

**The Opinion of Independent Financial Advisor  
Regarding the Connected Transaction**

**Of**

**Sri Ayudhya Capital Public Company Limited**



**By**

**Asia Plus Advisory Company Limited**



**26 March 2014**

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26 March 2014

Subject Independent Financial Advisor's Opinion on the Connected Transaction of Sri Ayudhya Capital Public Company Limited

To Audit Committee and Shareholders of Sri Ayudhya Capital Public Company Limited

Important Note:

This report was prepared in Thai and this English version is a translation of the Thai report. While every effort was made to ensure the accuracy of the translation, there could be some inconsistency between the Thai report and the English translation. In any case, the Thai report shall take precedence and be considered the official IFA report over its English translation.

The Board of Directors' Meeting of Sri Ayudhya Capital Public Company Limited (the "Company" or "AYUD") No. 2/2014 held on 25 February 2014 passed the resolution to approve the sales of investment in ordinary shares of Surise Equity Company Limited ("Sunrise") amounted to 54,613,666 shares equivalent to 5.48% of the total issued and paid-up shares of Sunrise at the price of 34.70 Baht per share or equivalent to 1,895.09 MB in total, to The Great Luck Equity Company Limited and Great Fortune Company Limited, which are a connected persons of the Company (the "Transaction"). The Transaction is classified as a connected Transaction of listed companies regarding assets and services that needs to be approved by the general meeting of the shareholders under the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2008 Re: Connected Transaction Rules dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003 dated 19 November 2003 (as amended). The size of this Transaction was calculated at 38.90 of the net tangible assets of the Company according to the audited consolidated financial statements for the year 2013 ending 31 December 2013, which is more than 3% of the net tangible assets of the Company and greater than 20 MB.

Such Transaction is also classified as the disposal of assets of Category 2 under Notification of the Capital Market Supervisory Board Tor.Jor. 20/2008 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004 dated 29 October 2004 (as amended). The size of the Transaction was calculated at 20.20% of the total assets of the Company based on the total value of consideration criteria according to the audited consolidated financial statements for the year 2013 ending 31 December 2013.

To enter into the Transaction, the Company needs to submit the Information memorandum regarding the Transaction to the Stock Exchange of Thailand ("SET") and to convene a meeting of general shareholders to approve the Transaction. To be approved, the Transaction needs a vote of not less than three-fourths of the total number of votes of the shareholders who have the rights to vote, excluding the votes of shareholders with vested interests. The Company is required to arrange for an Independent Financial Advisor to provide the opinion on the reasonableness of the Transaction and the fairness of the Transaction price to the shareholders; the opinion shall be sent out with the invitation letter, stating the names and number of shares of the shareholders who have no right to vote, to its shareholders no less than 14 days prior to the meeting.

The Board of Directors' Meeting of Sri Ayudhya Capital Public Company Limited No. 2/2014 held on 25 February 2014 has scheduled the Annual General Meeting of Shareholders No. 65 on 22 April 2014 to vote on the Transaction, and also resolved to appoint Asia Plus Advisory Co., Ltd. ("Independent Financial Advisor" or "IFA") as the Independent Financial Advisor for the Transaction to comply with Corporate Governance principles regarding transparency and information disclosure so that the Company's shareholders have sufficient information to decide on the matter put to vote. This report was prepared by the IFA to provide an opinion on the appropriateness of the Transaction and the reasonableness of prices and terms of the Transaction for consideration of the shareholders.

The IFA is a qualified Financial Advisor under the supervision of the Securities and Exchange Commission (the "SEC") and has no relationship with either the Company or any of the related parties to this Transaction.

In preparing this report, the IFA relied on information supplied by the Company; interview with the management of the Company and Sunrise, information memorandum regarding the Disposal of Asset and the Connected Transaction ("IM"), public information of the Company and related and relevant information obtained from public domain. As such, the IFA cannot give any representation or warranty on the accuracy or the completeness of the information obtained. Moreover, the report was prepared to give an opinion on this disposal based on the current information which could be obtained during the preparation of this report. All the assumptions found in this report were based on the possibility of occurrence during the time this report was prepared. Therefore, should there be any material changes in the future; both the Company and/or the shareholders could be affected.

The sole purpose of this report is to provide opinion to the Company's shareholders regarding this Transaction. Nevertheless, the final decision rests primarily with the individual shareholders. The shareholders should study the information contained in this report along with other related information provided and use his/her own judgment in making the final decision. The IFA opinion can be summarized as follows:

## Executive Summary

The Board of Directors' Meeting of Sri Ayudhya Capital Public Company Limited (the "Company" or "AYUD") No. 2/2014 held on 25 February 2014 passed the resolution to approve the sales of investment in ordinary shares of Surise Equity Company Limited ("Sunrise") amounted to 1,895,094,210.20 Baht in total.

The Transaction is classified as a connected Transaction of listed companies regarding assets and services that needs to be approved by the general meeting of the shareholders, which must consist of at least three-fourths of the total number of votes of the shareholders attending the meeting and having voting right, excluding the votes of shareholders with vested interests, under the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2008 Re: Connected Transaction Rules dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003 dated 19 November 2003 (as amended). The size of this Transaction was calculated at 38.90% of the net tangible assets of the Company according to the latest audited consolidated financial statements for the year 2013 ending 31 December 2013, which is more than 3% of the net tangible assets of the Company and greater than 20 MB. Such Transaction is also classified as the disposal of assets under Notification of the Capital Market Supervisory Board Tor.Jor. 20/2008 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004 dated 29 October 2004 (as amended). The size of the Transaction was calculated at 20.20% of the total assets of the Company based on the total value of consideration criteria. The Transaction is, therefore, classified as the disposal of assets under Category 2.

The Board of Directors' Meeting of Sri Ayudhya Capital Public Company Limited No. 2/2014 held on 25 February 2014 has scheduled the Annual General Meeting of Shareholders No. 65 on 22 April 2014 to vote on the Transaction, and also resolved to appoint Asia Plus Advisory Co., Ltd. ("Independent Financial Advisor" or "IFA") as the Independent Financial Advisor for the Transaction to comply with Corporate Governance principles regarding transparency and information disclosure so that the Company's shareholders have sufficient information to decide on the matter put to vote. This report was prepared by the IFA to provide an opinion on the appropriateness of the Transaction and the reasonableness of prices and terms of the Transaction for consideration of the shareholders.

The IFA reviewed the relevant information the IFA was able to obtain, such as conditions of the Transaction, advantages and disadvantages from entering into the Transaction, and potential risks from the Transaction. Having reviewed the terms and conditions of the Transaction from the

letter of offer to divest share of Sunrise, the IM, and information obtained through management interview, the IFA has the following opinions:

Entering into this transaction is appropriate since the advantages are it is a good opportunity for AYUD to sell Sunrise's ordinary shares since AYUD does not have control over Sunrise and Sunrise is not AYUD's core business. Moreover, AYUD can utilize cash gained from selling Sunrise's share in expanding its core business and improving its financial position. Even though, entering into this transaction have some disadvantages. AYUD will lose revenue and profit from Sunrise in the future, in addition, AYUD will lose opportunity in realizing profit from increase in Sunrise's shares price. However, IFA is of the opinion that entering into the transaction has more advantages over disadvantages since dividend incomes from Sunrise were significantly less than this transaction value. Moreover, the condition of this transaction is regular and normal in which AYUD has to be paid in cash and must be within third quarter of 2014. Hence, IFA is of the opinion that entering into this transaction is appropriate.

With regards to the reasonableness of the Transaction price, the IFA has calculated the fair value of Sunrise held by AYUD and arrives at the fair value of the Transaction at 1,734.02 - 1,988.69 MB. The Transaction price of 1,895.09 MB falls within the estimated fair range, 161.07 MB, or 9.29%, higher than the low end and 93.59 MB, or 4.71%, lower than the high end. The IFA is of an opinion that the Transaction price is fair and reasonable.

**The IFA's opinion is that the shareholders should vote in favor of approving the Transaction. Nevertheless, the final decision rests primarily with the individual shareholders. The shareholders should study the information contained in this report along with other related information provided and use his/her own judgment in making the final decision.**

## **1. Characteristics and Details of the Transaction**

### **1.1. Characteristics of the Transaction**

The Board of Directors' Meeting of Sri Ayudhya Capital Public Company Limited (the "Company" or "AYUD") No. 2/2014 held on 25 February 2014 passed the resolution to approve the sales of investment in ordinary shares of Surise Equity Company Limited ("Sunrise") amounted to 54,613,666 shares at the price of 34.70 Baht per share or equivalent to 1,895.09 MB in total, to The Great Luck Equity Company Limited of amount 11,000,000 shares, and Great Fortune Company Limited of amount 43,613,666 shares, which are a connected persons of the Company

The Company disclosed the resolution of the Board of Directors' Meeting to the SET on 25 February 2014. The Transaction needs an approval from the annual general meeting of the shareholders. According to the minutes of the Board of Directors' Meeting, the Company has scheduled the Annual General Meeting of Shareholders No. 65 held on 22 April 2014 to seek approval for the Transaction. The Transaction is expected to be completed within September 2014.

### **1.2. Date of the Transaction**

No later than 30 September 2014

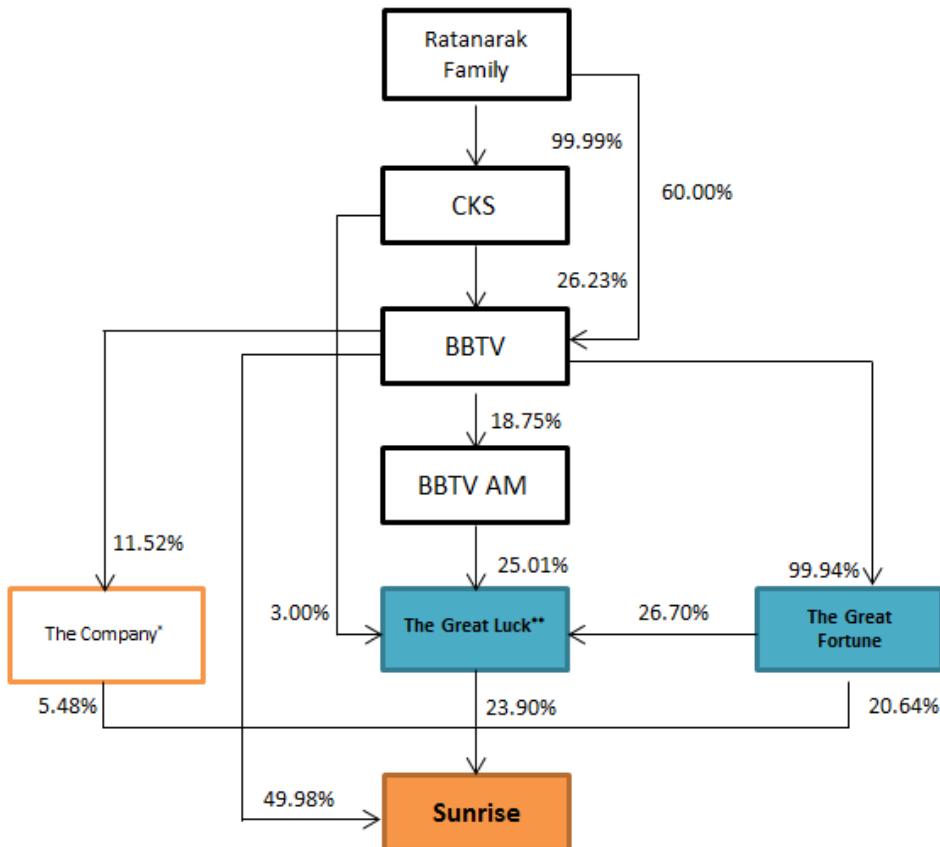
### **1.3. Parties Involved and Relationship within the Company**

Buyer :            1) The Great Luck Equity Company Limited ("Great Luck") and  
                      2) Great Fortune Equity Company Limited ("Great Fortune")

Seller :            Sri Ayudhya Capital Public Company Limited

Relationship with the Company :

The Great Luck Equity Company Limited and Great Fortune Company Limited is considered connected persons of the Company and both of them have the same indirect major shareholder which is CKS Holding Co.,Ltd. ("CKS") in which the ultimate shareholder is Ratanarak family. CKS holds the Company and the Great Fortune Company Limited via Bangkok Broadcasting & T.V. Co., Ltd. ("BBTV") and holds The Great Luck Equity Company Limited via (i) BBTV Asset Management Co., Ltd. ("BBTV AM") และ (ii) BBTV. Therefore, Ratanarak family is considered to have interest in the transaction and not entitled to vote the approval of the transaction. Details are shown in the following diagram:



**Remark:** \*Ratanarak family holds 15.39% more in the Company via i) BBTV Equity Co.,Ltd. ii) The Great Fortune Company Limited and iii) Ratanarak family at 8.78%, 2.82% and 3.79% respectively.

