
27				
Basic earnings per share				
Net income attributable to equity holders of the parent	1.28	0.66	1.64	0.17
Diluted earnings per share				
Net income attributable to equity holders of the parent	1.27	0.66	1.62	0.17

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

**Sansiri Public Company Limited and its subsidiaries**  
**Cash flow statements**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009 (Restated)	2010	2009 (Restated)
<b>Cash flows from operating activities</b>				
Net income before tax	2,600,417,200	1,923,157,024	2,600,945,011	723,370,106
Adjustments to reconcile net income to net cash provided				
by (paid from) operating activities				
Decrease in property development for sale from				
transferring to cost of project sales	11,888,339,968	10,624,056,710	6,480,059,956	4,459,267,771
Interest expense	245,182,266	123,671,244	174,915,023	51,712,895
Depreciation of property development for rent	69,712,019	76,080,464	30,191,960	44,414,898
Depreciation of land, building and equipment	162,831,598	128,609,953	62,615,579	61,648,113
Amortisation of intangible assets	10,266,321	16,419,235	5,700,340	7,792,377
Loss on sale of equipment	3,855,224	21,485,027	144,420	21,117,543
Gain on sale of property development for rent	(2,339,327)	-	(2,339,327)	-
Loss from impairment of goodwill, investments				
and loans to subsidiaries	61,503,116	162,479,904	120,600,000	169,075,714
Allowance for doubtful accounts (reversal)	7,505,633	(5,126,712)	3,284,320	(897,000)
Leasehold revenue amortisation	(41,870,216)	(41,870,216)	-	-
Unrealised loss on exchanges	-	-	30,351,623	-
Loss on diminution in value of property development and				
impairment loss on land, building and equipment (reversal)	15,366,515	130,971,520	(3,590,000)	45,000,000
Dividend income	(6,947,033)	(8,144,130)	(1,426,547,033)	(278,144,130)
Income from operating activities before changes in				
operating assets and liabilities	15,013,823,284	13,151,790,023	8,076,331,872	5,304,358,287

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

**Sansiri Public Company Limited and its subsidiaries**  
**Cash flow statements (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b><u>2010</u></b>	<b><u>2009</u> (Restated)</b>	<b><u>2010</u></b>	<b><u>2009</u> (Restated)</b>
<b>(Increase) decrease in operating assets</b>				
Current investments	(96,617,530)	(3,200,620)	(97,446,526)	638,528
Restricted bank deposits	(5,336,102)	(18,629,057)	-	(2,987,361)
Trade accounts receivable	(12,685,301)	440,930,450	1,076,747	(19,413,055)
Property development for sale	(14,829,685,390)	(10,528,621,890)	(9,461,379,269)	(5,742,591,191)
Deposits for land	(249,596,058)	19,583,639	(234,411,602)	(182,244,366)
Other current assets	(553,881,731)	95,277,835	(688,682,844)	48,065,064
Other non-current assets	249,004	9,510,493	17,828,097	(6,617,374)
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	(27,240,027)	(18,422,163)	52,212,229	(76,885,693)
Advances received from customers and unearned income	(1,144,654,992)	(391,855,350)	(615,837,524)	116,280,851
Other current liabilities	234,021,313	99,920,556	148,371,117	115,859,565
Other liabilities	15,911,170	6,727,378	2,256,462	14,697,047
Cash flows from (used in) operating activities	(1,655,692,360)	2,863,011,294	(2,799,681,241)	(430,839,698)
Income tax paid	(952,152,649)	(793,167,358)	(424,833,320)	(388,862,092)
<b>Net cash from (used in) operating activities</b>	<b>(2,607,845,009)</b>	<b>2,069,843,936</b>	<b>(3,224,514,561)</b>	<b>(819,701,790)</b>

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

**Sansiri Public Company Limited and its subsidiaries**  
**Cash flow statements (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009 (Restated)</b>	<b>2010</b>	<b>2009 (Restated)</b>
<b>Cash flows from investing activities</b>				
Payment on acquisition of subsidiaries and minority interest	-	(34,790,730)	(113,984,200)	(41,186,500)
(Increase) decrease in loans to related parties	14,700,000	(125,611,000)	(842,709,251)	223,525,065
Increase in property development for rent	(2,851,926)	(626,504)	(1,640,685)	(586,774)
Proceeds from sales of property development for rent	3,925,234	-	3,925,234	-
Proceeds from sales of equipment	5,099,400	8,381,510	1,138,527	3,938,067
Payment on purchase of equipment	(540,409,525)	(169,978,812)	(163,121,426)	(82,433,840)
(Increase) decrease in available-for-sale securities	131,944,219	(20,301,219)	131,944,219	(20,301,219)
Payment on purchase of intangible assets	(19,305,572)	(14,713,459)	(17,026,426)	(11,935,949)
Dividend income	6,947,033	8,144,130	1,126,547,033	278,144,130
<b>Net cash from (used in) investing activities</b>	<b>(399,951,137)</b>	<b>(349,496,084)</b>	<b>125,073,025</b>	<b>349,162,980</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	82,500,000	(583,750,088)	(49,500,000)	(364,500,000)
Proceeds from debentures issuance	2,975,925,000	989,300,000	2,975,925,000	989,300,000
Increase in long-term loans	8,652,892,997	6,725,299,802	6,259,239,100	3,977,169,203
Repayment of long-term loans	(6,709,363,032)	(6,478,663,554)	(3,957,482,250)	(2,708,618,952)
Repayment of other payable - Property Fund	(848,742,859)	-	(848,742,859)	-
Payment of interest expenses	(540,145,775)	(464,107,122)	(410,017,592)	(262,725,478)
Dividend paid	(766,267,032)	(442,079,444)	(766,267,032)	(442,079,444)
Payment of finance lease payables	(3,568,014)	(4,510,315)	(2,421,269)	(3,856,964)
Proceeds from capital increase	89,572,000	-	89,572,000	-
<b>Net cash from (used in) financing activities</b>	<b>2,932,803,285</b>	<b>(258,510,721)</b>	<b>3,290,305,098</b>	<b>1,184,688,365</b>
<b>Translation adjustment</b>	<b>(32,925,312)</b>	<b>1,760,884</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(107,918,173)</b>	<b>1,463,598,015</b>	<b>190,863,562</b>	<b>714,149,555</b>
Cash and cash equivalents at beginning of the year	3,439,231,591	1,975,633,576	1,859,642,992	1,145,493,437
<b>Cash and cash equivalents at end of the year</b>	<b>3,331,313,418</b>	<b>3,439,231,591</b>	<b>2,050,506,554</b>	<b>1,859,642,992</b>
<b>Supplementary cash flows information</b>				
Non-cash item:				
Purchase of land by issuance of promissory notes	1,250,850,000	-	1,250,850,000	-

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



**Sansiri Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements								
	Note	Equity attributable to the parent's shareholders						Minority interest - equity attributable to minority shareholders of subsidiaries	Total
		Issued and paid-up share capital	Revaluation surplus (deficit) on changes in value of investments	Translation adjustments	Retained earnings		Total equity attributable to the parent's shareholders		
					Appropriated - statutory reserve	Unappropriated			
Balance as at 31 December 2008 – as previously reported		6,307,130,802	(2,232,860)	-	198,874,553	2,459,582,043	8,963,354,538	(8,592,305)	8,954,762,233
Cumulative effect of change in accounting policy for recognition of revenue from sales of real estate	6	-	-	-	-	(1,235,307,890)	(1,235,307,890)	-	(1,235,307,890)
Balance as at 31 December 2008 – as restated		6,307,130,802	(2,232,860)	-	198,874,553	1,224,274,153	7,728,046,648	(8,592,305)	7,719,454,343
Income recognised directly in equity:									
Translation adjustments		-	-	1,760,884	-	-	1,760,884	-	1,760,884
Net income recognised directly in equity		-	-	1,760,884	-	-	1,760,884	-	1,760,884
Net income for the year (restated)		-	-	-	-	969,732,047	969,732,047	2,118,748	971,850,795
Total income for the year		-	-	1,760,884	-	969,732,047	971,492,931	2,118,748	973,611,679
Dividend paid	31	-	-	-	-	(442,079,444)	(442,079,444)	-	(442,079,444)
Unappropriate retained earnings transferred									
to statutory reserve		-	-	-	80,376,876	(80,376,876)	-	-	-
Balance as at 31 December 2009 – restated		6,307,130,802	(2,232,860)	1,760,884	279,251,429	1,671,549,880	8,257,460,135	(6,473,557)	8,250,986,578

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

**Sansiri Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the parent's shareholders									Minority		
Note	Issued and paid-up share capital	Share premium	Call in arrear	Revaluation	Translation	Retained earnings		Total equity attributable to the parent's shareholders	interest-equity attributable to minority shareholders of subsidiaries	Total	
				surplus (deficit) on changes in value of investments		Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 31 December 2009</b>											
as previously reported	6,307,130,802	-	-	(2,232,860)	1,760,884	279,251,429	3,544,663,250	10,130,573,505	(6,473,557)	10,124,099,948	
<b>Cumulative effect of change in accounting policy for recognition of revenue from sales of real estate</b>											
6	-	-	-	-	-	-	(1,873,113,370)	(1,873,113,370)	-	(1,873,113,370)	
<b>Balance as at 31 December 2009</b>											
as restated	6,307,130,802	-	-	(2,232,860)	1,760,884	279,251,429	1,671,549,880	8,257,460,135	(6,473,557)	8,250,986,578	
<b>Income recognised directly in equity:</b>											
Investment in available-for-sale securities											
Gain recognised in shareholders' equity	-	-	-	2,232,860	-	-	-	2,232,860	-	2,232,860	
Translation adjustments	-	-	-	-	(32,925,312)	-	-	(32,925,312)	-	(32,925,312)	
<b>Net income (expenses) recognised</b>											
directly in equity	-	-	-	2,232,860	(32,925,312)	-	-	(30,692,452)	-	(30,692,452)	
Net income for the year	-	-	-	-	-	-	1,897,732,044	1,897,732,044	360,570	1,898,092,614	
<b>Total income for the year</b>	-	-	-	2,232,860	(32,925,312)	-	1,897,732,044	1,867,039,592	360,570	1,867,400,162	
<b>Increase in minority interest</b>	-	-	-	-	-	-	-	-	5,975,092	5,975,092	
<b>Capital increase from warrants exercise</b>	25	72,781,400	12,522,600	4,268,000	-	-	-	89,572,000	-	89,572,000	
<b>Dividend paid</b>	31	-	-	-	-	-	(766,267,032)	(766,267,032)	-	(766,267,032)	
<b>Unappropriate retained earnings transferred</b>											
to statutory reserve	-	-	-	-	-	121,068,529	(121,068,529)	-	-	-	
<b>Balance as at 31 December 2010</b>	6,379,912,202	12,522,600	4,268,000	-	(31,164,428)	400,319,958	2,681,946,363	9,447,804,695	(137,895)	9,447,666,800	