\*\*The Great Luck Equity Company Limited is owned by Stronghold Assets Co., Ltd. , Mahakij Holding Co., Ltd. and Ratanarak family 25.00% ,15.00% and 3.00% respectively. Stronghold Assets Co., Ltd. and Mahakij Holding Co., major shareholder is Ratanarak family.

CKS referred to CKS Holding Co., Ltd.

BBTV referred to Bangkok Broadcasting & T.V. Co., Ltd.

BBTV AM referred BBTV Asset Management Co., Ltd.

The Company and the group of companies which are related to the Buyer are sharing the same directors, which are Mr. Weeraphan Theepsuwan and Miss Nopporn Tirawattanagool.

#### 1.4. Details of the Assets to be divested

The Company will sell the investment in 54,613,666 common shares of Sunrise, equivalent to 5.48% of the total issued and paid-up shares of Sunrise.

#### 1.5. Type and Size of the Transaction

The Transaction is classified as a connected Transaction of listed companies regarding assets and services that needs to be approved by the general meeting of the shareholders under

the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2008 Re: Connected Transaction Rules dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003 dated 19 November 2003 (as amended). However, since the size of this Transaction was calculated at 38.90% of the total assets of the Company and its subsidiaries according to the audited financial statements ending 31 December 2013, which is the latest audited financial statement as of the date of the Board of Directors' Meeting. As such, the Transaction is also classified as the disposal of assets under Notification of the Capital Market Supervisory Board Tor.Jor. 20/2008 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004 dated 29 October 2004 (as amended). The size of the Transaction was calculated at 20.20% of the total assets of the Company based on the total value of consideration criteria. The Transaction was classified as the disposal of assets of Category 2. The size of the connected transaction and the size of the asset disposal transaction can be calculated as follows:

#### 1.5.1. Size of the Connected Transaction

The size of the connected transaction was calculated based on the figures from the audited consolidated financial statements of the Company and its subsidiaries as of 31 December 2013, which is the latest audited financial statements as of the date of the Board of Directors' Meeting, according to the following criteria:

Criteria	Calculation	Transaction Size (%)
1. Value of Total Consideration	$  \begin{aligned}  & \frac{\text{value of total consideration}}{\text{net tangible assets of the Company}} \\  & = \frac{1,895,094,210.20}{4,871,359,888}  \end{aligned}  $	38.90
2. Book value of assets	$  \begin{aligned}  & \frac{\text{Shareholding percentage} \times \text{Book value of assets}}{\text{net tangible assets of the Company}} \\  & = \frac{5.48\% \times 12,972,296,226}{4,871,359,888}  \end{aligned}  $	14.59
3. Market value of assets	- Not applicable as market value of Sunrise is unavailable -	

From the table above, the size of the Transaction calculated according to the Value of Total Consideration criteria is 38.90% of net tangible assets of the Company and its subsidiaries. As such, the Transaction is classified as a connected Transaction of listed companies regarding assets and services that needs to be approved by the general meeting of the shareholders under the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2008 Re: Connected Transaction Rules dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, 2003 dated 19 November 2003 (as amended)

#### 1.5.2. Size of the Asset Disposal Transaction

The size of the asset disposal transaction was calculated based on the figures from the audited consolidated financial statements of the Company and its subsidiaries as of 31 December 2013, which is the latest audited financial statements as of the date of the Board of Directors' Meeting, according to the following criteria:

Criteria	Calculation	Transaction Size (%)
Value of Assets	$  \begin{aligned}  &= \frac{\text{Shareholding percentage} \times \text{Net tangible assets of Sunrise}}{\text{Net tangible assets of The Company}} \\  &= \frac{5.48\% \times 12,974,312,076}{4,871,359,888}  \end{aligned}  $	14.59
Net Profit	$  \begin{aligned}  &= \frac{\text{Shareholding percentage} \times \text{Net profit of Sunrise}}{\text{Net profit of The Company}} \\  &= \frac{5.48\% \times 1,109,209,115}{589,936,036}  \end{aligned}  $	10.30
Total Value of Consideration	$  \begin{aligned}  &= \frac{\text{Amount of Total Consideration}}{\text{Total Assets of The Company}} \\  &= \frac{1,895,094,210.20}{9,382,963,889}  \end{aligned}  $	20.20
Value of Securities Issued in Consideration of the Disposal of Assets	- N/A since this Transaction involves no issuing of securities in consideration -	

From the table above, the size of the Transaction calculated according to the Value of Total Consideration criteria is 20.20% of total assets of the Company and its subsidiaries. As such, the Transaction is classified as a Category 2 transaction under Notification of the Capital Market Supervisory Board Tor.Jor. 20/2008 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004 dated 29 October 2004 (as amended).

#### **1.6. Value of Total Consideration**

The Company are to sell the investment in the common shares to The Great Luck Equity Company Limited and Great Fortune Equity Company Limited, which are connected persons of the Company, at the price of 1,895,094,210.20 Baht in total. The consideration will be paid to the Company in cash.

#### **1.7. List of Shareholders who have No Right to Vote regarding the Transaction**

As of 14 March 2014 (The latest book closing date of the Company)

No.	Name	Number of shares	%
1	Bangkok Broadcasting & T.V. Company Limited	28,802,500	11.52
2	B B T V Equity Company Limited	21,946,000	8.78
3	Great Fortune Company Limited	7,045,250	2.82
4	Ms. Sudthida Ratanarak	6,344,870	2.54
5	Ms. Sasithorn Ratanarak	3,125,000	1.25
6	Mr. Krit Ratanarak	50,000	0.02
7	Mr. Thaweeophol Khongseri	160,000	0.06

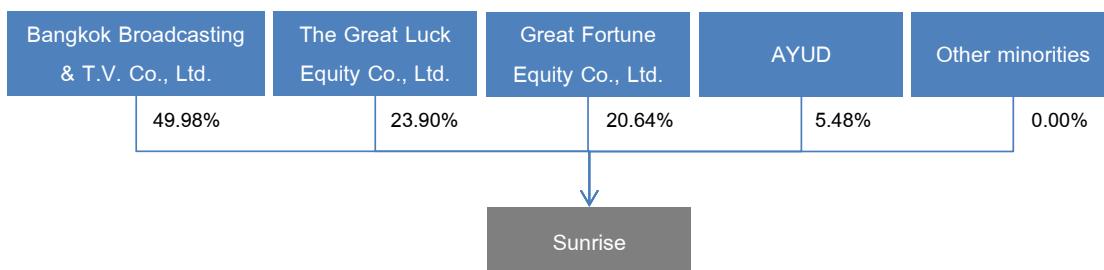
## 2. Summary of Sunrise Equity Co., Ltd.

### 2.1. Business Description

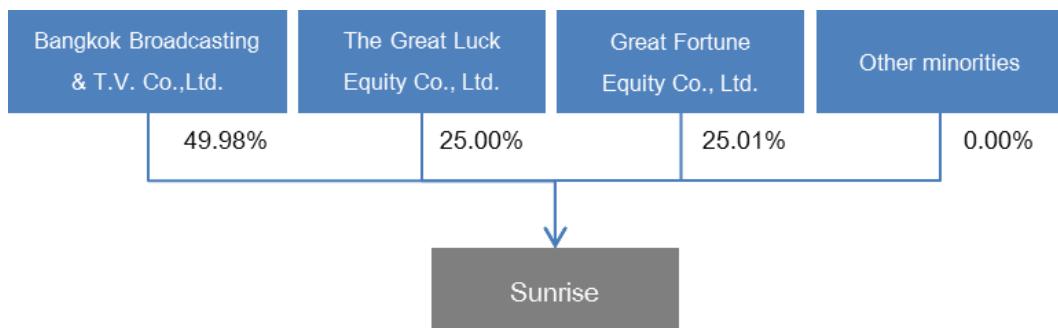
Sunrise Equity Company Limited ("Sunrise") is a holding company; its main activity is investing in other businesses and some advisory business in Thailand.

### 2.2. Company Structure and List of Shareholders

Current structure of Sunrise is as follows:



After the Transaction, the structure of Sunrise will be as follows:



As of April 29, 2013, Annual General Meeting Date Sunrise had the following shareholders:

No.	Shareholder Names	No. of Shares	% Ownership
1	Bangkok Broadcasting & T.V. Co.,Ltd.	498,348,594	49.98
2	The Great Luck Equity Company Limited	238,263,182	23.90
3	Great Fortune Equity Company Limited	205,774,551	20.64
4	Sri Ayudhaya Capital Public Company Limited	54,613,666	5.48
5	Mr. Charoen Jirawisan	2	0.00
6	Mr. Thaweeophol Khongseri	2	0.00
7	Mr. Phanchai Satayaporn	1	0.00
8	Mr. Weeraphan Theepsuwan	2	0.00
<b>Total</b>		<b>997,000,000</b>	<b>100.00</b>

### **2.3. List of Directors**

As of December 31, 2013 Sunrise had 4 directors as follow;

- |                              |                                 |
|------------------------------|---------------------------------|
| 1. Mr. Krit Ratanarak        | 2. Mr. Charoen Jirawisan        |
| 3. Mr. Thaweeophol Khongseri | 4. Miss Nopporn Tirawattanagool |

### **2.4. Revenue Structure**

Unit: MB	2011	%	2012	%	2013	%
Dividend	960.94	94.11	1,041.01	95.23	1,121.09	97.25
Service fee	39.74	3.89	37.90	3.47	15.71	1.36
Rental	7.38	0.72	1.98	0.18	0.51	0.04
Interest income	8.24	0.81	12.24	1.12	15.53	1.35
Profit from selling of Investment	3.88	0.38	-	0.00	-	0.00
Gain from Exchange rate	0.90	0.09	-	0.00	-	0.00
<b>Total Revenue</b>	<b>1,021.08</b>	<b>100.00</b>	<b>1,093.13</b>	<b>100.00</b>	<b>1,152.84</b>	<b>100.00</b>

### **2.5. Financial Performance and Financial Position**

#### **2.5.1.1.1. Summary of Financial Statement**

Summary of Financial Position, Statement of Comprehensive income, Cash flow statements and key financial ratios as of/at December 31, 2011, 2012 and 2013 is as follow:

Financial Statement	Unit	As at December 31,			
		2011	2012	2013	
<b>Financial Position</b>					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalent	MB	150.50	99.58	51.78	
Account receivable-net	MB	10.13	28.50	62.00	
Loan and accrued interest to associated companies	MB	0.00	18.45	12.16	
Current portion of long term loan and accrued interest to associated companies	MB	38.28	25.77	39.57	
Deferred tax asset	MB			3.23	
<b>Total current assets</b>	<b>MB</b>	<b>198.91</b>	<b>172.30</b>	<b>168.73</b>	

<b>Financial Statement</b>	<b>Unit</b>	<b>As at December 31,</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Non-current assets</b>	MB			
Long term loan to associated company%	MB	76.14	148.97	114.67
Investment for sale – net	MB	7.38	589.67	1,761.06
Investment in associated companies-net	MB	10,677.61	10,608.00	10,608.00
Investment in joint operation	MB	41.58	58.51	58.51
Other long term investment	MB	71.67	71.67	71.67
Investment in properties-net	MB	192.18	191.92	191.66
Equipment-net	MB	0.00	0.00	0.00
Deposit	MB	0.01	0.01	0.01
<b>Non-current assets</b>	MB	<b>11,066.57</b>	<b>11,668.76</b>	<b>12,805.58</b>
<b>Total assets</b>	MB	<b>11,265.48</b>	<b>11,841.05</b>	<b>12,974.31</b>
<b>Liabilities and Shareholders equities</b>				
<b>Current liabilities</b>				
Other debts	MB	6.68	1.16	1.70
Deferred tax liabilities	MB	7.91	3.55	0.00
Withholding tax	MB	0.01	0.38	0.02
Other current liabilities	MB	1.36	0.00	0.00
<b>Total current liabilities</b>	MB	<b>15.96</b>	<b>5.10</b>	<b>1.72</b>
<b>Non-current liabilities</b>				
Deposit from clients	MB	0.60	0.30	0.30
<b>Total Non-current liabilities</b>	MB	<b>0.60</b>	<b>0.30</b>	<b>0.30</b>
<b>Total liabilities</b>	MB	<b>16.55</b>	<b>5.39</b>	<b>2.02</b>
<b>Shareholders' equity</b>				
Registered capital	MB	9,970.00	9,970.00	9,970.00
Issued and registered capital	MB	9,970.00	9,970.00	9,970.00
Retained earnings	MB	1,275.22	1,856.57	2,965.78
Others components in shareholders'equity	MB	3.72	9.09	36.51
<b>Total shareholders'equity</b>	MB	<b>11,248.93</b>	<b>11,835.66</b>	<b>12,972.30</b>
<b>Total liability and shareholders'equity</b>	MB	<b>11,265.48</b>	<b>11,841.05</b>	<b>12,974.31</b>
<b>Comprehensive Income Statement</b>				
<b>Revenues</b>				
Dividend income	MB	960.94	1,041.01	1,121.09
Service fee	MB	39.74	37.90	15.71
Rental	MB	7.38	1.98	0.51
Interest income	MB	8.24	12.24	15.53
Profit from selling investment	MB	3.88		

Financial Statement	Unit	As at December 31,		
		2011	2012	2013
Profit from exchange rate	MB	0.90		
<b>Total revenues</b>	MB	<b>1,021.08</b>	<b>1,093.13</b>	<b>1,152.84</b>
<b>Expenses</b>				
Rental and service cost	MB	2.10	2.17	1.64
Management expense	MB	12.58	41.56	18.18
Loss from impairment of investment in associated companies	MB	11.56		0.00
Loss from selling investment	MB		14.15	21.79
Loss from exchange rate	MB		0.16	0.90
<b>Total expenses</b>	MB	<b>26.24</b>	<b>58.04</b>	<b>42.51</b>
Income tax	MB	15.87	7.08	1.12
<b>Net profit</b>	MB	<b>978.98</b>	<b>1,028.01</b>	<b>1,109.21</b>
<b>Cash flows statement</b>				
Cash flow from operating activities	MB	28.75	(34.47)	(67.24)
Cash flow from investing activities	MB	1,046.46	430.20	19.43
Cash flow from financing activities	MB	(1,098.69)	(446.66)	-
<b>Financial ratios</b>				
<b>Liquidity ratios</b>				
Current ratio	Times	12.47	33.80	98.10
Quick ratio	Times	9.43	19.54	30.10
Account receivable turnover	Times	4.79	2.07	0.57
Average Collection Period	Times	75.12	173.52	630.43
<b>Profitability ratio</b>				
Gross profit margin	Percent	95.55	94.55	89.89
Net profit margin	Percent	95.88	94.04	96.22
Return on equity	Percent	8.65	8.91	8.94
<b>Efficiency ratios</b>				
Return on asset	Percent	8.64	8.90	8.94
Total asset turnover	Times	0.09	0.09	0.09
<b>Leverage ratio</b>				
Debt to equity	Times	0.00	0.00	0.00

Remark: Financial statements as of 2011, 2012 and 2013 were audited by Price Waterhouse Coopers ABS Company Limited

#### **2.5.1.1.2. Analysis of Operating Results**

Sunrise's revenues in 2011 to 2013 increased continuously, in total there was 1,021.08 MB, 1,093.13 MB and 1,152.48 MB respectively or growth at 7.06% and 5.46% in 2012 and 2013. Main stream of revenues of Sunrise comes from dividend income, it accounted for 94.11%, 95.23% and 97.25% of total revenue in 2011 to 2013 respectively. Increased in revenue was due to increased in dividend from SCCC. While revenue from service fee accounted for 3.89%, 3.47% and 1.36% in 2011-2013 respectively, which decreased for all the past three years. Therefore, dividend income from investing in other businesses is the most important source of revenues for Sunrise.

Sunrise had total expenses of 26.24 MB, 58.04 MB and 42.51 MB in 2011-2013 respectively. The main expense is the management expense which was 12.58 MB, 41.56 MB and 18.18 MB in 2011-2013 respectively. The significant increased of the management expense in year 2012 was due to increased in sponsorship money to a football club in total of 36.38 MB. Sunrise had net profit in 2011-2013 of 978.98 MB, 1,028.01 MB and 1,109.21 MB or net profit margin of 95.88%, 94.04% and 96.22% respectively.

As at December 31, 2013, Sunrise had total assets of 11,265.48 MB, the main assets include cash and cash equivalent, long term loan to associated companies, investment for sale-net, investment in joint company.

Account receivable in 2011-2013 was 10.13 MB, 28.50 MB and 62.00 MB respectively which increased by 181.34% and 117.54% in 2012 and 2013 respectively, account receivable arised from loan which included of principal and accrued interest in total of 62.0 MB. Long term loan to associated company which is AC was 76.14 MB, 148.97 MB and 114.67 MB in 2011-2013 respectively, which increased by 95.65% in 2013 and decreased by 23.02% in 2013 since AC has not borrow additional money from Sunrise. Net of investment in associated company was 10,677.61 MB, 10,608.00 MB and 10,608.00 MB in 2011-2013 respectively. Investment in joint operation which is AC was 41.58 MB, 58.51 MB and 58.51 MB in 2011-2013 respectively. Other long term investment is investment in securities of SP. Moreover, as at December 31, 2011-2013, Sunrise had total liabilities of 16.55 MB, 5.39 MB and 2.02 MB respectively, and Sunrise had 11,248.93 MB, 11,835.66 and 12,974.31 MB in 2011-2013 respectively.

### **2.6. Sunrise's investment**

#### **2.6.1. Siam City Cement Public Company Limited ("SCCC")**

##### **2.6.1.1. Nature of business Operations**

The Company was incorporated as a company limited on May 16, 1969, with the initial registered capital of Baht 100 million, and later listed on The Stock Exchange of Thailand ("SET") on

April 15, 1977, and converted to a public company limited on November 5, 1993. At present, SCCC's registered capital is Baht 2,800 million. SCCC operates in the manufacturing and sales of the cement and mortar products under INSEE brands.

The Company produces clinker, cement and mortar to serve the demand both domestic and export. Currently, SCCC has three cement plants, located in Saraburi. With the market share of approximately 27 percent, SCCC is the second largest cement producer in the country.

Key channels of domestic distribution are through: 1) the Company agent network, 2) subsidiaries that produce related products such as ready-mixed concrete, and wood replace product 3) a direct sale to their-party ready-mixed concrete, concrete product manufacturers and large contractors. For overseas sales, Vietnam remained the Company's biggest export market for clinker.

Furthermore, the company and its subsidiaries produce and sale products related to cement as follows:

#### Siam City Concrete Company Limited

Siam City Concrete operates in the manufacturing and sales of Ready Mixed Concrete, under the brand of "INSEE Concrete" used for many types of construction projects. Siam City Concrete also operates in the sales of construction aggregate product including crushed stone and sand under the brand of "INSEE Aggregate".

#### Conwood Company Limited

Products under the name of "CONWOOD" brand are the new innovation of construction material that we can replace natural wood from CONWOOD Co., Ltd. (Siam City Cement Group Company). We use green technology to mix with Portland cement and cellulose-fiber without asbestos that is medically proved that cause the pollution and poor health.

#### Geocycle

Geocycle is a business unit providing total waste management services for industrial, municipal and agricultural sectors in Thailand. SCCC is aware of the important of development for alternative fuels and raw materials in cement production process. It is one of the first pioneers in AFR development in Thailand, founding a business unit to focus on AFR development. With Factory 101 and 106 Licenses granted by Department of Industrial Works, Ministry of Industry, it allows us to handle both hazardous and non-hazardous wastes. This business unit has been well developed until now it is well equipped with experienced employees together with one of the best and biggest alternative fuels pre-processing platforms in Thailand, as well as Geocycle networks which are regarded as leader in waste management at international level.

### Siam City Power Company Limited

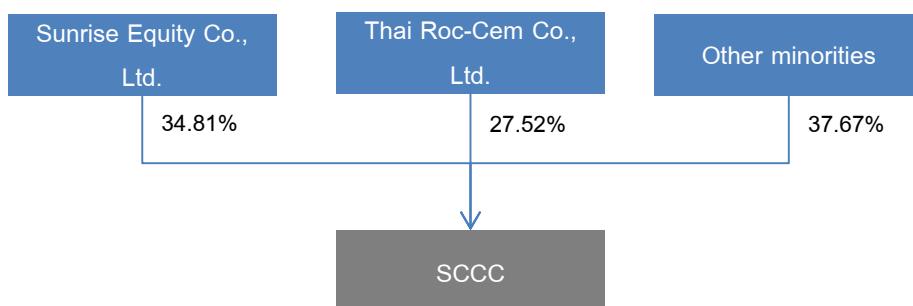
Siam City Power is a subsidiary, incorporated on 4 April 2011, to operate the energy business and to receive the promotional certificate No.1390(2)/2552 for waste heat arising from cement production process from SCCC and to receive, the energy operation permit and energy control permission and assets for the operation of electricity generation.

### INSEE Super Block Company Limited

INSEE Super Block is a subsidiary, incorporated on 28 November 2012, and purchased the Assets utilized in the manufacturing business of the lightweight block from Superblock Public Company Limited and its subsidiary. The purchase prices aggregated to Baht 500 million, inclusive of Baht 20 million for the inventory and Baht 480 million for the rest. The operation started on 1 March 2012.