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

**Sansiri Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

Separate financial statements					
	Note	Issued and paid-up share capital	Revaluation surplus (deficit) on changes in value of investments	Retained earnings	
				Appropriated - statutory reserve	Unappropriated
					Total
Balance as at 31 December 2008 - as previously reported		6,307,130,802	(2,232,860)	198,874,553	1,479,840,765
Cumulative effect of change in accounting policy for					
recognition of revenue from sales of real estate	6	-	-	-	(737,720,496)
Balance as at 31 December 2008 - as restated		6,307,130,802	(2,232,860)	198,874,553	742,120,269
Net income for the year (restated)		-	-	-	254,781,228
Total income for the year		-	-	-	254,781,228
Dividend paid	31	-	-	-	(442,079,444)
Unappropriate retained earnings transferred					
to statutory reserve		-	-	80,376,876	(80,376,876)
Balance as at 31 December 2009 - restated		6,307,130,802	(2,232,860)	279,251,429	474,445,177

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

**Sansiri Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

**Separate financial statements**

	Note	Issued and paid-up share capital	Share premium	Call in arrear	Revaluation surplus (deficit) on changes in value of investments	Retained earnings		Total
						Appropriated – statutory reserve	Unappropriated	
<b>Balance as at 31 December 2009 – as previously reported</b>		6,307,130,802	-	-	(2,232,860)	279,251,429	1,951,785,846	8,535,935,217
<b>Cumulative effect of change in accounting policy for</b>								
<b>recognition of revenue from sales of real estate</b>	6	-	-	-	-	-	(1,477,340,669)	(1,477,340,669)
<b>Balance as at 31 December 2009 – as restated</b>		6,307,130,802	-	-	(2,232,860)	279,251,429	474,445,177	7,058,594,548
<b>Income recognised directly in equity:</b>								
Investment in available-for-sale securities								
Gain recognised in shareholders' equity		-	-	-	2,232,860	-	-	2,232,860
<b>Net income recognised directly in equity</b>		-	-	-	2,232,860	-	-	2,232,860
Net income for the year		-	-	-	-	-	2,421,370,578	2,421,370,578
<b>Total income for the year</b>		-	-	-	-	-	2,421,370,578	2,421,370,578
<b>Capital increase from warrants exercise</b>	25	72,781,400	12,522,600	4,268,000	-	-	-	89,572,000
<b>Dividend paid</b>	31	-	-	-	-	-	(766,267,032)	(766,267,032)
<b>Unappropriate retained earnings transferred</b>								
to statutory reserve		-	-	-	-	121,068,529	(121,068,529)	-
<b>Balance as at 31 December 2010 – restated</b>		6,379,912,202	12,522,600	4,268,000	-	400,319,958	2,008,480,194	8,805,502,954

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

## 1. CORPORATE INFORMATION

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

The Company’s top 5 major shareholders as at 24 February 2011, the latest closing date of the shares register book, are as following:

	Percentage of shareholding (base on paid-up capital)
1. Mr. Srettha Thavisin Group	21.88
2. Chase Nominees Limited 42	7.53
3. Viriyah Insurance Company Limited	6.33
4. UBS AG SINGAPORE ,BRANCH-PB (SECURITIES CLIENT CUSTODY)	5.57
5. Natural Park Public Company Limited	4.21

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 accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the Thai Accounting Standard No. 18 (revised 2009) regarding “Revenue”, which the Company had early adopted before the date of enforcement.

The presentation of the financial statement has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, 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		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
					2010	2009	2010	2009
Percent	Percent	Percent	Percent	Percent	Percent			
<b>Directly owned</b>								
Chanachai Ltd.	Property development	Thailand	100	100	10.72	7.18	1.75	4.23
Plus Property Co., Ltd.	Property development	Thailand	100	100	5.15	12.16	17.13	26.13
Sansiri Venture Co., Ltd.	Property development	Thailand	100	100	2.52	5.16	11.58	5.54
S.U.N. Management Co., Ltd.	Property development	Thailand	100	51	0.68	0.85	0.07	0.07
Arnawat Ltd.	Property development	Thailand	100	100	4.12	4.27	1.82	1.66
Piwattana Ltd.	Property development	Thailand	100	100	7.50	9.13	12.61	4.71
Red Lotus Properties Ltd.	Property development	Thailand	100	100	0.68	1.00	0.16	0.10
Pacific Challenge Holding Co., Ltd.	Property development	Thailand	85	85	0.07	0.10	0.07	0.07
Sansiri Global Investment Pte. Ltd.	Property development	Singapore	100	100	-	-	-	-
Papanan Ltd.	Provision of medical service, aesthetics, health care and medical spa	Thailand	100	100	0.31	0.16	0.38	0.37
National Education Development Co., Ltd.	Holder of Satit Pattana School's license	Thailand	100	100	0.35	0.31	0.01	0.34
Satit Pattana Personnel Center Ltd.	Provision of administrative services to Satit Pattana School	Thailand	100	100	0.01	-	0.05	-
Rojnaruemit Ltd.	Dormant	Thailand	100	100	-	0.02	-	-
<b>Indirectly owned</b>								
Plus Property Venture Co., Ltd.	Property development	Thailand	100	100	0.06	0.08	0.02	0.34
Sansiri Land Ltd.	Property development	Thailand	100	100	2.08	0.09	0.14	0.23
Touch Property Co., Ltd.	Property development	Thailand	100	100	0.69	0.95	0.50	0.95
Plus Property Space Co., Ltd.	Property development	Thailand	100	100	0.11	0.63	0.20	6.33
Sansiri Guernsey (2009) Limited	Property development	Guernsey	100	100	1.12	1.49	0.01	0.01
Satit Pattana School	Education business	Thailand	100	100	0.40	0.05	0.22	0.05

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

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

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.

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

f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

g) Acquisition of minority interest of a subsidiary

On 2 March 2010, the meeting of the Company's board of directors passed a resolution approving the Company's acquisition of 490,000 ordinary shares of S.U.N. Management Co., Ltd. at a total price of Baht 14,984,200 from its minority shareholders, representing 49 percent of issued and paid up share capital of such company. On 30 June 2010, the Company paid for those ordinary shares, resulting in an increase in its shareholding in that company from 51 percent to 100 percent.

The net asset value of S.U.N. Management Co., Ltd. as at the date of investment was as detailed below.

(Unit: Thousand Baht)

#### Assets

Cash and deposits at banks	54,748
Current assets	16,936
Non-current assets	158,028
<b>Total assets</b>	<b>229,712</b>

#### Liabilities

Current liabilities	4,636
Non-current liabilities	237,270
<b>Total liabilities</b>	<b>241,906</b>
Net assets value	(12,194)

(Unit: Thousand Baht)

Percentage of holding (percent)	49
Net assets value at the Company's investments portion	(5,975)
Purchase price	14,984
Difference from acquisition of minority interest of a subsidiary	20,959

The difference from acquisition of minority interest of a subsidiary was recorded as an expenses in the income statements.

#### h) Establishment of new subsidiaries in 2009

On 17 July 2009, the Company's Board of Directors meeting passed the following resolutions regarding establishment of new subsidiaries in overseas;

- Approved an establishment of a wholly-owned new subsidiary in Singapore named "Sansiri Global Investment Pte. Ltd.", with a registered share capital of 50,000 Singapore dollars. The objective of the establishment is to expand the development of real estate for sale or lease business offshore, as well as to invest in other businesses that could benefit to the overall group performance.
- Approved an establishment of a new subsidiary in Guernsey named, "Sansiri Guernsey (2009) Limited", with a registered capital of 10,000 pounds, in order to engage in the development of real estate for sale and/or lease in the United Kingdom. Sansiri Global Investment Pte. Ltd. holds 100 percent of the shares in this company.

#### i) Business combination in 2009

On 17 July 2009, the Company's Board of Directors meeting passed a resolution to acquire all 400,000 ordinary shares of National Education Development Company Limited at a price of Baht 100 each, or a total of Baht 40 million. This company is engaged in the education business under the name "Satit Pattana School". The objective of the investment is to generate a continuous income from the education business, as well as to create opportunities to expand business and create joint benefits through synergies with the core business of the Company. The management believes since the school is located in the area of the Group project on approximately 750 rais, the school can attract customers to the project and boost property values. In addition, if the school is operated as planned, it is expected that the investment cost will be recouped within 7 years and it will generate a profit in the future. Based on appraisal report regarding valuation of National Education Development Company Limited prepared by independent appraiser dated 23 November 2009 using income approach, such company was valued at Baht 435 million (discounted cash flow before net of liabilities as at acquisition date approximately Baht 175 million). These reasons supported the management's assessment of return on investment in this company. The Company made full payment for the ordinary shares on 20 July 2009.

As the date of acquisition, net assets value of National Education Development Company Limited comprised the following:



**Assets**

Cash and deposits at banks	5,209
Current assets	309
Non-current assets	67,958
<b>Total assets</b>	<b>73,476</b>

**Liabilities**

Current liabilities	174,729
<b>Total liabilities</b>	<b>174,729</b>

**Net assets value**

	<b>(101,253)</b>
Percentage of investment by the Company	100
Net assets value in the percentage of investment by the Company	(101,253)
Purchase price	40,000

**Goodwill from acquisition of subsidiary**

	<b>141,253</b>
Purchase price	40,000
Less: Cash and deposits at banks	(5,209)
Net cash payment for acquisition of subsidiary	34,791

In October 2009, National Education Development Company Limited, which holds the license for school business, separated the School to be another entity to hold all shares of the School. It transferred cash and net assets except land to the School as stated in Private School Act B.E. 2550 (2007) by Office of the Private Education Commission, Ministry of Education. Since October 2009, National Education Development Company Limited changed its core business to rental of real estate and moveable property to Satit Pattana School.

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

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

Based on the management's assessment, an adoption of this accounting standard in 2011 will decrease consolidated retained earnings beginning of the year by approximately Baht 23 million (Separate financial statements: Baht 16 million).

#### **TAS 40 (revised 2009) Investment property**

This accounting standard requires entities to classify property held for rental income or obtaining increased value in the future as investment property. There are options for the Company to present the investment property at cost (but the Company has to present the fair value in notes to the financial statements) or at fair value which the differences arising from change in the fair value will be recorded as gain or loss in the income statements.

Since the Company and the subsidiaries elect to present the investment property at cost, the adoption of this accounting standard in 2011 will affect the financial statements only for disclosure of fair value of the investment property in notes to the financial statements.

### **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) Rental income

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

c) 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 valued added tax and state net of discounts.

d) Service income

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

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 and guaranteed place fees are recognised as income at the time of acceptance of the pupil by the subsidiary.

f) Interest income

Interest income is recognised as interest accrues based on the effective rate method.

g) 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 salable area.

The Company and its subsidiaries recognise loss on diminution in value of projects (if any) in the income statements.

### **4.3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash in 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 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 securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the income statement.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.

c) 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).

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

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in the income statement or recorded as surplus (deficit) from changes in the value of investments in 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 as income or expenses in the income statement.

#### **4.7 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	20 years
Buildings decoration	8 years
Improvements and renovation – hotel	5 years
Fixtures and equipment	3 – 5 years
Operating equipment – hotel	5 years
Temporary sales office	2 – 2.5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### **4.8 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.

#### **4.9 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.

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 the income statement.

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

Computer software	3 - 10 years
Franchise fee	5 years

The amortisation is included in determining income.

#### **4.10 LAND HELD FOR DEVELOPMENT**

Land held for development is stated at cost less allowance for loss on diminution in value of projects. 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.

#### **4.11 GOODWILL**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.12 RELATED PARTY TRANSACTIONS**

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the

Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.13 LONG-TERM LEASES**

##### **a) Finance leases**

Leases of property, plant and 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 other long-term payables, while the interest element is charged to the income statements over the lease period. The equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease period.

##### **b) Operating leases**

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, and payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **4.14 FOREIGN CURRENCIES**

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 balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.15 IMPAIRMENT OF ASSETS**

At each reporting date, 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 the income statement.

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 the income statement.

#### **4.16 EMPLOYEE BENEFITS**

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

#### **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 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.

### **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. 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 risk 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 judgment 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, PROPERTY DEVELOPMENT FOR RENT AND LAND HELD FOR DEVELOPMENT**

The Company and its subsidiaries treat property development for sale, property development for rent and land held for development as impaired when the management judges that there has been a significant or prolonged 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 salvage values of the Company and its subsidiaries’ building and equipment and to review estimate useful lives and salvage 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 investment in subsidiaries as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is “significant” or “prolonged” requires the management to exercise judgment. However, the use of different estimates and assumptions could affect the amounts of allowances for impairment of investment in subsidiaries and adjustments to the allowances may therefore be required in the future.

## **GOODWILL**

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## **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 balance sheet date. However, actual results could differ from the estimates.

## **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 WARRANTEE**

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

## **6. CHANGE IN ACCOUNTING POLICY**

During the current year, the Company and its subsidiaries changed their accounting policy for recognition of revenue from sales of real estate from the percentage of completion method to recognising revenue in full when significant risks and rewards of ownership have been transferred to the buyer. This change was made to accord to the International Financial Reporting Standard, and is in accordance with TAS 18 (revised 2009) "Revenue" which is effective on 1 January 2011.

In this regard, the Company and its subsidiaries have restated the previous year's financial statements as though the revenue from sales of real estate had originally been recognised in full when significant risks and rewards of ownership have been transferred to the buyer. The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for recognition of revenue from sales of real estate" in the statements of changes in shareholders' equity.

The effects of the change to the balance sheets as at 31 December 2010 and 2009 and the income statements for the years then ended are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Balance sheets</b>				
Decrease in installment receivables	(51.58)	(52.90)	(30.57)	(36.28)
Decrease in unbilled completed work	(1,912.47)	(3,460.05)	(577.39)	(2,750.13)
Increase in property development for sale	2,028.49	3,920.95	796.84	2,769.60
Increase in unearned income	965.00	2,161.68	516.64	1,404.03
Decrease in specific business tax payable	(115.87)	(83.62)	(43.95)	(32.22)
Increase in accrued expenses	155.68	203.00	148.15	88.57
Increase in long-term provisions	3.16	0.05	1.29	0.15
Decrease in retained earnings - inappropriate	(943.53)	(1,873.11)	(433.25)	(1,477.34)
<b>Income statements</b>				
Increase (decrease) in revenue from project sales	2,745.58	(1,524.88)	3,065.84	(1,819.43)
Increase (decrease) in cost of project sales	1,859.03	(936.43)	2,037.98	(1,144.05)
Increase (decrease) in selling expense	(43.03)	49.36	(16.23)	64.24
Increase (decrease) in net income attributable to equity holders of the parent	929.58	(637.81)	1,044.09	(739.62)
Increase (decrease) in basic earnings per share (Baht)	0.63	(0.43)	0.71	(0.50)
Increase (decrease) in diluted earnings per share (Baht)	0.62	(0.43)	0.70	(0.50)

## 7. RELATED PARTY TRANSACTIONS

7.1 During the years, 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.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	2010	2009	2010	2009	Pricing policy
<b>Revenues from project sales</b>					Cost plus certain margin at rates of 25% - 36%
<b>Subsidiary</b>					
Touch Property Co., Ltd.	-	-	-	4,899	
<b>Related parties</b>					
Related persons	33,736	6,085	14,298	6,085	
<b>Total</b>	33,736	6,085	14,298	10,984	
<b>Rental income</b>					The same rate as other customers
<b>Subsidiaries</b>					
Plus Property Co., Ltd.	-	-	16	87	
Piwattana Ltd.	-	-	1,060	1,104	
Sansiri Land Ltd.	-	-	899	920	
Touch Property Co., Ltd.	-	-	-	6	
<b>Total</b>	-	-	1,975	2,117	
<b>Revenues from business management and project management</b>					
<b>Subsidiaries</b>					
Chanachai Ltd.	-	-	1,121	4,965	Based on agreement (8)
Plus Property Co., Ltd.	-	-	43,562	75,845	Based on agreement (8)
Sansiri Venture Co., Ltd.	-	-	6,000	12,800	Based on agreement (4), (5), (6), (7)
S.U.N. Management Co., Ltd.	-	-	561	561	Based on agreement (1)
Annawat Ltd.	-	-	560	561	Based on agreement (8)
Piwattana Ltd.	-	-	2,804	2,804	Based on agreement (8)
Sansiri Land Ltd.	-	-	561	-	Based on agreement (8)
Touch property Co., Ltd.	-	-	1,682	2,243	Based on agreement (8)
Plus Property Space Co., Ltd.	-	-	491	3,794	Based on agreement (8)
<b>Total</b>	-	-	57,342	103,573	

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2010	2009	2010	2009	
<b><u>Interest income</u></b>					Cost of fund plus certain percent
<b><u>Subsidiaries</u></b>					
Chanachai Ltd.	-	-	11,361	1,465	
Plus Property Co., Ltd.	-	-	54	27,187	
Sansiri Venture Co., Ltd.	-	-	4,508	-	
Arnawat Ltd.	-	-	3,470	36,502	
Piwattana Ltd.	-	-	118,852	4,640	
Red Lotus Properties Ltd.	-	-	6	587	
Papanan Ltd.	-	-	856	366	
Pacific Challenge Holding Co., Ltd.	-	-	1,327	2,095	
National Education Development Co., Ltd.	-	-	198	1,689	
Sansiri Global Investment Pte. Ltd.	-	-	592	2,032	
Sansiri Guernsey (2009) Limited	-	-	-	135	
Rojnaruemit Ltd.	-	-	130	-	
Sansiri Land Ltd.	-	-	4,676	-	
Satit Pattana School	-	-	985	83	
<b>Total</b>	-	-	147,015	76,781	
<b><u>Commission income</u></b>					Based on agreement (3)
<b><u>Subsidiaries</u></b>					
Chanachai Ltd.	-	-	3,566	3,844	
Plus Property Co., Ltd.	-	-	19,762	18,922	
Piwattana Ltd.	-	-	4,677	-	
Sansiri Land Ltd.	-	-	259	-	
<b>Total</b>	-	-	28,264	22,766	
<b><u>Construction and material cost</u></b>					Based on agreement in normal course of business
<b><u>Subsidiaries</u></b>					
Plus Property Co., Ltd.	-	-	2,715	-	
Piwattana Ltd.	-	-	-	212	
Touch Property Co., Ltd.	-	-	283	56	
<b>Total</b>	-	-	2,998	268	
<b><u>Project management fee and other expenses</u></b>					Based on agreement (2)
<b><u>Subsidiaries</u></b>					
Plus Property Co., Ltd.	-	-	19,586	17,943	
Papanan Ltd.	-	-	-	35	
Touch Property Co., Ltd.	-	-	604	3,765	
<b>Total</b>	-	-	20,190	21,743	

	Consolidated financial statements		Separate financial statements		
	2010	2009	2010	2009	Pricing policy
<b>Commission expense</b>					
<b>Subsidiary</b>					Based on agreement (3)
Plus Property Co., Ltd.	-	-	75,759	45,014	
<b>Total</b>	-	-	75,759	45,014	
<b>Interest expenses</b>					
<b>Subsidiary</b>					1.50 percent per annum
S.U.N. Management Co., Ltd.	-	-	229	229	
<b>Total</b>	-	-	229	229	
<b>Purchase of land</b>					
<b>Subsidiaries</b>					At cost
Chanachai Ltd.	-	-	176,930	-	
Piwattana Ltd.	-	-	14,550	-	
<b>Total</b>	-	-	191,480	-	
<b>Purchase of investment in subsidiary</b>					
<b>Related party</b>					Based on discounted cash flows
Prestige Gift and Premium Co., Ltd.	5,963	-	5,963	-	
<b>Total</b>	5,963	-	5,963	-	

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

- (1) Revenue from business services provided, following completion of project development at a rate of Baht 50,000 per month.
- (2) Project management fees are charged at rates ranging from Baht 15,000 to Baht 322,000 per month, depended upon the size of the project.
- (3) Commission expenses from sales of projects are charged at a rate of 1.00 percent of selling price per the contract, with payments divided between the time the customer executes the agreement and when the properties are transferred.
- (4) Management fee income starting from August 2007 to completion of project is charged at Baht 267,500 to Baht 400,000 per month. In case that the order of condominium units reach to 80 percent of project price, the Company will earn certain incentive of Baht 7 million. In addition, a total of Baht 2,659,760 is charged for the right to use the “SIRI on 8” trademark.
- (5) Management fee income starting from October 2007 to completion of project is charged at Baht 300,000 per month. In case that the order of condominium units reach to 80 percent of project price, the Company will earn certain incentive of Baht 10 million. In addition, a total of Baht 6,225,115 is charged for the right to use the “Privé By Sansiri” trademark.