#### **2.6.1.2. Shareholding Structure and List of Shareholders**

Shareholding structure of SCCC is as follows:



As of 19 August 2013, the book closing date, the top 10 shareholders of SCCC are as follows:

No.	Shareholders	No. of Shares	%
1	Sunrise Equity Co., Ltd.	80,065,840	34.81
2	Thai Roc-Cem Ltd.	63,289,533	27.52
3	Bangkok Broadcasting & T.V. Co., Ltd.	21,681,000	9.43
4	BNP Paribas Securities Services Luxembourg	8,658,900	3.76
5	Thai NVDR Co., Ltd.	6,166,358	2.68
6	HSBC (Singapore) Nominees PTE LTD	2,588,036	1.13
7	Vayupak Fund 1 by MFC Asset Management PLC	2,357,650	1.03
8	Vayupak Fund 1 by Krungthai Asset Management PLC.	2,357,650	1.03
9	Ms. Sasithorn Ratanarak	2,110,628	0.92

No.	Shareholders	No. of Shares	%
10	State Street Bank and Trust Company	2,109,668	0.92
11	Other minorities	38,614,737	16.79
	<b>Total</b>	<b>230,000,000</b>	<b>100.00</b>

#### 2.6.1.3. Board of Directors

As of 31 December 2013, the Board of Directors of SCCC consists of the following 10 directors:

No.	Name	Position
1	Mr. Veraphan Teepsuwan	Chairman
2	Mr. Paul Heinz Hugentobler	Vice Chairman
3	Mr. Chachchon Ratanarak	Director
4	Ms. Nopporn Tirawattanagool	Director
5	Mr. Vanchai Tosomboon	Director
6	Mr. Harald Link	Independent Director
7	Mr. Pongpinit Tejagupta	Independent Director and Chairman of Audit Committee
8	Mr. Pradap Pibulsonggram	Independent Director and Audit Committee member
9	Mr. Prabhol Buranasiri	Independent Director and Audit Committee member
10	Mr. Philippe Arto	Managing Director

#### 2.6.1.4. Revenue Breakdown

SCCC's revenue is mainly from the sales of cement. For the year 2011 – 2013, the revenue from sales of cement accounts for 78%, 73%, and 68% of SCCC's net sales, respectively.

Unit : MB	2011	%	2012	%	2013	%
Cement	17,995	78	19,265	73	20,485	68
Concrete and Aggregates	4,108	18	5,788	22	7,929	26
Others	1,047	5	1,374	5	1,536	5
<b>Net sales</b>	<b>23,150</b>	<b>100</b>	<b>26,427</b>	<b>100</b>	<b>29,950</b>	<b>100</b>

### 2.6.1.5. Operating Results and Financial Position

#### 2.6.1.5.1. Financial Highlight

Summary of Statements of financial position, Statements of comprehensive income, and Statements of cash flows for the years ending 31 December 2011 to 31 December 2013 is as shown below:

Summary of Financial Information	Unit	Fiscal Year Ending 31 December		
		2011	2012	2013
<b>Statement of Financial Position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	MB	1,921.40	2,158.71	3,172.71
Trade and other receivables	MB	2,387.14	3,178.42	3,943.94
Inventories	MB	2,392.79	2,096.71	1,967.06
Other current assets	MB	185.74	241.64	279.36
<b>Total current assets</b>	MB	<b>6,887.07</b>	<b>7,675.47</b>	<b>9,363.07</b>
<b>Non-current assets</b>				
Investment in associated company	MB	1,525.55	1,661.11	1,797.30
Other investment - related company	MB	381.77	155.00	155.00
Property, plant and equipment	MB	14,762.44	15,233.62	18,859.67
Assets not used in operations	MB	436.40	409.92	394.31
Intangible assets	MB	1,733.87	1,944.51	1,975.28
Deferred tax assets	MB	630.30	472.50	532.41
Other non-current assets	MB	178.75	450.33	376.83
<b>Total non-current assets</b>	MB	<b>19,649.39</b>	<b>20,326.99</b>	<b>24,090.80</b>
<b>Total assets</b>	MB	<b>26,536.46</b>	<b>28,002.46</b>	<b>33,453.87</b>
<b>Liabilities and Shareholders' equity</b>				
<b>Current liabilities</b>				
Short-term loans from financial institutions	MB	169.55	304.23	45.00
Trade and other payables	MB	1,866.71	2,189.95	2,536.60
Current portion of long-term loans from related financial institution	MB	28.00	34.50	220.00
Current portion of long-term liabilities for concession	MB	42.30	45.04	47.98
Current portion of debentures	MB	-	3,998.72	-
Income tax payable	MB	53325	109.05	560.30
Accrued rebate	MB	434.88	446.52	515.36

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Accrued electricity	MB	400.05	536.42	582.38
Other accrued expenses	MB	620.30	681.29	830.29
Other current liabilities	MB	174.41	175.03	368.08
<b>Total current liabilities</b>	<b>MB</b>	<b>4,269.44</b>	<b>8,520.75</b>	<b>5,705.99</b>
<b>Non-current liabilities</b>				
Long-term loans from related financial institution - net of current portion	MB	252.00	732.50	1,297.50
Long-term loans from other financial institution	MB	-	-	80.65
Long-term liabilities for concession - net of current portion	MB	93.02	47.98	-
Debentures - net of current portion	MB	3,995.76	-	5,987.47
Provision for long-term employee benefits	MB	826.88	975.98	1,064.10
Provision for site restoration	MB	91.71	72.77	73.89
<b>Total non-current liabilities</b>	<b>MB</b>	<b>5,259.37</b>	<b>1,829.23</b>	<b>8,503.61</b>
<b>Total liabilities</b>	<b>MB</b>	<b>9,528.81</b>	<b>10,349.97</b>	<b>14,209.60</b>
<b>Shareholders' equity</b>				
Registered share capital	MB	2,800.00	2,800.00	2,800.00
Issued and fully paid up share capital	MB	2,300.00	2,300.00	2,300.00
Share premium	MB	10,106.27	10,106.27	10,106.27
Retained earnings	MB	4,668.49	5,314.49	6,890.44
Other components of shareholders' equity	MB	(72.08)	(74.76)	(58.65)
Equity attributable to owners of the Company	MB	4.98	6.48	6.22
<b>Total shareholders' equity</b>	<b>MB</b>	<b>17,007.66</b>	<b>17,652.48</b>	<b>19,244.27</b>
<b>Total liabilities and shareholders' equity</b>	<b>MB</b>	<b>26,536.46</b>	<b>28,002.46</b>	<b>33,453.87</b>
<b>Statements of Comprehensive Income</b>				
<b>Revenues</b>				
Net sales	MB	23,149.74	26,427.01	29,949.54
Dividend income	MB	-	17,331.46	9,134.62
Gain on exchange	MB	36.28	-	-
Other income	MB	100.99	147.50	86.51
<b>Total revenues</b>	<b>MB</b>	<b>23,287.01</b>	<b>26,591.84</b>	<b>30,045.18</b>
<b>Expenses</b>				
Cost of goods sold	MB	12,863.80	15,272.88	16,522.25
Selling and distribution expenses	MB	4,733.54	5,718.57	6,194.54

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Administrative expenses	MB	1,051.25	1,014.57	1,236.98
Loss on exchange	MB	-	0.53	121.48
Other expenses	MB	-	226.77	-
<b>Total expenses</b>	<b>MB</b>	<b>18,648.58</b>	<b>22,233.31</b>	<b>24,075.25</b>
Share of profit from investment in associated company	MB	483.70	368.57	283.69
Financial cost	MB	215.60	267.40	304.88
Income tax expenses	MB	1,615.13	822.36	1,152.81
<b>Profit for the year</b>	<b>MB</b>	<b>3,291.39</b>	<b>3,637.34</b>	<b>4,795.92</b>
<b>Profit attributable to:</b>				
Equity holders of SCCC	MB	3,293.41	3,635.69	4,795.92
Non-controlling interests of the subsidiaries	MB	(2.02)	1.66	-
<b>Statements of Cash Flows</b>				
Net cash flows from operating activities	MB	4,159.00	4,250.87	6,472.01
Net cash flows used in investing activities	MB	(1,867.83)	(1,595.25)	(4,817.08)
Net cash flows from financing activities	MB	(2,365.58)	(2,410.30)	(707.14)
<b>Financial Ratios</b>				
<b>Liquidity Ratios</b>				
Current ratio	time	1.61	0.90	1.64
Quick ratio	time	1.07	0.61	1.23
Account receivable turnover	time	8.17	8.88	8.08
Average collection period	day	44.09	40.53	44.56
Inventory turnover	time	16.90	16.67	22.25
Average days in inventory	day	21.31	21.59	16.18
Payable turnover	time	7.92	7.79	7.25
Average number of days payable outstanding	day	45.44	46.21	49.66
Cash Cycle	day	19.96	15.91	11.07
<b>Profitability ratios</b>				
Gross profit margin	%	44.43	42.21	44.83
Net profit margin	%	14.16	13.68	15.96
Return on equity	%	19.62	20.99	26.00
<b>Efficiency ratios</b>				
Return on assets	%	12.71	13.34	15.61
Asset turnover	time	0.90	0.98	0.98
<b>Financial Leverage ratios</b>				
Debt to equity ratio	time	0.56	0.59	0.74

Summary of Financial Information	Unit	Fiscal Year Ending 31 December		
		2011	2012	2013
Interest coverage ratio	time	30.90	26.99	30.87

Remark Financial Statements for the year 2011, 2012, and 2013 were audited by Ernst & Young Office Limited

#### 2.6.1.5.2. Analysis of Operating Results

From 2011 to 2013, SCCC's revenue from sales continued to grow from 23,149.74 MB to 26,427.01 MB and 29,949.54 MB, equivalent to growth rate of 14.16%, and 13.33% respectively. The increase of revenue from sales in 2012 was from all key business segments performed well after recovering from the flood crisis last year. In particular, it was achieved through volume expansion and improved price realization except cement pricing which declined due to intense competition. The increase of revenue from sales in 2013 was from by solid demand experienced by cement and other construction material businesses due to the on-going infrastructure projects, commercial construction activities and real estate sector development. Cost of Goods Sold, selling and distribution expense, and administrative expenses were totally 18,648.58 MB, 22,006.01 MB, and 23,953.77 MB respectively, equivalent to an increase of 18.00%, and 8.85% from 2011 and 2012. The increase of expenses in 2012 was from higher volume dispatched in multiple businesses while diesel prices and minimum wage increases impacted the overall cost. The increase of expenses in 2013 was from the increase in electricity tariff rate, maintenance costs and minimum wage driven escalation were abated by improved selling prices and favorable coal prices throughout 2013, which lower down the fuel cost. In 2011, SCCC's gain on exchange was 36.28 MB. From 2012 to 2013, SCCC's loss on exchange was 0.53 MB, and 121.48 MB, respectively. Details of revenue from external customers based on locations of the customers in 2012 – 2013 are as follows:

Countries	2012	2013
Thailand	21,382	25,884
Cambodia	2,122	2,229
Myanmar	687	945
Others	2,236	892
<b>Total</b>	<b>26,427</b>	<b>29,950</b>

In addition, SCCC benefited from lower applicable tax rates of 20% in 2013 compared to 23% in 2012 and 30% in 2011. Furthermore, BOI privilege from our green power generation plants created tax benefit to the Company. As a result, the net profit as of 31 December 2011, 2012, and 2013 were 3,291.39 MB, 3,637.34 MB, and 4,795.92 MB, equivalent to net profit margin of 14.16%, 13.68%, and 15.96%, respectively.