(6) Management fee income starting from October 2007 to completion of project is charged at Baht 350,000 per month. In case that the order of condominium units reach to 80 percent of project price, the Company will earn certain incentive of Bath 15 million. In addition, a total of Baht 7,982,812 is charged for the right to use the “39 by Sansiri” trademark.

(7) Management fee income starting from November 2007 to completion of project is charged at Baht 250,000 per month. In case that the order of condominium units reach to 80 percent of project price, the Company will earn certain incentive of Baht 1.5 million. In addition, a total of Baht 1,587,026 is charged for the right to use the “Preen by Sansiri” trademark.

(8) Revenue from business service and project management fees is charged based on costs plus certain margin at a rate of 5 percent. Those charges are allocated to subsidiaries based on revenue and investment costs, respectively.

The relationships between the Company, subsidiaries and their related parties are summarised below :-

Name of related parties	Relationship
Regency One Co., Ltd.	Held by Chanachai Ltd.
Univentures Asset Management Co., Ltd. <sup>(1)</sup>	Shareholder of S.U.N. Management Co., Ltd.
Prestige Gift and Premium Co., Ltd.	Common director
Forward Systems Co., Ltd. <sup>(1)</sup>	Common shareholder with Univentures Asset Management Co., Ltd.

(1) As in the second quarter of 2010, the Company acquired share capital of S.U.N. Management Co., Ltd. resulting in the increase of its shareholding in such company to 100 percent therefore Univentures Asset Management Co., Ltd. and Forward Systems Co., Ltd. have not been treated as related party since the third quarter of 2010.

7.2 The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related companies are as follows :-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Accounts receivable</u></b>				
<b><u>Subsidiaries</u></b>				
Chanachai Ltd.	-	-	2,626	2,098
Plus Property Co., Ltd.	-	-	7,490	7,293
Sansiri Venture Co., Ltd.	-	-	-	963
Sansiri Land Ltd.	-	-	460	-
Touch Property Co., Ltd.	-	-	200	177
Plus Property Space Co., Ltd.	-	-	50	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>10,826</u>	<u>10,531</u>
<b><u>Other receivables</u></b>				
<b><u>Subsidiary</u></b>				
Piwattana Ltd.	-	-	612	93
<b>Total</b>	<u>-</u>	<u>-</u>	<u>612</u>	<u>93</u>
<b><u>Short-term loans to related parties</u></b>				
<b><u>Subsidiaries</u></b>				
Chanachai Ltd.	-	-	247,300	-
Plus Property Co., Ltd.	-	-	45,000	-
Arnawat Ltd.	-	-	1,162,497	906,827
Piwattana Ltd.	-	-	1,210,520	1,399,400
Red Lotus Properties Ltd.	-	-	262,000	261,500
Pacific Challenge Holding Co., Ltd.	-	-	20,000	30,000
Papanan Ltd.	-	-	352,345	268,326
Sansiri Land Ltd.	-	-	260,000	-
National Education Development Co., Ltd.	-	-	175,180	155,620
Sansiri Global Investment Pte. Ltd.	-	-	230,581	235,122
Satit Pattana School	-	-	110,000	6,000
<b><u>Related parties</u></b>				
Univentures Asset Management Co., Ltd.	-	8,850	-	-
Prestige Gift & Premium Co., Ltd.	-	5,850	-	-
Regency One Co., Ltd.	5,000	5,000	-	-
<b>Total</b>	<u>5,000</u>	<u>19,700</u>	<u>4,075,423</u>	<u>3,262,795</u>
Less: Allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>	<u>(667,545)</u>	<u>(546,945)</u>
<b>Net</b>	<u>-</u>	<u>14,700</u>	<u>3,407,878</u>	<u>2,715,850</u>



During the year 2010, the Company recorded allowance for doubtful accounts of loans to subsidiaries amounting to Baht 120.60 million (2009: Baht 145.00 million).

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Interest receivables</u></b>				
<b><u>Subsidiaries</u></b>				
Chanachai Ltd.	-	-	1,972	-
Plus Property Co., Ltd.	-	-	54	-
Arnawat Ltd.	-	-	16,059	13,135
Piwattana Ltd.	-	-	10,385	19,156
Red Lotus Properties Ltd.	-	-	3,511	3,505
Pacific Challenge Holding Co., Ltd.	-	-	-	274
Papanan Ltd.	-	-	4,932	4,076
National Education Development Co., Ltd.	-	-	1,887	1,689
Sansiri Global Investment Pte. Ltd.	-	-	2,300	2,032
Sansiri Land Ltd.	-	-	2,355	-
Satit Pattana School	-	-	1,069	83
<b><u>Related parties</u></b>				
Univentures Asset Management Co., Ltd.	-	33	-	-
Prestige Gift & Premium Co., Ltd.	-	22	-	-
Regency One Co., Ltd.	333	333	-	-
<b>Total</b>	333	388	44,524	43,950
Less: Allowance for doubtful accounts	(333)	(333)	(4,076)	(4,076)
<b>Net</b>	-	55	40,448	39,874
<b><u>Deposits for rent and others</u></b>				
<b><u>Related party</u></b>				
Forward Systems Co., Ltd.	-	269	-	-
<b>Total</b>	-	269	-	-
<b><u>Short-term loans from related parties</u></b>				
<b><u>Subsidiary</u></b>				
S.U.N. Management Co., Ltd.	-	-	15,300	15,300
<b>Total</b>	-	-	15,300	15,300
<b><u>Unearned income</u></b>				
<b><u>Subsidiary</u></b>				
Touch Property Co., Ltd.	1,386	-	1,386	4,478
<b><u>Related parties</u></b>				
Related persons	5,949	14,585	5,949	8,134
<b>Total</b>	7,335	14,585	7,335	12,612

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Accrued interest expenses</b>				
<b>Subsidiary</b>				
S.U.N. Management Co., Ltd.	-	-	1,204	975
<b>Total</b>	-	-	1,204	975
<b>Other payables</b>				
<b>Subsidiaries</b>				
Plus Property Co., Ltd.	-	-	11,264	9,782
Piwattana Ltd.	-	-	1,327	1,947
Papanan Ltd.	-	-	149	96
Sansiri Land Ltd.	-	-	666	91
Touch Property Co., Ltd.	-	-	193	497
<b>Total</b>	-	-	13,599	12,413
<b>Deposits for building rental and others</b>				
<b>Subsidiaries</b>				
Chanachai Ltd.	-	-	18	18
Piwattana Ltd.	-	-	441	441
Sansiri Land Ltd.	-	-	285	285
<b>Total</b>	-	-	744	744

### 7.3 During the year, movements of loans to related parties were as follow :-

(Unit: Million Baht)

	Consolidated Financial Statements			
	Balance as at	During the year		Balance as at
	1 January 2010	Increase	Decrease	31 December 2010
<b>Related parties</b>				
Univentures Asset Management Co., Ltd.	8.85	-	(8.85)	-
Prestige Gift & Premium Co., Ltd.	5.85	-	(5.85)	-
Regency One Co., Ltd.	5.00	-	-	5.00
<b>Subsidiaries</b>				
Chanachai Ltd.	-	1,041.59	(794.29)	247.30
Plus Property Co., Ltd.	-	45.00	-	45.00
Sansiri Venture Co., Ltd.	-	251.00	(251.00)	-
Arnawat Ltd.	906.83	281.37	(25.70)	1,162.50
Piwattana Ltd.	1,399.40	686.07	(874.95)	1,210.52
Red Lotus Properties Ltd.	261.50	0.50	-	262.00
Pacific Challenge Holding Co., Ltd.	30.00	-	(10.00)	20.00
Papanan Ltd.	268.32	84.02	-	352.34
Sansiri Land Ltd.	-	360.00	(100.00)	260.00
National Education Development Co., Ltd.	155.62	19.56	-	175.18
Sansiri Global Investment Pte. Ltd.	235.12	25.54	(30.08)	230.58
Satit Pattana School	6.00	104.00	-	110.00
Rojnaruemit Ltd.	-	49.02	(49.02)	-

As at 31 December 2010, loans to related parties are clean loans, due for repayment at call, and carried interest at rates of 1.50 – 5.50 percent per annum (2009: 1.50 – 5.50 percent per annum).

As at 31 December 2010 and 2009, the Company and its subsidiaries have ceased recognition of interest on principal of loans to related parties amounting to Baht 5.00 million and Baht 19.70 million, respectively, because of default on interest payment for three consecutive installments (Separate financial statement: Baht 1,086.49 million and Baht 2,970.46 million, respectively).

7.4 During the year, movements of loans from related parties were as follow :-

	(Unit: Million Baht)			
	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2010	Increase	Decrease	31 December 2010
<b>Subsidiaries</b>				
S.U.N. Management Co., Ltd.	15.30	-	-	15.30

As at 31 December 2010, loans from related parties are clean loans, due at call and carrying interest at a rate of 1.50 percent per annum (2009: 1.50 percent per annum).

7.5 Guarantees to related companies

As at 31 December 2010 and 2009, the Company and its subsidiaries have the following obligations in respect of guarantees provided to banks for loans facilities :-

		(Unit: Million Baht)	
Guarantor	Guarantee	2010	2009
Sansiri Plc.	Chanachai Ltd.	2,098	2,098
	Sansiri Venture Co., Ltd.	-	1,025
	Arnawat Ltd.	870	1,210
	Piwattana Ltd.	3,446	2,793
	Red Lotus Properties Ltd.	93	93
	Sansiri Guernsey (2009) Limited	174	174
<b>Total</b>		<u>6,681</u>	<u>7,393</u>
Piwattana Ltd.	Sansiri Plc.	790	790
	Arnawat Ltd.	-	340
<b>Total</b>		<u>790</u>	<u>1,130</u>
Arnawat Ltd.	Piwattana Ltd.	<u>600</u>	<u>600</u>

## 8. CASH AND CASH EQUIVALENTS

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	3.01	2.64	0.67	0.62
Saving accounts	2,471.57	2,562.62	1,390.21	1,143.52
Fixed deposits accounts	4.15	0.09	2.85	-
Current accounts	827.41	863.88	656.78	715.50
Bills of exchange	25.17	10.00	-	-
Total	<u>3,331.31</u>	<u>3,439.23</u>	<u>2,050.51</u>	<u>1,859.64</u>

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.50 and 1.55 percent per annum (2009: between 0.50 and 3.25 percent per annum).

## 9. RESTRICTED BANK DEPOSITS

As at 31 December 2010 and 2009, restricted bank deposits of the Company and its subsidiaries have been pledged as collateral for guarantees facilities issued by banks on behalf of the Company and its subsidiaries.

## 10. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December 2010 and 2009 presented as follows :-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Service receivables	70.02	57.46	21.93	23.00
Less: Allowance for doubtful accounts	(19.62)	(12.23)	(3.64)	(0.35)
Accounts receivable - net	<u>50.40</u>	<u>45.23</u>	<u>18.29</u>	<u>22.65</u>

Trade accounts receivable as at 31 December 2010 and 2009 classified by the aging are as follows :-

(Unit: Million Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Not yet due	8.02	9.10	6.59	9.10
Over due 1 - 3 months	39.43	28.39	11.70	12.88
Over due 4 - 6 months	5.88	1.01	2.49	0.70
Over due 7 - 12 months	5.12	8.61	0.74	0.03
Over due over 12 months	11.57	10.35	0.41	0.29
Total	<u>70.02</u>	<u>57.46</u>	<u>21.93</u>	<u>23.00</u>
Less: Allowance for doubtful accounts	(19.62)	(12.23)	(3.64)	(0.35)
Net	<u>50.40</u>	<u>45.23</u>	<u>18.29</u>	<u>22.65</u>

## 11. PROPERTY DEVELOPMENT FOR SALE

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land	32,276.34	23,340.09	21,419.85	13,812.69
Construction cost and others	46,826.78	40,023.77	26,813.46	23,777.10
Capitalised financial costs	2,860.05	2,300.60	1,735.40	1,451.49
Total	81,963.17	65,664.46	49,968.71	39,041.28
Less:				
Accumulated transfer to cost of project	(58,154.46)	(46,380.35)	(34,345.96)	(27,927.03)
Accumulated transfer to property development for rent	(1,332.64)	(1,303.94)	(1,211.03)	(1,211.03)
Accumulated transfer to land held for development	(939.49)	(897.26)	(283.99)	(281.94)
Written off	(123.35)	(123.35)	-	-
Add:				
Amount reversed to property development for sale	961.39	645.44	961.39	645.44
Balance	22,374.62	17,605.00	15,089.12	10,266.72
Allowance for loss on diminution in value of project				
Balance - beginning of the year	(102.04)	(72.00)	-	(5.00)
Add: Increase during the year/Reverse	8.62	(114.42)	-	(45.00)
Less:				
Transfer to land held for development and property development for rent	58.00	84.38	-	50.00
Balance - end of the year	(35.42)	(102.04)	-	-
Net	22,339.20	17,502.96	15,089.12	10,266.72

11.1 As at 31 December 2010 and 2009, Most of the land and construction thereon of projects of the Company and its subsidiaries were pledged as collateral for loans obtained from banks.

11.2 As at 31 December 2010 and 2009, 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 21,619.63 million and Baht 10,152.40 million, respectively (Separate financial statements: Baht 16,621.96 million and Baht 5,880.00 million, respectively).

11.3 During the year 2010 and 2009, the Company and its subsidiaries included borrowing costs in the cost of property development amounting to Baht 559.45 million and Baht 355.27 million, respectively (Separate financial statements: Baht 283.91 million and Baht 225.66 million, respectively).

11.4 Loss on diminution in value of property development and impairment loss on land, building and equipment for the year 2010 and 2009 are as follow.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Property development for sale and land held for development (Note 11)	(8.62)	114.42	-	45.00
Property development for rent (Note 13)	23.99	-	(3.59)	-
Land, building and equipment (Note 15)	-	16.55	-	-
Total	15.37	130.97	(3.59)	45.00

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Sales with signed agreements	65,291.39	54,471.54	38,649.59	29,234.41
Total estimated project sales	85,453.86	74,179.39	49,094.82	40,624.26
The ratio of sales with signed agreements to total estimated project sales	76.41%	73.43%	78.72%	71.96%
Unearned income	2,840.54	3,990.20	1,702.45	2,312.25

## 12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as stated in the separate financial statements are as follows :

	(Unit: Million Baht)									
	Paid-up capital		Percentage of shareholding		Investment at cost		Allowance for loss on diminution in value of investments		Net investment	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
			Percent	Percent						
Subsidiaries - Directly owned										
Chanachai Ltd.	90.00	90.00	100	100	101.52	101.52	-	-	101.52	101.52
Plus Property Co., Ltd.	600.00	600.00	100	100	610.52	610.52	-	-	610.52	610.52
Sansiri Venture Co., Ltd.	3.00	3.00	100	100	177.42	177.42	-	-	177.42	177.42
S.U.N. Management Co., Ltd.	10.00	10.00	100	51	20.08	5.10	-	-	20.08	5.10
Arnawat Ltd.	2.50	2.50	100	100	2.50	2.50	-	-	2.50	2.50
Piwattana Ltd.	100.00	1.00	100	100	100.00	1.00	-	-	100.00	1.00
Red Lotus Properties Ltd.	20.00	20.00	100	100	20.00	20.00	-	-	20.00	20.00
Pacific Challenge Holding Co., Ltd.	2.50	2.50	85	85	2.13	2.13	-	-	2.13	2.13
Papanan Ltd.	20.00	20.00	100	100	20.00	20.00	(20.00)	(20.00)	-	-
Satit Pattana Personnel Center Ltd.	1.00	1.00	100	100	1.00	1.00	-	-	1.00	1.00
Rojnaruemit Ltd.	4.88	4.88	100	100	99.95	99.95	(98.00)	(98.00)	1.95	1.95
National Education Development Co., Ltd.	40.00	40.00	100	100	40.00	40.00	-	-	40.00	40.00
Sansiri Global Investment Pte. Ltd.	1.19	1.19	100	100	1.19	1.19	-	-	1.19	1.19
<b>Total investment in subsidiaries</b>					<u>1,196.31</u>	<u>1,082.33</u>	<u>(118.00)</u>	<u>(118.00)</u>	<u>1,078.31</u>	<u>964.33</u>

During the year 2010, the Company received dividend of Baht 1,119.60 million and Baht 300.00 million from Plus Property Co., Ltd. and Sansiri Venture Co., Ltd., respectively (2009: Baht 270 million from Plus Property Co., Ltd.).

During the year 2010, the Company acquired minority interest of S.U.N. Management Co., Ltd. as discussed in Note 2.2 (g).

During the year 2010, Piwattana Ltd. increased its registered share capital from Baht 1 million to Baht 100 million by issuance new ordinary shares totaling Baht 99 million. The Company already fully paid for those increased shares.

During the year 2009, the Company established a new subsidiary, Sansiri Global Investment Pte. Ltd. and acquired investment in National Education Development Co., Ltd. as discussed in Note 2.2 (h) and (i) and recorded allowance for loss on diminution in value of investments in subsidiary of Baht 20 million.

### 13. PROPERTY DEVELOPMENT FOR RENT

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
Balance as at 31 December 2009	2,122.11	1,126.86
Purchases / Transfer in	32.65	1.65
Disposal / Transfer out	(519.65)	(519.65)
Balance as at 31 December 2010	1,635.11	608.86
<b>Accumulated depreciation</b>		
Balance as at 31 December 2009	758.37	390.10
Depreciation for the year	69.71	30.19
Disposal / transfer out	(138.10)	(138.10)
Balance as at 31 December 2010	689.98	282.19
<b>Allowance for diminution</b>		
Balance as at 31 December 2009	14.94	14.94
Addition	27.57	-
Transfer in	5.32	-
Reversal	(3.59)	(3.59)
Balance as at 31 December 2010	44.24	11.35
<b>Net book value</b>		
Balance as at 31 December 2009	1,348.80	721.82
Balance as at 31 December 2010	900.89	315.32
<b>Depreciation included in cost of project for rent in income statements for the year</b>		
2009	76.08	44.41
2010	69.71	30.19

As at 31 December 2010, the Company's leasehold which the net book value amounted Baht 168.06 million, were mortgaged to secure loans from banks (2009: Baht 184.98 million).

### 14. LAND HELD FOR DEVELOPMENT

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land held for development	939.48	897.26	284.00	281.94
Less: Allowance for loss on diminution in value of project	(136.87)	(84.38)	(50.00)	(50.00)
Net	802.61	812.88	234.00	231.94

During the year 2010 and 2009, part of property development for sale of the Company and its subsidiaries including its allowance for loss on diminution in value of project was transferred to land held for development because there was no current development on such land.