As of 31 December 2011, 2012, and 2013, total assets were 26,536.46 MB, 28,002.46 MB, and 33,453.87 MB respectively, equivalent to an increase of 5.52%, and 19.47% from 2012 and 2013. The increase of total assets in 2012 was from the increase in trade receivables from others due to the higher dispatches as mentioned above. However, SCCC enhanced cash management effectiveness to maximize benefit of supplier's credit terms and has also managed cash cycle with their business alliances which resulted in shorten days receivable outstanding. Additionally, the increase of total assets in 2012 was from the acquisition of property, plant and equipment. Key investments in 2012 are 3<sup>rd</sup> line of fiber cement business in Thailand and a new plant in Indonesia of 96 and 344 MB respectively, refurbishment of a mothballed kiln, upgrade waste heat recovery, etc. The increase of other investment in related company was because SCCC recorded allowance for diminution in value of the investment in the related company of Baht 227 million. From 2011 to 2013, the investment in associated company continued to increase because of the share of profit recognized from investment in Lanna Resources PLC. The increase of total assets in 2013 was from the acquisition of property, plant and equipment for key investment projects.

As of 31 December 2011, 2012, and 2013, total liabilities were 9,528.81 MB, 10,349.97 MB, and 14,209.60 MB, respectively. In 2012, total liabilities increased 8.62% from 2011 from the increase of trade and other receivables from others and the increase of Long-term loans from related financial institution for investment in fiber cement business expansion in Indonesia of 467 MB and 3<sup>rd</sup> production line in Saraburi, Thailand of 300 MB. The remaining amount relates to financing for normal operation. In 2013, total liabilities increased from 2012 because SCCC issued 2 sets of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate as follows:

- The debenture for the total number of 4,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 4,000 million. The debenture is 4-year tenor, due on 14 June 2017, at the coupon rate of 3.79 percent per annum with interest payable semi-annually.
- The debenture for the total number of 2,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 2,000 million. The debenture is 7-year tenor, due on 14 June 2020, at the coupon rate of 4.30 percent per annum with interest payable semi-annually.

As of 31 December 2011, 2012, and 2013, total shareholders's equities were 17,007.66 MB, 17,652.48 MB, and 19,244.27 MB, equivalent to an increase of 3.79%, and 9.02% from 2011 and 2012 respectively. The increase was from the net profit each year. As a result, the debt-to-equity ratio was 0.56 times, 0.59 times, and 0.74 times, respectively.

#### **2.6.1.6.Industry Overview**

Kasikorn Research issued an analysis report on construction industry in 2014, which can be summarized as follows:

For construction industry in 2014, the new investment from government sector and private sector will be subject to the economic and political trend. The main construction activities in this year will be the on-going projects continued from last year. The overall construction industry will grow about 2.5% - 5.0%, equivalent to 994,500 – 1,018,500 MB, which has the small growth trend due to the slowdown of new construction project compared to 2013, which was expected by Kasikorn research to grow at 4.5% mainly driven by the construction activities from private sector.

As a result, the overall construction investment in 2014 which has the small growth trend may lead to the increase of price of construction materials because of the unique factor of construction sector which depends on the investment policy from government, and the political situation. Therefore, it will impact the consumer spending and slow down the investment from private sector.

In addition, another key factor is the stability of global economic recovery because it has an effect on investment activities in Thailand from foreign investors. However, the construction sector will continue to have the support from the regional economic activities, especially continuing benefits from cross-border trade and investment. This leads to the growth of construction investment in commerce and growth of infrastructure improvement from government sector such as national road and railway network improvement. Moreover, the fast-growing investment and development of infrastructure in neighboring countries to keep up and ready for the liberalization of the ASEAN Economic Community in 2015 is a support factor for provincial contractors to have an opportunity to take part in the investment in construction projects in neighboring countries such as construction and decoration of houses in Lao PDR. As a consequence, the overall construction industry in 2014 will continue to grow, although the growth rate of construction activities is lower than that of the past 2 years.

### **2.6.2. Eastern Star Real Estate Public Company Limited (“ESTAR”)**

#### **2.6.2.1. Nature of Business**

Eastern Star Real Estate Public Company Limited (“ESTAR”) was founded by Star Block, Sahaunion Group and other group of shareholders in order to invest in Eastern Seaboard development projects in the Ban Chang district, Rayong Province. Moreover, the Company also founded Eastern Star Resort to mainly operate Golf Course business.

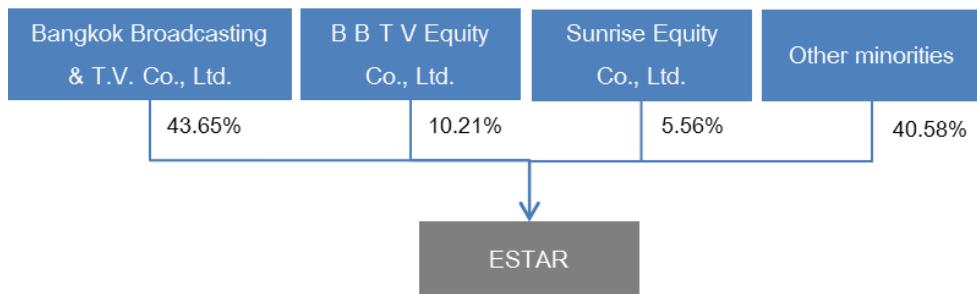
ESTAR was listed on the Stock Exchange Market of Thailand on February 15, 1994. ESTAR and its subsidiaries, and associated companies operate in the business of sales and leasing of golf course property development. In previous years, since the start of the business until the year 2003 the company focused its business in the Ban Chang district, Rayong province, in order to support the Government’s Eastern Seaboard development project and help broaden prosperity in rural areas. Ban Chang district has a strong potential for development as it is located only 10 km from Map Ta

Phut Industrial Estate, and 5 km from U-Tapao Airport. In addition, since the year 2004 the Company has implemented policy to expand project development in Bangkok and surrounding provinces, while continuing its business in Ban Chang district, Rayong province. The types of development implemented by the Company can be classified into such categories as follows:

1. Real estate development for sale includes land plots with homes, and condominiums. For projects in Bangkok, previously by the Company under the name The Star Estate such as The Star Estate @ Rama III, The Star Estate @ Narathiwat, and The Star Estate @ Pattanakarn 69. Afterwards, the projects will be developed under the names that correspond to their distinctive points or their characteristics such as The Breeze Vantage and Starview. For projects in Ban Chang District, the Company develops such projects under the name Country Home Project. The Sinthavee Garden Project, The Sinthavee Garden 2 Project, The Star Townhouse Project, The Hamlet Project, The Vintage Home Village Project, The Vintage Home Village 2 Project, and The Vintage Home Village 3 Project.
2. Project development for rent
  - 2.1 On August 23, 2007 the Company made a lease agreement between Ek-Chai Distribution System Co.,Ltd., the department store Tesco Lotus, and Eastern Star Plaza, which included a parking area with a contract value of 97.23 million Baht, and a duration of 25 years, 5 months.
  - 2.2 Detached houses and apartments for rent operated by Seasrar Properties Company Limited, a subsidiary company, such single homes and residential; apartment is located in the same area as golf course of Eastern Star Country Club and Resort.
3. Golf course business: Golf course business is operated under the name "Eastern Star Country Club and Resort" by ESTAR, a subsidiary of the Company. It is a 18-hole golf course which is qualifies for international standard and designed by Robert Trent Jones,Jr., and comprises of a club house and a restaurant as well as sports and other activities facilities such as tennis courts, swimming pool, fitness center, artificial sea, and seminar room with other facilities.

### **2.6.2.2. Shareholding Structure and List of Shareholders**

ESTAR Shareholder Structure as follow;



Following is the list of the top ten shareholders as of April 12, 2013

No.	Shareholder Names	No. of Shares	% Ownership
1	Bangkok Broadcasting & T.V. Co.,Ltd.	2,192,260,984	43.65
2	B B T V Equity Co.,Ltd.	513,000,000	10.21
3	Sunrise Equity Co.,Ltd.	279,212,609	5.56
4	Mr. Krit Ratanarak	131,058,500	2.61
5	Thai NVDR Co.,Ltd.	123,569,860	2.46
6	Mr. Wirun Wongaphisampho	113,328,700	2.26
7	Mr. Wanit Dechanubeksa	100,100,000	1.99
8	The Bank of New York (Nominees) Limited	68,200,000	1.36
9	Mr. Vichit Chinwongworakul	56,818,900	1.13
10	Mr. Taveesak Watchararakkawong	47,250,000	0.94
11	Others	1,397,446,632	27.83
<b>Total</b>		<b>5,022,246,185</b>	<b>100.00</b>

### **2.6.2.3. Board of Directors**

Board of Directors as of December 31, 2013 consists of ten persons as follows:

No.	Name	Position
1	Mr. Anand Panyarachun	Chairman and Independent Director
2	Mr. Thaveepol Kongseri	CEO/Director
3	Mr. Veeraphan Teepsuwan	Vice Chairman
4	Mr. Ratanachai Phatinavin	Executive Director
5	Mr. Chatchawin Charoen-Rajapark	Director
6	Mr. Paiboon Wongjongjaiharn	Director

No.	Name	Position
7	Mr. Titiwut Soukpornchaikul	Director
8	Mr. Preecha oonchitti	Chairman of Audit Committee/Independent Director
9	Mr. Somrit Srithongdee	Independent Director/Audit Committee
10	Mrs. Sunanta Tiasuwan	Independent Director/Audit Committee

#### 2.6.2.4. Revenue Breakdown

Unit: Million Baht	2011	%	2012	%	2013	%
Sale of Real Estate	356.24	76.52	327.93	75.80	1,542.00	93.80
Golf Course Business	42.31	9.09	45.74	10.57	49.00	2.98
Rental	32.40	6.96	30.04	6.94	34.00	2.07
Others	34.61	7.43	28.93	6.69	19.00	1.56
<b>Total</b>	<b>465.56</b>	<b>100.00</b>	<b>432.64</b>	<b>100.00</b>	<b>1,644.00</b>	<b>100.00</b>

#### 2.6.2.5. Operating Results and Financial Position

##### 2.6.2.5.1. Financial Highlight

Summary of Financial Position Financial Statement Cash Flows Statement and Financial Ratios of ESTAR as of December 2011, 2012 and 2013.