## 15. LAND, BUILDINGS AND EQUIPMENT

(Unit: Million Baht)

### Consolidated financial statements

	Land	Buildings decoration	Buildings and improve- ment	Fixtures and equipment	Motor vehicle	Temporary sales office	Construction in progress	Total
<b>Cost</b>								
Balance as at 31 December 2009	264.09	127.40	540.49	450.56	39.40	250.21	38.50	1,710.65
Purchases	-	-	-	97.85	4.58	93.00	344.99	540.42
Transfer in	7.24	0.66	16.53	0.77	-	37.56	-	62.76
Disposals/Write off	-	-	-	(15.68)	(3.95)	(8.54)	(2.31)	(30.48)
Transfer out	-	-	-	-	-	-	(41.12)	(41.12)
Balance as at 31 December 2010	271.33	128.06	557.02	533.50	40.03	372.23	340.06	2,242.23
<b>Accumulated depreciation</b>								
Balance as at 31 December 2009	-	67.06	70.58	261.38	24.77	156.06	-	579.85
Depreciation for the year	-	6.57	25.43	70.86	7.36	52.62	-	162.84
Disposals/Write off	-	-	-	(15.42)	(2.57)	(3.53)	-	(21.52)
Balance as at 31 December 2010	-	73.63	96.01	316.82	29.56	205.15	-	721.17
<b>Allowance for impairment loss</b>								
Balance as at 31 December 2009	26.89	40.00	64.67	-	-	-	-	131.56
Balance as at 31 December 2010	26.89	40.00	64.67	-	-	-	-	131.56
<b>Net book value</b>								
Balance as at 31 December 2009	237.20	20.34	405.24	189.18	14.63	94.15	38.50	999.24
Balance as at 31 December 2010	244.44	14.43	396.34	216.68	10.47	167.08	340.06	1,389.50
<b>Depreciation for the year</b>								
2009 (Baht 8.20 million included in cost of other services, other than that included in administrative expenses)								128.60
2010 (Baht 12.72 million included in cost of other services, other than that included in administrative expenses)								162.84



## Separate financial statements

Cost	Land	Buildings and improve- ment	Fixtures and equipment	Motor vehicle	Temporary sales office	Construction in progress	Total
Balance as at 31 December 2009	114.18	261.88	170.48	33.39	104.19	3.54	687.66
Purchases	-	-	29.61	4.57	63.14	65.81	163.13
Transfer in	7.24	16.52	0.77	-	37.56	-	62.09
Disposals/Write off	-	-	(13.68)	(2.43)	-	-	(16.11)
Transfer out	-	-	-	-	-	(41.12)	(41.12)
Balance as at 31 December 2010	121.42	278.40	187.18	35.53	204.89	28.23	855.65
<b>Accumulated depreciation</b>							
Balance as at 31 December 2009	-	37.08	122.80	13.71	98.60	-	272.19
Depreciation for the year	-	13.08	22.37	6.66	20.50	-	62.61
Disposals/Write off	-	-	(13.65)	(1.18)	-	-	(14.83)
Balance as at 31 December 2010	-	50.16	131.52	19.19	119.10	-	319.97
<b>Allowance for impairment loss</b>							
Balance as at 31 December 2009	26.73	7.56	-	-	-	-	34.29
Balance as at 31 December 2010	26.73	7.56	-	-	-	-	34.29
<b>Net book value</b>							
Balance as at 31 December 2009	87.45	217.24	47.68	19.68	5.59	3.54	381.18
Balance as at 31 December 2010	94.69	220.68	55.66	16.34	85.79	28.23	501.39
<b>Depreciation for the year</b>							
2009 (Baht 4.06 million included in cost of other services other than that included in administrative expenses)							61.65
2010 (Baht 4.06 million included in cost of other services other than that included in administrative expenses)							62.61

As at 31 December 2010 and 2009, 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 237.87 million and Baht 172.37 million, respectively (Separate financial statement: Baht 154.45 million and Baht 133.92 million, respectively).

As at 31 December 2010 and 2009, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 15.55 million and Baht 15.91 million, respectively (Separate financial statement: Baht 14.17 million and Baht 14.63 million, respectively).

As at 31 December 2010, the Company's land and construction thereon which the net book value amounted Baht 60.13 million, were mortgaged to secure loans from banks (2009: Baht 64.19 million).

## 16. INTANGIBLE ASSETS

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements
	Franchise fee	Computer software	Total	Computer software
<b>Cost</b>				
31 December 2009	13.47	98.51	111.98	71.92
Purchase	1.84	17.46	19.30	17.02
Transfer in	-	2.78	2.78	2.78
Disposals/Write off	-	(0.10)	(0.10)	-
31 December 2010	15.31	118.65	133.96	91.72
<b>Accumulated amortisation</b>				
31 December 2009	10.90	72.61	83.51	55.88
Amortisation for the year	2.83	7.43	10.26	5.70
Disposals/Write off	-	(0.10)	(0.10)	-
31 December 2010	13.73	79.94	93.67	61.58
<b>Net book value</b>				
31 December 2009	2.57	25.90	28.47	16.04
31 December 2010	1.58	38.71	40.29	30.14
<b>Amortisation included in administrative expenses in income statement for the year</b>				
2009			16.43	7.79
2010			10.26	5.70

## 17. GOODWILL

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Goodwill	407.56	407.56	-	-
Less: Accumulated allowance for impairment loss	(266.31)	(225.76)	-	-
Goodwill - net	141.25	181.80	-	-
Impairment loss for the year	40.55	162.47	-	-

During the year 2008, the Company recorded differences between the cost of acquisition and the minority interest of Sansiri Venture Co., Ltd., Plus Property Venture Co., Ltd. and Plus Property Space Co., Ltd. amounting to Baht 266.31 million as goodwill. As at 31 December 2010, allowance for impairment loss was fully recorded for such goodwill.

During the year 2009, the Company recorded goodwill from business combination of National Education Development Co., Ltd. amounting Baht 141.25 million, as discussed in Note 2.2 (i).

## 18. LEASEHOLD RIGHTS

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	2010	2009
Leasehold rights	185.19	175.65
Less: Accumulated amortisation	(106.07)	(95.01)
Leasehold rights – net	<u>79.12</u>	<u>80.64</u>
Amortisation expenses for the year	<u>5.17</u>	<u>5.59</u>

As at 31 December 2010, the Company's leasehold rights were mortgaged to secure loans from banks.

## 19. SHORT-TERM LOANS FROM BANKS

As at 31 December 2010, short-term loans from banks, which are not collateralised, carry interest at rates of 4.35 – 4.50 percent per annum (2009: 4.30 – 4.85 percent per annum).

## 20. PROMISSORY NOTES – PURCHASE OF LAND

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	2010	2009
Short-term promissory notes – purchase of land	463.25	-
Long-term promissory notes – purchase of land	<u>787.60</u>	<u>-</u>
Total	<u>1,250.85</u>	<u>-</u>

As at 31 December 2010, promissory notes–purchase of land are notes issued to land sellers. The notes mature in 2011 and 2012, are interest free, and are avaled by a bank.

## 21. LONG-TERM LOANS

As at 31 December 2010 and 2009, long-term loans presented below : -

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Loans from banks	10,487.56	8,544.03	7,653.56	5,351.80
Less: Current portion of long-term loans	<u>(4,991.81)</u>	<u>(5,093.14)</u>	<u>(2,808.80)</u>	<u>(2,947.65)</u>
Net	<u>5,495.75</u>	<u>3,450.89</u>	<u>4,844.76</u>	<u>2,404.15</u>

Movements in the long-term loans account during the year ended 31 December 2010 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2010	8,544.03	5,351.80
Add: Additional borrowings	8,669.41	6,259.24
Less: Repayment	(6,709.36)	(3,957.48)
Less: Translation adjustments	(16.52)	-
Balance as at 31 December 2010	<u>10,487.56</u>	<u>7,653.56</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
	2010	2009		
	Million Baht	Million Baht	Percent per annum	
Sansiri Plc.	7,654	5,352	MLR - 2.25% to MLR - 1%	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 between 2011 - 2018
Plus Property Co., Ltd.	419	983	MLR - 2%	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 2013
Chanachai Ltd.	1,545	512	MLR - 1.5% to MLR - 1%	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 between 2011 - 2017
Sansiri Land Ltd.	237	-	MLR - 1.75% to MLR - 1%	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 2014
Red Lotus Properties Ltd.	13	13	MLR - 0.75%	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 2011
Arnawat Ltd.	99	196	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 2013
Piwattana Ltd.	397	525	MLR - 1.25%	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 2013
Sansiri Venture Co., Ltd.	-	806	MLR - 1.25% to MLR - 0.5%	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 2011
Sansiri Guernsey (2009) Limited	124	141	Basic rate + 3%	Full payment is to be made within 2012
Papanan Ltd.	-	16	MLR + 1%	Monthly installment repayment amounting Baht 790,000 and full payment is to be made within 2011
Total	<u>10,488</u>	<u>8,544</u>		

As at 31 December 2010 and 2009, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 19,034 million and Baht 10,931 million, respectively (Separate financial statement: Baht 14,140 million and Baht 6,220 million, respectively).

Land and constructions of projects of the Company and its subsidiaries, leaseholds and investments in available-for-sale securities of the Company are mortgaged and pledged as collaterals for loans obtained from banks.

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.

## 22. PROVISIONS

Provisions for liabilities on law suit, home care warrantee and compensation for Housing Estate Juristic Persons for the year ended 31 December 2010 had the following movements : -

### Short-term provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Provisions for			Provisions for		
	Provisions for law suits	home care warrantee	Total	Provisions for law suits	home care warrantee	Total
Beginning balance	7.09	60.22	67.31	2.95	28.23	31.18
Increase during the year	0.67	73.23	73.90	-	41.44	41.44
Paid during the year	(3.30)	(48.19)	(51.49)	-	(24.30)	(24.30)
Reverse	(0.18)	(12.07)	(12.25)	-	(3.93)	(3.93)
Ending balance	4.28	73.19	77.47	2.95	41.44	44.39

### Long-term provisions

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	Compensation for Housing Estate Juristic Persons	Compensation for Housing Estate Juristic Persons
Beginning balance	34.46	26.72
Increase during the year	23.89	12.42
Paid during the year	(5.78)	(4.70)
Ending balance	52.57	34.44

## 23. INVESTMENTS IN AVAILABLE-FOR-SALES SECURITIES / OTHER PAYABLE – PROPERTY FUND

### Investments in available-for-sales securities

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Baan Sansiri Property Fund	-	111.64
Others	-	20.30
Total	-	131.94
Less: Unrealised loss on changes in value of investments	-	(2.23)
Net	-	129.71

In September 2005, the Company entered into an agreement with Baan Sansiri Property Fund (“Property Fund”) to sell the Property Fund its 25-unit Baan Sansiri Project, a project for rent of the Company with booked value of approximately Baht 608 million for a total of Baht 850 million (including VAT). The Company has agreed to manage the project and has guaranteed the Property Fund rental totaling Baht 70 million per year. If rental revenues and property management charges received by the Property Fund from such properties are less than the guaranteed rental revenue, the Company is to compensate to the Property Fund for the shortfall. However, if rental revenue and property management charges total more than the guaranteed rental revenue, the excess amount belongs to the Company.

The Company has granted the Property Fund put options to sell back which it invested to the Company, either in whole or in part, (in case of a partial sale, the Property Fund has to sell the land in plots, together with buildings/construction and all furniture and fixtures thereon) as the Property Fund deems appropriate, or to sell them to other companies or individuals on the fifth anniversary of the date ownership was transferred (“sell-back-date”). The Company has recognized the above sales as loan from the Property Fund.