Financial Position	Unit	As at December 31		
		2011	2012	2013
<b>Financial Position</b>				
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalent	MB	389.53	237.95	136.67
Temporary investments	MB	121.37	10.84	11.24
Trade and other receivables	MB	19.71	5.28	11.94
Real estate development costs and inventories-net	MB	1,330.73	2,453.63	2,616.00
Advance for construction work	MB	58.83	27.50	173.68
Other current assets-net	MB	9.59	7.45	6.15
<b>Total Current Assets</b>	<b>MB</b>	<b>1,929.76</b>	<b>2,742.65</b>	<b>2,955.68</b>
<b>Non-Current Assets</b>	<b>MB</b>			
Obligated deposit	MB	77.99	-	-

<b>Financial Position</b>	<b>Unit</b>	<b>As at December 31</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Financial lease contract receivable-net	MB	40.58	39.12	37.49
Investment properties-net	MB	410.55	402.00	697.47
PPE-net	MB	395.03	393.75	380.98
Intangible assets	MB	1.58	1.07	0.87
Deferred tax asset	MB	98.23	119.65	76.78
Land and improvement awaiting development-net	MB	1,779.67	1,303.93	1,731.28
Other non-current assets-net	MB	19.51	19.09	29.51
<b>Total Non-current assets</b>	<b>MB</b>	<b>2,823.15</b>	<b>2,278.61</b>	<b>2,954.37</b>
<b>Total Assets</b>	<b>MB</b>	<b>4,752.90</b>	<b>5,021.26</b>	<b>5,910.06</b>
<b>Liabilities and Shareholders'Equity</b>				
<b>Current Liabilities</b>				
Trade and other payables	MB	52.76	112.03	134.35
Current portion-Long term debt	MB			2.38
Advance received from customers	MB	255.64	537.51	623.64
Accrued expenses	MB	11.63	34.76	72.06
Other current liabilities	MB	19.22	28.74	31.21
<b>Total Current Liabilities</b>	<b>MB</b>	<b>339.25</b>	<b>713.03</b>	<b>863.65</b>
<b>Non-Current Liabilities</b>				
Long term debt-net	MB	-	-	547.10
Employee benefit obligations	MB	5.94	6.85	9.43
Constrction retention	MB	19.45	41.08	79.21
Advance received from land lease	MB	6.79	6.46	6.13
Deferred tax liabilities	MB	7.60	6.63	6.88
Other non-current liabilities	MB	8.72	4.63	7.04
<b>Total Non-Current Liabilities</b>	<b>MB</b>	<b>48.49</b>	<b>65.65</b>	<b>655.79</b>
<b>Total Liabilities</b>	<b>MB</b>	<b>387.75</b>	<b>778.68</b>	<b>1,519.43</b>
<b>Shareholders'Equity</b>				
Authorized share capital	MB	10,818.49	5,022.25	5,022.25
Issued and paid-up share capital	MB	4,429.20	5,022.25	5,022.25
Advanced received for ordinary share subscription	MB	254.77	-	-
Discounts on share capital	MB	(90.99)	(429.26)	(429.26)
Retained earnings(deficit)	MB	(425.53)	(547.16)	(397.69)
Other components of shareholders'equity	MB	74.13	74.13	74.13
Non-Controlling Interests of Subsidiaries	MB	123.57	122.63	121.20

Financial Position	Unit	As at December 31		
		2011	2012	2013
<b>Total Shareholders'Equity</b>	MB	<b>4,365.16</b>	<b>4,242.58</b>	<b>4,390.62</b>
<b>Total Liabilities and Shareholders'Equity</b>	MB	<b>4,752.90</b>	<b>5,021.26</b>	<b>5,910.06</b>
<b>Statements of Comprehensive Income</b>				
<b>Revenue</b>				
Revenues from sales and services	MB	430.95	403.71	1,624.87
Other income	MB	34.68	28.93	19.22
<b>Total Revenues</b>	MB	<b>465.64</b>	<b>432.64</b>	<b>1,644.09</b>
<b>Expenses</b>				
Cost of sales and services	MB	352.53	290.60	1,078.26
Selling expenses	MB	112.03	130.32	169.46
Administrative expenses	MB	161.82	169.63	179.98
Loss from asset impairment	MB	-	-	12.25
Reversal of loss from asset impairment	MB	(8.27)	(12.95)	(14.80)
<b>Total expenses</b>	MB	<b>618.10</b>	<b>577.60</b>	<b>1,425.15</b>
Finance cost	MB	-	-	27.79
Income tax	MB	-	(22.38)	43.11
<b>Profit (Loss) for the period</b>	MB	<b>(152.47)</b>	<b>(122.57)</b>	<b>148.04</b>
<b>Profit(Loss) attributeable to:</b>				
Shareholders of ESTAR	MB	(151.55)	(121.63)	149.47
Non-Controlling Interests of The Subsidiaries	MB	(1.64)	(0.94)	(1.43)
<b>Cash flows statement</b>				
Cash flow from operating activities	MB	(64.98)	(193.38)	106.68
Cash flow from investing activities	MB	(451.21)	41.80	(757.45)
Cash flow from financing activities	MB	251.46	-	549.48
<b>Financial ratio</b>				
<b>Liquidity ratio</b>				
Current ratio	Times	5.69	3.85	3.42
Quick ratio	Times	1.54	0.35	0.17
Account receivable turnover	Times	76.56	71.71	1,468.48
Average collection period	times	4.70	5.02	0.25
Inventory turnover	times	0.30	0.15	0.43
Average selling period	Days	1,213.25	2,344.06	846.30
Account payable turnover	Times	12.34	4.37	10.18
Debt payment period	Days	29.18	82.45	35.35
Cash Cycle	Days	1,188.78	2,266.63	811.20

Financial Position	Unit	As at December 31		
		2011	2012	2013
<b>Profitability Ratios</b>				
Gross profit margin	Percent	18.20	28.02	33.64
Net profit margin	Percent	(32.74)	(28.33)	9.00
Return on equity	Percent	(3.57)	(2.95)	3.50
<b>Efficiency Ratios</b>				
Return on assets	Percent	(3.23)	(2.51)	2.71
Total assets turnover	Times	0.10	0.09	0.30
<b>Leverage Ratios</b>				
Debt to equity	Times	0.09	0.18	0.35
Interest coverage	Times	-	-	3.56

Remark: Financial statement in 2011 was audited by AMC Office Co., Ltd. and in 2012 and 2013 were audited by Ernst & Young Limited

#### 2.6.2.5.2. Analysis of Operating Results

ESTAR revenue comes from three sources; Sales of Real estate, rental and gold course business. In the year 2013, ESTAR had total revenue of 1,624.87 MB increased from last year by 1,221.16 MB or increased by 302.5% since ESTAR recognized revenue from completed condominium projects. In 2012 ESTAR had revenue from selling and service of 403.71 MB decreased from year 2011 6.32% due to decreased in revenue from selling Ban-Change, Rayong province project in the year 2012. In the year 2013, ESTAR had revenue from selling and service of 1,624.87 MB increased from year 2012 302.48% due to revenue recognition of two project in Bangkok. Cost of selling and service in 2011, 2012 and 2013 were 353.53 MB, 290.60 and 1,078.26 respectively. In the year 2012, cost of selling and service decreased because there was reversal of loss from asset impairment in addition to improvement in construction cost management from year 2011. In the year 2013, cost of selling and service increased due to increased in revenue recognition as mentioned above. In the year 2011, 2012 and 2013 SG&A were 273.85, 299.95 and 349.44 MB respectively. In the year 2012, SG&A increase since ESTAR had marketing and promotion expenses for launching new condominium projects in Bangkok and projects in Rayong province, especially in the last quarter of 2012. In the year 2013, SG&A expense increased due to increased of cost of transfer of ownership of land and promotion expense, which increased proportionally with revenue recognition from transferring condominium units. All of the mentioned above resulted in net loss as of December 31, 2011 and 2012 of 152.47 MB and 122.57 MB respectively and net profit of 148.04 MB in 2013 as net profit margin of -32.74%, -28.33% and 9.0% in 2011, 2012 and 2013 respectively.

As at December 31, 2011, 2012 and 2013 ESTAR had total assets of 4,752.90 MB, 5,021.26 and 5,910.06 MB respectively, total assets increased from year 2011 and 2012 by 5.65

and 17.70% respectively. In the year 2012, increased in assets was due to cost of property development and inventory, for the year 2013, the increase was due to land and improvement awaiting development, which was normal for property development business.

For liabilities, as at December 31, 2011, 2012 and 2013, total liabilities were 387.75 MB, 778.68 MB and 1,519.43 MB respectively. Total liabilities increased by 100.82% from year 2011 to 2012 due to launching of new projects in last quarter of 2012. The new launched projects were well accepted by customers; hence the advance payment from customers was significantly higher. As at year 2013, total liabilities were increased from the previous year by 95.13% since ESTAR borrowed money from commercial bank to finance its projects.

For Shareholder's equity, as at December 31, 2011, 2012 and 2013, was 4,365.16 MB, 4,242.58 MB and 4,390.62 MB in which from the year 2011 to 2012 decreased by 2.81% due to net loss in 2012. In the year 2013, Shareholder's equity increased 3.49% from 2012 due to increase in net profit in 2013. These resulted in debt to equity ratios of 0.09, 0.18 and 0.35 times in 2011, 2012 and 2013 respectively.

#### **2.6.2.6. Industry Overview**

Property development sector in Thailand in 2014 is expected to grow by 5.0% and have total value of 640,000 MB. The growth will be led by other big cities resulting from development of 2 trillion baht transportation projects. These spending affects expansion in investment, economic growth, and higher income per family especially those tourist attraction cities such as Chaing Mai, Chaing Rai, Udonthani, Nakornratchasima, Khonkaen, Chonburi, Rayong, Nakornsithammarat, Phuket and Songkha.

As for the Bangkok and metropolitan areas in 2014 have market value of 340,000 MB in which condominium section has the market share of 55% but the selling price per unit will be cheaper. The lower price per unit is due to the higher numbers of new units launching of economy-middle scale projects, in addition many big players in the sector move to develop more of middle-luxury scale projects. Target customers in the middle-luxury scale projects are relatively insensitive to economic condition. For detached or single houses projects, the price per unit is expected to be higher due to higher cost of land, especially those areas closest to Bangkok Mass Transit System. While, townhouse projects are moving toward center city, single house price range between 3-5 MB is still the most highly demanded but they will be located in the outskirts of Bangkok. Upscale-luxury projects, as expected, the target customers are the most relatively insensitive to the economic condition.

*Source: SET 9Guru's investment outlook 2014*

### **2.6.3. PTT Public Company Limited (“PTT”)**

#### **2.6.3.1. Nature of Business**

PTT is a fully-integrated national petroleum and petrochemical company with a mission to foster national energy security, economic prosperity, and corporate sustainability with due regard for the stewardship of environment and the Thai society.

PTT's operations cover an entire business value chain from upstream to downstream with a focus on incremental value addition to tandem with the creation of innovation. The overall operations of PTT, including those conducted by both PTT directly and through PTT Group companies, are summarized below.

#### **PTT-operated businesses**

##### **Upstream business**

###### **Gas Business Unit:**

The business unit conducts natural gas procurement, transmission, distribution, and processing, and invests in NGV service stations and sales, as well as gas related value-added businesses through Group companies. Supply includes indigenous gas and imports from neighboring countries, plus liquefied natural gas (LNG), sufficient to meet the growing demand. The distribution network includes major power producers through PTT's transmission pipelines, industrial users through PTT-invested distribution pipelines, and NGV distribution through NGV service stations. NGV is an alternative fuel for vehicles, in addition to gasoline and diesel. PTT also invests in gas separation plants to supplement business value by extracting a variety of valuable chemical components from natural gas to provide petrochemical feedstock, which in turn represents essential elements of all other subsequent industries driving national economic growth. One of these products is LPG, used in households, industry and transportation. Moreover, PTT LNG Co., Ltd., a wholly-owned subsidiary of PTT under the supervision of the Gas Business Unit, invests in LNG-receiving terminals, LNG storage, and LNG re-gassification. PTT LNG also invests in the gas-fired power business and conducts generation and distribution of power, steam, and water for industrial consumption as part of the value creation business and optimal energy utilization, under the Combined Heat and Power Producing Company Limited, another wholly-owned subsidiary of PTT.

Natural gas procurement, transmission, and distribution businesses are operated under the Energy Industry Act, B.E. 2550 (2007), supervised by the Energy Regulatory Commission (ERC), a body appointed by HM the King. The supply procurement and pricing structure to power producers and piped gas management fees are strictly controlled with a constant rate of return, while the pricing structure of procured gas to industrial users fluctuates with the world market price to ensure

competitiveness with domestic fuel oil. For the gas sold to petrochemical industries from the gas separation plants (GSPs), the price is determined by world petrochemical feedstock prices. However, for the LPG sold domestically, the pricing is partially subsidized by the government policy as a mitigation measure to the impacts of rising world oil prices. The household LPG price is currently capped at 333 US\$ per ton, which is lower than the world price. Meanwhile, the price of NGV was allowed to rise by 0.50 baht per kilogram per month for four months. Yet, at the same time, the public sector gradually lowered its contribution to the NGV price by 0.50 baht per kilogram per month for four months. Yet, at the same time, the public sector gradually lowered its contribution to the NGV price by 0.50 baht per kilogram while PTT is no longer receiving NGV subsidy from public sector.

Supply of natural gas included 79% from indigenous production, and the remaining consists of piped gas from Myanmar, LNG from Qatar and spot market.

### **Downstream business**

#### **Oil Business Unit:**

The business unit is in charge of distribution of quality petroleum products, which break down into three core products. First, fuel products, consisting of gasoline and LPG. Second, lubricating oil and other lubricating products. Third, retail business products. All these are sold through three major distribution channels. First, B@C retail (through service stations, which have been upgraded and modernized into PTT Life Stations, catering to modern consumers' lifestyles that favor one-stop service made possible by diverse retail businesses found at service stations, like convenience stores, food and bakery outlets, Café Amazon coffee shops (now a full-fledged franchise business), auto-services, and baking services. Besides service stations, B2C features LPG sale through bottling plants, LPG stand-alone outlets, and lubricant sale through lubricant outlets. Second, B2B (commercial market), sold through civil servant groups, state enterprise workers, industries, aircraft, ocean liners, fishing vessels and exports. Third, sale of products to customers under Article 7 and Article 10 of the Fuel Trade Act

Moreover, the business unit manages investments through PTT Group companies, most of which are wholly owned by PTT, and is engaged in domestic and overseas oil businesses, such as retail sales and service stations, lubricating oil blending and aviation fuel services.

The oil business has become more liberalized and highly competitive under several laws, including the Fuel Trade Act, B.E. 2543(2000) and Fuel Oils Control Act, B.E. 2542 (1999). As of December this year, PTT was one of 43 fuel oil traders (as of December 2012) registered with the Department of Energy Business. Moreover, the oil business is heavily regulated by various authorities, including the Energy Policy and Planning Office, Department of Energy Business, Department of Internal Trade, and Office of the Consumer Protection Board. Its financial

performance therefore relies primarily on marketing margins in retail stores and partly on other supplementary products and year-end inventory (stocks).

### **International Trading Business Unit**

The business unit operates fully-integrated international trading businesses, ranging from procurement, import and export of crude oil, condensate, petroleum products, petrochemical products (exclude plastics), to solvents and chemicals, as well as other commodities. The business unit is also in charge of providing shipment and logistics support, domestically and internationally, for PTT Group companies and generates revenues from external operations, mainly to provide energy securities to the Kingdom and supplement business value to PTT Group. To cope with the changing nature of international businesses, PTT International Trading has implemented an international risk management system covering all aspects of risk exposure equivalent to those systems adopted by leading international companies. Major risks affecting PTT's business are oil price volatility, reliability and integrity of trading partners, safety of delivery and shipment and potential natural disasters. As world oil price volatility is the biggest risk, PTT's mitigation measures include not only closely monitoring of movements of all contributing factors, but also the exercise of necessary financial transactions including futures, swaps, and derivatives trading. State-of-the-art information technology verifies details of every transaction engaged in by operation staff. This year, International Trading undertook software refinement for Trading Control System to add capability to the Commodity Trading and Risk Management System so as to accommodate more complicated transactions and cover other commodities potentially traded in the future. This represents an application of technology to supplement trade capability by streamlining work, controlling risks more stringently, and reporting trade status in a more accurate and timelier way. Implementation of this new system is due in early 2014. Similar practices have been adopted to control and ease possible impacts from shipment and transport of petroleum and petrochemical products on the environment and communities. Procurement and logistics of all products are strictly managed and controlled to international standards and regulations through the PTT Group Ship Vetting Project.

To overcome possible cross-boundary legal barriers and to add competitiveness in international trading of petroleum and petrochemicals, PTT International Trading has founded and appointed subsidiaries and agencies in many countries, including PTT International Trading Pte. Ltd. (PTTT) in Singapore, PTT International Trading DMCC in Dubai, United Arab Emirates, PTT International Trading Guangzhou Representative in the People's Republic of China, and the latest office in Jakarta, Indonesia, known as PTT International Trading Jakarta Representative. Currently, PTT International Trading manages business transactions in more than 50 countries covering all regions of the world.

## **Businesses invested through PTT Group companies**

### **Upstream business**

#### **Petroleum exploration and production business:**

PTT Exploration and Production Plc. (PTTEP) operates domestic and international petroleum exploration and production (E&P) and invests in associated businesses for PTT. The bottom-line business objective is to seek and secure competitively priced crude oil and natural gas to ensure Thailand's energy security. PTTEP demonstrates this responsibility through its petroleum sales agreement with PTT on all produced petroleum sales agreement with PTT on all produced petroleum in neighboring countries, mostly natural gas, for consumption in Thailand. Moreover, PTTEP has expanded its petroleum E&P business to other global regions, including the Canadian Oil Sands KKD project in North America, Mozambique Rovuma Offshore Area One in Africa, Oman 44 projects in the Arab Peninsula, and the Floating LNG project in Australia. Petroleum production from these overseas projects is partially destined for distribution in Thailand, although it is sold internationally to produce a revenue inflow to support national economic growth.

PTTE's financial performance is primarily dependent on the world oil price, petroleum exploration and field development success, efficient cost management of E&P projects, investment opportunities, and organizational competency development. E&P activities and petroleum pricing structures are governed by the Petroleum Act, B.E. 2514 (1971), under the supervision of Petroleum Committee.

### **Downstream business**

#### **Petrochemical business**

PTT invests in the petrochemical business to add value to its domestic natural gas production and products from its refineries by providing export-substituting feedstock to support the development of the local petrochemical industry and other industries using petrochemicals as materials, such as the automotive industry, construction industry, and packaging industry. PTT operates its petrochemical business and integrated associated companies through its investment in 9 Group companies, including PTT Global Chemical Plc (PTTGC), HMC Polymers Co., Ltd. (HMC), PTT Phenol Co.,Ltd. (PPCL), PTT Asahi Chemical CO.,Ltd. (PTTAC), PTT Polymer Logistics Co.,Ltd.(PTTPL), PTT Polymer Marketing Co., Ltd. (PTTPM), PTT Tank Terminal Co., Ltd. (PTT TANK), PTT Maintenance and Engineering Co., Ltd. (PTTME), and PTT MCC Biochem Co.,Ltd. (PMBC). This wide range of investments covers businesses from the processing and distribution of upstream, midstream, and plastic products, and marketing and distribution in both domestic and international markets, to integrated logistical services and the supply of related public utilities, integrated maintenance and engineering projects, and engineering architectural, industrial, and maintenance services to PTT Group and other industrial plants.

Performance is primarily subject to world petrochemical prices, moving up and down in cycle of supply and demand, and the year-end inventory (stocks). The main feedstock in petrochemical production comes from PTT's GSPs, including ethane, propane, LPG and natural gas liquids (NGLs) together with products from PTT Group's oil refineries, like naphtha and reformate.

### **Refining business**

PTT invests in the refining business mainly to provide refining product security to the country and substitute locally produced petroleum products for imports. PTT operates its oil refining business and associated businesses using refined products as raw materials (or feedstock) through its investment in Group companies, consisting of Thaioil Plc (SPRC), and Bangchak Petroleum Plc. (BCP). The business structure allows PTT to provide crude oil as feedstock for these companies and, in turn, buy all refined and petrochemical products from them to market and distribute domestically, and export to international markets. In addition, PTT has invested in related business such as PTT Energy Solutions Co., Ltd. (PTTES) who provides technical consultancy.

Performance is primarily subject to the refining margin-the average value of refined products less the average cost of crude runs (based on volatile world prices)-which is cyclical with the world-market supply and demand, world oil price volatility, and year-end inventory (stocks)

### **International investment business**

PTT intends to secure energy supply for Thailand with overseas energy and new alternative-energy sources by integrating its entire organizational capability of knowledge, skills, personal experiences, and cooperation among PTT Group. All international investments are made through PTT's wholly-owned subsidiaries, PTT International Co., Ltd. (PTTI), and PTT Green Energy Co., Ltd. (PTTGE).

Currently, PTTI's investment portfolio includes coal mining businesses in Indonesia and Madagascar as well as the study in coal resources in Brunei and Cambodia, a hydro-power plant in Laos, and a gas pipeline business in Egypt for transmission from Egypt to Israel. PTT Green Energy has also invested in the development of palm plantations in Indonesia.

#### **2.6.3.2. Shareholding Structure and List of Shareholders**

As at September 23, 2013, the shareholders registration book closing date, PTT has the first ten shareholder names as follow:

No.	Shareholder Names	No. of shares	% ownership
1	Ministry of Finance	1,459,885,575	51.11

No.	Shareholder Names	No. of shares	% ownership
2	Vayupak 1 Mutual Fund by MFC Asset Management	217,900,000	7.63
3	Vayupak 1 Mutual Fund by Krungthai Asset Management	217,900,000	7.63
4	Thai NVDR Co.,Ltd.	117,449,972	4.11
5	Chase Nominees Limited 42	72,277,101	2.53
6	Hsbc (Singapore) Nominees Pte Ltd	61,308,199	2.15
7	State Street Bank Europe Limited	32,979,034	1.15
8	State Street Bank And Trust Company	32,030,417	1.12
9	GIC Private Limited – C	26,696,800	0.93
10	Nortrust Nominees Limited-NT0 SEC Lending Thailand	23,928,239	0.84
11	Others	593,944,288	20.80
<b>Total</b>		<b>2,856,299,625</b>	<b>100.00</b>

#### 2.6.3.3. Board of Directors

As at December 21, 2013 PTT had 16 directors as follow;

No.	Name	Position
1	Mr. PARNPREE BAHIDDHA-NUKARA	Chairman of The Board
2	PAILIN CHUCHOTTAWORN	PRESIDENT AND CHIEF EXECUTIVE OFFICER
3	Mr. CHITRAPONGSE KWANGSUKSTITH	Director
4	Mr. SUTHEP LIUMSIRIJARERN	Director
5	Mr. PRASERT BUNSUMPUN	Director
6	Mr. SOMCHAI SUJJAPONGSE	Director
7	Mr. BOONSOM LERDHIRUNWONG	Independent Director / Chairman of Audit Committee
8	Mr. WAROONTHEP WATCHARAPORN	Independent Director / Audit Committee
9	MR. WATCHARAKITI WATCHAROTHAI	Independent Director
10	Mr. ARKHOM TERMPITTAYAPAISITH	Independent Director
11	Mr. SIHASAK PHUANGKETKEOW	Independent Director
12	Mr. MONTRI SOTANGKUL	Independent Director / Audit Committee
13	Mr. INSORN BUAKEOW	Independent Director / Audit Committee
14	Mr. THOSAPORN SIRISUMPHAND	Independent Director