As at 31 December 2009, the Company holds a 12.90 percent interest in the Property Fund. The fair value of such investment was Baht 109.41 million. Such investments were pledged to secure loans from a bank.

On 3 March 2010, the Management Company of the Property Fund held the Unitholders’ Meeting No. 1/2010 to consider the exercise of a put option to compel the Company to buy back the properties after a period of 5 years has passed from the date on which the Property Fund invested in such property, which will terminate on 11 September 2010. The Management Company of the Property Fund informed the Meeting that it would exercise the put option right against the Company and there was no objection from the Unit holders. Subsequently on 13 September 2010, the Company bought back the assets from the Property Fund which consisted of 24 plots of land with single house at a total price of Baht 819.33 million. The purchase price was paid in full on the date the ownership of properties had been transferred and the transaction was recorded as loans repayment to the Property Fund.

Subsequently, the Management Company of the Property Fund announced to dissolve the Property Fund on 15 September 2010 and on 29 October 2010 the Company received Baht 113.43 million, the remaining amount after the liquidation of the fund.

During the year 2010 and 2009, the Company made rental payment of Baht 19.91 million and Baht 28.10 million, respectively, to the Property Fund.

## 24. UNSECURED DEBENTURES

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

(Unit: Million Baht)

Debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2010	2009
Debentures # 1/2009	6.25% p.a.	3 years	4 June 2012	1,000.00	1,000.00
Debentures # 1/2010	4.90% p.a.	3 years 7 months 20 days	30 September 2013	1,000.00	-
Debentures # 2/2010	5.60% p.a.	7 years	24 May 2017	2,000.00	-
Total debentures, at face value				4,000.00	1,000.00
Less: Unamortised portion of deferred transaction costs				(25.80)	(8.64)
Debentures, net				3,974.20	991.36

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 2:1 along with debentures' periods (debts mean interest bearing loans).

## 25. SHARE CAPITAL

During the current year the Company received payment for the exercise of ESOP # 5 and ESOP # 6. The detail is below.

Date of exercise	Quantity of exercised warrants	Ordinary shares issued for exercise warrants	Exercise pricet	Date of registration with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
<b>ESOP#5</b>	(Units)	(Shares)	(Baht)		
30 July 2010	8,460,000	8,460,000	5.0	4 August 2010	9 August 2010
31 August 2010	2,330,000	2,330,000	5.0	2 September 2010	6 September 2010
30 September 2010	1,380,000	1,380,000	5.0	4 October 2010	7 October 2010
29 October 2010	2,280,000	2,280,000	5.0	2 November 2010	8 November 2010
30 November 2010	1,160,000	1,160,000	5.0	2 December 2010	8 December 2010
30 December 2010	370,000	370,000	5.0	4 January 2011	7 January 2011
<b>Total</b>		<u>15,980,000</u>			
<b>ESOP#6</b>					
31 August 2010	100,000	100,000	5.2	2 September 2010	6 September 2010
30 September 2010	430,000	430,000	5.2	4 October 2010	7 October 2010
29 October 2010	425,000	425,000	5.2	2 November 2010	8 November 2010
30 November 2010	440,000	440,000	5.2	2 December 2010	8 December 2010
30 December 2010	465,000	465,000	5.2	4 January 2011	7 January 2011
<b>Total</b>		<u>1,860,000</u>			

## Reconciliation of number of ordinary shares

(Unit: Shares)

### Consolidated / Separate financial statements

#### Registered ordinary shares

Number of ordinary shares as at 1 January 2010	3,736,263,038
Number of ordinary shares as at 31 December 2010	<u>3,736,263,038</u>
<b>Issued and paid-up ordinary shares</b>	
Number of ordinary shares as at 1 January 2010	1,473,628,692
Increase due to exercise of warrants	17,005,000
Number of ordinary shares as at 31 December 2010	<u>1,490,633,692</u>

Cash receipt from the exercise of ESOP#5 and ESOP#6 on 30 December 2010 was recorded as call in arrear in shareholders' equity because the Company registered its paid-up capital increase with the Ministry of Commerce subsequent the year ended.

## 26. 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.

## 27. Warrants/Earnings per share

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 2010	Number of warrants allotted during the year	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2010
ESOP# 5	5.00	1:1	45,770,000	-	(15,980,000)	29,790,000
ESOP# 6	5.20	1:1	-	75,000,000	(1,860,000)	73,140,000
SIRI-W1 <sup>(1)</sup>	5.20	1:1	-	736,792,026	-	736,792,026

(1) On 20 January 2010, the Company issued warrants representing rights to purchase ordinary shares of the Company No.1 (SIRI-W1) which is in name certificated form and transferable and approved by the Extraordinary Meeting of the Company's shareholders No. 1/2009. The details of the Warrants are summarized below.

The number of the Warrants approved to issue :  
The number of the Warrants allocated :  
Allocated to :

736,814,346 units  
736,792,026 units  
The existing shareholders of the Company at the ratio of 2 existing ordinary shares to 1 unit of warrant.  
Baht 0 per unit  
1 unit of Warrant per 1 share, at a price of Baht 5.20 per share  
5 years from the issuance date

Price per unit :  
Rights of the Warrants :

Term of the Warrants :



Basic earnings per share are determined by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year 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.

Calculation of basic earnings per share and diluted earnings per share is presented below:

Consolidated						
For the year ended 31 December 2010 and 2009						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Share)	2009 (Thousand Shares)	2010 (Baht)	2009 (Baht)
<b>Basic earnings per share</b>						
Net income	1,897,732	969,732	1,479,048	1,473,629	1.28	0.66
<b>Effect of dilutive potential ordinary shares</b>						
ESOP#5	-	-	1,633	-		
ESOP#6	-	-	522	-		
SIRI-W1	-	-	11,471	-		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrant to ordinary shares	<u>1,897,732</u>	<u>969,732</u>	<u>1,492,674</u>	<u>1,473,629</u>	1.27	0.66

Separate financial statements						
For the year ended 31 December 2010 and 2009						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Share)	2009 (Thousand Shares)	2010 (Baht)	2009 (Baht)
<b>Basic earnings per share</b>						
Net income	2,421,371	254,781	1,479,048	1,473,629	1.64	0.17
<b>Effect of dilutive potential ordinary shares</b>						
ESOP#5	-	-	1,633	-		
ESOP#6	-	-	522	-		
SIRI-W1	-	-	11,471	-		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrant to ordinary shares	<u>2,421,371</u>	<u>254,781</u>	<u>1,492,674</u>	<u>1,473,629</u>	1.62	0.17

## 28. REVENUES FROM OTHER SERVICES/COST OF OTHER SERVICES

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Revenues from other services</b>				
Revenues from medical spa business	67.66	61.98	-	-
Revenues from hotel business	15.16	15.33	15.17	15.39
Revenues from education business	68.73	37.06	-	-
Total	<u>151.55</u>	<u>114.37</u>	<u>15.17</u>	<u>15.39</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cost of other services</b>				
Cost of medical spa business	60.41	52.08	-	-
Cost of hotel business	20.95	15.57	21.19	15.86
Cost of education business	111.90	35.85	-	-
Total	<u>193.26</u>	<u>103.50</u>	<u>21.19</u>	<u>15.86</u>

## 29. EXPENSES BY NATURE

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Purchase of land and payments of construction costs	15,739.26	10,446.69	10,643.52	5,785.97
Changes in property development for sales	(4,769.62)	969.10	(4,822.40)	(1,210.36)
Salary and wages and other employee benefits	1,022.75	885.90	692.79	586.97
Depreciation	232.55	204.68	92.80	106.06
Amortisation of intangible assets	10.26	16.43	5.70	7.79
Provision for home care warrantee	63.54	70.02	37.53	35.14
Rental expenses from operating lease agreements	49.73	41.48	14.81	15.29
Bad debts and doubtful accounts	7.51	(5.13)	3.28	(0.89)

## 30. PROVIDENT FUND

The Company, subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiaries and its 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. During the year 2010 and 2009, the Company and its subsidiaries contributed Baht 40.01 million and Baht 35.06 million, respectively, to the fund (Separate financial statement: Baht 27.32 million and Baht 24.58 million, respectively).

## 31. DIVIDEND PAID

Dividends of the Company which were declared in 2010 and 2009 consist of the following:

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividend per share	Date of dividend payment
Final dividends on 2008 earnings	The Annual General Meeting of the shareholders on 29 April 2009	442,088,608 <sup>(1)</sup>	0.30	28 May 2009
Final dividends on 2009 earnings	The Annual General Meeting of the shareholders on 30 April 2010	766,286,920 <sup>(2)</sup>	0.52	18 May 2010

(1) Actual dividend paid amounted Baht 442,079,444 due to there were some shareholders who did not has right to receive dividends.

(2) Actual dividend paid amounted Baht 766,267,032 due to there were some shareholders who did not has right to receive dividends.

## 32. COMMITMENTS AND CONTINGENT LIABILITIES

### 32.1 CAPITAL COMMITMENTS

As at 31 December 2010 and 2009, the Company and its subsidiaries have the following capital commitments: –

a) The Company and its subsidiaries had commitments of Baht 6,893.69 million and Baht 3,529.48 million, respectively, under project construction agreements, decoration agreements, advisory service agreements and system development agreements (Separate financial statement: Baht 5,850.67 million and Baht 1,460.73 million, respectively).

b) The Company and its subsidiaries has commitments of Baht 1,355.95 million and Baht 972.93 million, respectively, under land and condominium units purchase agreements (Separate financial statement: Baht 864.24 million and Baht 586.65 million, respectively).

### 32.2 OPERATING LEASE COMMITMENTS

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

As at 31 December 2010, future minimum lease payments required under non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Within one year	16.14	4.86
1 to 5 years	7.31	2.85
Total	23.45	7.71

b) The Company and subsidiaries had commitments of Baht 27.51 million in relation to advertising and public relations for the projects (Separate financial statement: Baht 20.58 million).

c) The significant long-term lease agreements are as follow :

- Chanachai Limited entered into a 30-year land rental agreement with the Royal Palace Office 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 117.70 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 88.04 million. The subsidiary paid this rental in full in July 2004.
- The Company entered into an agreement to rent building space from a related company for use as an office and for sub-lease for a period of 30 years from 1 June 1994 to 31 May 2024. On the agreement date, the Company paid the rental in a single payment of approximately Baht 548.57 million. At the end of the contract, the Company must return the rented space to the lessor and is not entitled to make any demands on the lessor.

### **32.3 BANK GUARANTEES**

As at 31 December 2010 and 31 December 2009, there were the outstanding bank guarantees for Baht 995.88 million and Baht 1,067.46 million, respectively, issued by the banks in respect of requirements of the Company and 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 statement: Baht 531.72 million and Baht 515.42 million, respectively).

### **32.4 LITIGATIONS**

The Company and its subsidiaries have outstanding litigations regarding of breach of agreements to purchase and to sell and transgression. The total damages are Baht 40.07 million (2009: Baht 12.52 million). However, the Company and subsidiaries are in the process of bringing disputes and because such litigations are not yet finalised so that the Company and its subsidiaries do not record such estimated losses to accounts.

### **32.5 OTHER COMMITMENTS**

The Company has commitments regarding contribution to the United Nations Children's Fund (UNICEF) at a minimum of USD 1 million per year for the three-year period between 2011 and 2013. This is in accordance with memorandum of understanding between the Company and UNICEF dated 28 December 2010.

### 33. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' main business is property development with its properties consisting of land and housing projects, residential condominium projects, serviced apartments for rent, and office buildings for rent; the provision of building management service and real estate brokerage; and the other provision of other services (hotel, medical spa and education business). The Company and its subsidiaries operate in the single geographic area of Thailand.

The financial information of the Company and its subsidiaries are divided into three main segments: real estate business, building management and real estate brokerage, and other services (hotel, medical spa and education business). The details presented in the consolidated income statements for the years ended 31 December 2010 and 2009 are as follows :-

	Real estate		Building management and real estate brokerage		Hotel, Spa and Education		Eliminated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues from external customers	18,068.46	15,333.16	375.78	376.55	151.54	114.37	-	-	18,595.78	15,824.08
Inter segment revenues	38.55	34.86	286.22	227.81	1.41	0.98	(326.18)	(263.65)	-	-
Total revenue	<u>18,107.01</u>	<u>15,368.02</u>	<u>662.00</u>	<u>604.36</u>	<u>152.95</u>	<u>115.35</u>	<u>(326.18)</u>	<u>(263.65)</u>	<u>18,595.78</u>	<u>15,824.08</u>
Operating income (loss)	5,079.35	3,820.95	74.76	134.64	(29.05)	(1.79)	-	-	5,125.06	3,953.80
Other income									159.62	148.34
Common expenses									(2,362.22)	(1,761.86)
Income before allowances, finance costs and income tax									<u>2,922.46</u>	<u>2,340.28</u>
Loss on diminution in value of property development and impairment loss on land, building and equipment									(15.37)	(130.97)
Loss on impairment of goodwill, investments and loans to subsidiaries									(61.50)	(162.48)
Finance costs									(245.18)	(123.67)
Corporate income tax									<u>(702.32)</u>	<u>(951.31)</u>
Net income									<u>1,898.09</u>	<u>971.85</u>

(Unit: Million Baht)

The financial information in the consolidated balance sheets as at 31 December 2010 and 2009 by real estate business, building management and real estate brokerage business, and other services (hotel, medical spa and education business) is as follows :-

	Real estate		Building management and real estate brokerage		Hotel, Spa and Education		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Property development for sale - net	22,339.20	17,502.96	-	-	-	-	22,339.20	17,502.96
Property development for rent - net	900.89	1,348.80	-	-	-	-	900.89	1,348.80
Hotel, Spa and Education - net	-	-	-	-	878.56	602.86	878.56	602.86
Land, building and equipment - net							510.94	396.37
Other assets							6,560.86	5,931.55
Total assets							<u>31,190.45</u>	<u>25,782.54</u>

(Unit: Million Baht)

## 34. FINANCIAL INSTRUMENTS

### 34.1 FINANCIAL RISK MANAGEMENT

The Company and its subsidiaries's 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 is 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 balance sheet.

#### INTEREST RATE RISK

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, 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 as at 31 December 2010 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.

	Fixed interest rate				Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within one year	1 – 5 years	Over 5 years	At call				
								(% p.a.)
<b>Financial Assets</b>								
- Cash and cash equivalent (excluding cash)	25.17	-	-	-	2,475.72	827.41	3,328.30	0.50 - 1.25
- Short-term investments	-	-	-	-	40.72	100.02	140.74	0.65 - 1.55
- Trade accounts receivables	-	-	-	-	-	50.40	50.40	-
- Restricted bank deposits	-	-	-	-	47.75	-	47.75	0.65 - 1.55
- Short-term loans to related parties	-	-	-	5.00	-	-	5.00	5.50
	<u>25.17</u>	<u>-</u>	<u>-</u>	<u>5.00</u>	<u>2,564.19</u>	<u>977.83</u>	<u>3,572.19</u>	
<b>Financial liabilities</b>								
- Short-term loans	215.00	-	-	-	-	-	215.00	4.35 - 4.50
- Promissory notes - purchase of land	-	-	-	-	-	1,250.85	1,250.85	-
- Trade accounts payable	-	-	-	-	-	804.69	804.69	-
- Long-term loans	-	-	-	-	10,487.56	-	10,487.56	Note 21
- Unsecured debentures	-	1,988.86	1,985.34	-	-	-	3,974.20	4.90 - 6.25
	<u>215.00</u>	<u>1,988.86</u>	<u>1,985.34</u>	<u>-</u>	<u>10,487.56</u>	<u>2,055.54</u>	<u>16,732.30</u>	

## FOREIGN CURRENCY RISK

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

### 34.2 FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments as at 31 December 2010, in comparison with the related amounts carried in the balance sheet, is as follows.

(Unit: Million Baht)

	Consolidated financial statements	
	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalents	3,331.31	3,331.31
Current investments	140.74	140.74
Trade accounts receivable – net	50.40	50.40
Restricted bank deposits	47.75	47.75
<b>Financial liabilities</b>		
Short-term loans from banks	215.00	215.00
Promissory notes – purchase of land	1,250.85	1,111.47
Trade accounts payable	804.69	804.69
Long-term loans	10,487.56	10,487.56
Unsecured debentures	3,974.20	4,061.37

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

- 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 balance sheet approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For fixed rate debentures and promissory notes – purchase of land, 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.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the balance sheet approximates their fair value.

## **35. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreement with banks, which requires the Company to maintain a debt-to-equity ratio of not more than 2:1.

The Company's capital used to calculate above financial ratio includes ordinary shares, and retained earnings less the net unrealised gains reserve.

No changes were made in the objectives, policies or processes during the years end 31 December 2010 and 2009.

## **36. OTHER**

On 13 September 2010, the Company's board of directors' meeting passed a resolution to approve the cancellation of the Re-capitalization Plan and the newly issued shares being allotted on a Private Placement basis, totaling 1,398,000,000 shares. These newly issued shares were approved by the resolution of the Extraordinary Meeting of Shareholders No. 1/2009 held on 6 November 2009 as amended by the Annual General Meeting of Shareholders No. 15/2010 held on 30 April 2010 respectively. The Board of Directors will propose to the Annual General Meeting of Shareholders of the Company to approve the decrease of the registered capital being reserved under such Plan.

## **37. SUBSEQUENT EVENT**

The meeting of the Company's Board of Directors held on 28 February 2011 passed the following resolutions :

1) Approval to pay stock dividend to the Company's shareholders in the number of 250,993,282 shares, with the par value of 4.28 Baht per share at the ratio of 6 existing shares per 1 stock dividend, equivalent to the payment of Baht 1.061775 per share and to pay dividend in cash at the rate of 0.117975 per share in order to cover the payment of withholding tax at the rate of 10 percent.

2) Approval for the decrease of the registered capital of the Company, which will be made from the existing registered capital of 15,991,205,802.64 Baht to be the new registered capital of 9,977,496,273.04 Baht by canceling its registered but un-issued share in the number of 1,405,072,320 shares, the details of which are as follows:

- To cancel the 7,050,000 shares being reserved for the exercising right of the warrants which issued and offered to the Directors and Employees of the Company and its subsidiaries under the ESOP # 5 scheme as the same number of the warrants were left un-subscribed from the offering.



- To cancel the 22,320 shares being reserved for the exercising right of Warrants Representing Rights to Purchase Ordinary Shares of Sansiri Public Company Limited No. 1 (SIRI-W1) which issued to the Company's existing shareholders, as they were left over after the allotment of the warrants.

- To cancel shares being reserved for the allotment on a Private Placement basis under the Re-capitalization Plan, totaling 1,398,000,000 shares which the Company had already cancelled such Plan.

3) Approval for the increase of the registered capital of the Company, which will be made from the existing registered capital of 9,977,496,273.04 Baht to be the new registered capital of 11,641,589,650.96 Baht by issuing 388,806,864 newly ordinary shares with the par value of 4.28 Baht and allocation of newly issued shares, the details of which are as follows:

- Allocation of 250,993,282 newly issued shares to be reserved for stock dividend.

- Allocation of 137,813,582 newly issued shares to be reserved for adjustment of rights under the condition of the Warrants to purchase ordinary shares of the Company (SIRI-W1, ESOP # 5 and ESOP # 6) as the declaration of stock dividend payment.

4) Approval the issuance and offering of not more than Baht 3,000 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.

These resolutions will be proposed for approval at the 2011 Annual General Meeting of the Company's shareholders.

## 38. RECLASSIFICATIONS

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows :-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Balance sheet</u>				
Other advance payments	-	5.63	-	2.55
Other current assets - others	79.29	73.66	70.91	68.36
Current portion of finance lease payables	-	3.19	-	2.21
Other current liabilities - others	67.09	63.90	38.07	35.86
Other payables	-	36.50	-	31.73
Trade accounts payable	831.93	795.43	438.96	407.23
Deposits for building rental and others	-	34.38	-	29.54
Finance lease payables - net of current portion	-	11.99	-	11.82
Other non-current liabilities	46.37	-	41.36	-
<u>Income statements</u>				
Revenues from medical spa business	-	61.98	-	-
Revenues from hotel business	-	15.33	-	15.39
Revenues from education business	-	37.06	-	-
Revenues from other services	114.37	-	15.39	-
Cost of medical spa business	-	52.08	-	-
Cost of hotel business	-	15.57	-	15.86
Cost of education business	-	35.85	-	-
Cost of other services	103.50	-	15.86	-

## 39. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2011.

# SUMMARY OF TRANSACTIONS

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