No.	Name	Position
15	Mr. PARNPREE BAHIDDHA-NUKARA	Independent Director
16	Mr. ATHAPOL YAISAWANG	กรรมการอิสระ

#### 2.6.3.4. Revenue Breakdown

Unit:MB	2011	%	2012	%	2013	%
Oil	1,786,905.31	73.59	2,025,665.02	72.50	2,069,440.36	72.80
Gas	449,525.56	18.51	578,225.29	20.70	589,495.21	20.74
Petrochemical	145,627.92	6.00	141,633.28	5.07	138,449.48	4.87
Mining	30,811.91	1.27	28,738.50	1.03	24,977.75	0.88
Other products	1,453.81	0.06	1,246.14	0.04	540.68	0.02
Income from public utility	624.66	0.03	970.99	0.03	1,116.61	0.04
Other businesses	6,002.55	0.25	7,773.11	0.28	8,881.35	0.31
Service fee	7,174.37	0.30	9,576.14	0.34	9,786.56	0.34
<b>Total</b>	<b>2,428,126.09</b>	<b>100.00</b>	<b>2,793,833.06</b>	<b>100.00</b>	<b>2,842,688.00</b>	<b>100.00</b>

#### 2.6.3.5. Operating Results and Financial Position

##### 2.6.3.5.1. Financial Highlight

Summary of Statements of financial position, Statements of comprehensive income, and Statements of cash flows for the years ending 31 December 2011 to 31 December 2013 is as shown below:

Summary of Financial Information	Unit	Fiscal Year Ending 31 December		
		2011	2012	2013
<b>Statement of Financial Position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	MB	116,140.75	136,924.06	157,683.49
Current investments	MB	10,965.33	6,409.13	2,686.76
Trade accounts receivables	MB	171,363.39	243,302.77	277,590.16
Other accounts receivables	MB	32,607.43	35,518.71	33,408.29
Short-term loans	MB	5,006.18	96.96	64,872.61
Inventories	MB	26,000.29	28,485.00	28,798.42
Materials and supplies	MB	13,154.73	13,759.45	15,373.99
Other current assets	MB	5,892.89	7,649.85	7,537.67

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Total current assets</b>	MB	<b>381,130.99</b>	<b>472,145.94</b>	<b>523,143.66</b>
<b>Non-current assets</b>	MB			
Available-for-sale investments	MB	11,680.42	12,972.33	12,599.44
Investments in associates	MB	229,186.80	235,824.95	246,077.89
Other long-term investments	MB	1,749.85	2,015.96	2,200.49
Long-term other accounts receivable	MB	-	-	4,113.67
Long-term loans	MB	145.76	106.88	12.07
Investment properties	MB	8,345.29	8,091.48	6,271.89
Property, plant and equipment	MB	598,919.84	650,560.97	740,648.76
Intangible assets	MB	52,613.55	116,869.96	124,897.89
Mining properties	MB	33,179.84	35,232.83	35,219.20
Goodwill	MB	28,432.57	46,501.14	51,851.23
Deferred tax assets	MB	19,318.40	14,501.16	14,380.54
Advance payments for gas purchases	MB	7,346.23	5,688.54	4,690.55
Other non-current assets	MB	28,697.39	28,998.89	35,614.30
<b>Total non-current assets</b>	MB	<b>1,019,615.94</b>	<b>1,157,365.09</b>	<b>1,278,577.92</b>
<b>Total assets</b>	MB	<b>1,400,746.93</b>	<b>1,629,511.03</b>	<b>1,801,721.57</b>
<b>Liabilities and Shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term loans from financial institutions	MB	15,520.54	17,838.77	14,336.40
Trade accounts payable	MB	195,843.43	254,703.61	271,145.29
Other accounts payable	MB	35,907.76	32,534.05	32,662.15
Current portion of long-term loans	MB	54,975.61	39,830.54	45,943.60
Income tax payable	MB	26,355.84	29,350.41	32,842.90
Short-term provision for decommissioning costs	MB	2,312.67	635.89	379,117.51
Other current liabilities	MB	4,599.11	5,997.30	9,098.32
<b>Total current liabilities</b>	MB	<b>335,514.95</b>	<b>380,890.56</b>	<b>406,407.78</b>
<b>Non-current liabilities</b>				
Other long-term accounts payable	MB	671.71	638.93	617.57

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Long-term loans	MB	337,321.93	397,513.61	422,563.23
Deferred tax liabilities	MB	42,936.69	60,020.89	66,891.14
Employee benefit obligations	MB	5,500.00	5,821.29	6,234.51
Long-term provision for decommissioning costs	MB	22,628.85	33,126.53	39,494.73
Deposits on LPG cylinders	MB	6,567.50	7,270.50	8,098.46
Other non-current liabilities	MB	6,981.54	14,332.62	28,235.94
<b>Total non-current liabilities</b>	<b>MB</b>	<b>422,608.22</b>	<b>518,724.38</b>	<b>572,135.59</b>
<b>Total liabilities</b>	<b>MB</b>	<b>758,123.18</b>	<b>899,614.95</b>	<b>978,543.37</b>
<b>Shareholders' equity</b>				
Registered share capital	MB	28,572.46	28,572.46	28,572.46
Issued and fully paid up share capital	MB	28,563.00	28,563.00	28,563.00
Premium on ordinary shares	MB	29,211.13	29,211.13	29,211.13
Retained earnings	MB			
Appropriated	MB			
Legal reserve	MB	2,857.25	2,857.25	2,857.25
Reserve for self-insurance fund	MB	1,034.86	1,075.40	1,056.67
Unappropriated	MB	502,640.39	572,851.05	630,373.77
Other components of equity	MB	(9,633.14)	(30,637.64)	(9,415.15)
Total equity attributable to equity holders of the Company		554,673.49	603,920.18	682,646.66
Non-controlling interests	MB	87,950.26	125,975.91	140,531.55
<b>Total shareholders' equity</b>	<b>MB</b>	<b>642,623.75</b>	<b>729,896.08</b>	<b>823,178.21</b>
<b>Total liabilities and shareholders' equity</b>	<b>MB</b>	<b>1,400,746.93</b>	<b>1,629,511.03</b>	<b>1,801,721.57</b>
<b>Statements of Comprehensive Income</b>				
<b>Revenues</b>				
Sales and service income	MB	2,428,126.09	2,793,833.06	2,842,688.00
Cost of sales and services	MB	2,208,363.40	2,561,134.79	2,618,297.97
<b>Gross margin</b>	<b>MB</b>	<b>219,762.69</b>	<b>232,698.28</b>	<b>224,390.03</b>
Other income	MB	16,575.26	17,178.95	13,834.84
Gain (loss) on foreign exchange rates	MB	1,099.42	7,434.06	304.37
<b>Income before expenses</b>	<b>MB</b>	<b>237,437.37</b>	<b>257,311.30</b>	<b>238,529.24</b>

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Selling expenses	MB	10,439.07	9,836.17	10,300.12
Administrative expenses	MB	33,953.33	38,475.25	38,731.41
Executive remunerations	MB	655.10	736.06	842.12
Petroleum exploration expenses	MB	6,615.17	6,629.83	5,351.26
Petroleum royalties and remuneration	MB	22,026.32	26,392.71	27,122.01
Other expenses	MB	5,771.61	10,434.29	49.41
<b>Operating income</b>	<b>MB</b>	<b>157,976.77</b>	<b>164,806.98</b>	<b>156,132.91</b>
Share of income from investments in associates	MB	29,463.28	27,014.79	27,078.77
<b>Income before finance costs &amp; income taxes</b>	<b>MB</b>	<b>187,440.05</b>	<b>191,821.78</b>	<b>183,211.68</b>
Finance costs	MB	18,035.27	19,746.85	20,394.35
<b>Income before income taxes</b>	<b>MB</b>	<b>169,404.77</b>	<b>172,074.93</b>	<b>162,817.33</b>
Income taxes	MB	43,225.66	46,516.38	47,692.14
<b>Income for the years</b>	<b>MB</b>	<b>126,179.11</b>	<b>125,558.54</b>	<b>115,125.20</b>
Attributable to:				
Equity holders of the Company	MB	106,260.33	104,608.40	94,652.27
Non-controlling interests	MB	19,918.78	20,950.14	20,472.92
<b>Statements of Cash Flows</b>				
Net cash flows from operating activities	MB	177,285.74	175,004.04	165,326.85
Net cash flows used in investing activities	MB	(160,281.41)	(178,082.59)	(95,363.66)
Net cash flows from financing activities	MB	(45,530.39)	27,725.19	(55,790.36)
<b>Financial Ratios</b>				
<b>Liquidity Ratios</b>				
Current ratio	time	1.14	1.24	1.29
Quick ratio	time	0.89	1.02	1.08
Account receivable turnover	time	15.35	13.34	10.83
Average collection period	day	23.45	26.99	33.25
Inventory turnover	time	77.17	94.01	91.42
Average days in inventory	day	4.66	3.83	3.94
Payable turnover	time	13.26	11.37	9.96
Average number of days payable	day	27.15	31.67	36.15

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
outstanding				
Cash Cycle	day	0.97	-0.84	1.03
<b>Profitability ratios</b>				
Gross profit margin	%	9.05	8.33	7.89
Net profit margin	%	5.16	4.47	4.03
Return on equity	%	20.53	18.06	14.71
<b>Efficiency ratios</b>				
Return on assets	%	9.00	8.29	6.71
Asset turnover	time	1.74	1.86	1.67
<b>Financial Leverage ratios</b>				
Debt to equity ratio	time	1.18	1.23	1.19
Interest coverage ratio	time	13.63	12.63	12.54

Remark Financial Statements for the year 2011, 2012, and 2013 were audited by The Office of the Auditor General of Thailand

#### 2.6.3.5.2. Analysis of operating results

In 2013, sales revenue of PTT and its subsidiaries was Baht 2,842,688 million, increasing by 1.7% from Baht 2,793,833 million in 2012 from an increase in sales volume mainly from oil business, even average Dubai crude oil price decreased from US\$ 109.1 per barrel in 2012 to US\$ 105.5 per barrel in 2013. EBITDA rose by Baht 1,129 million or 0.5% from Baht 227,843 million to Baht 228,972 million principally due to the better performance of PTTEP and international trading business. In 2013, share of gain from investments in associates of PTT and its subsidiaries was Baht 27,079 million, slightly increasing by Baht 64 million compared with last year due to the better performance of gas and oil associates. On the other hand, the performance of refining and petrochemical associates marginally declined. There were foreign exchange losses in many refineries as a result of the Baht depreciation against \$US while there were exchange gains in the previous year; even though, Gross Refining Margin (GRM) increased from higher stock gains in 2013, compared with stock losses last year. Additionally, the lower performance of petrochemical associates was partly affected by the Baht depreciation against \$US, together with PTTGC's LDPE plant shut down and incident in GSP Unit 5 causing PTTGC to lower its production, and PTTGC's expenses from oil spill incident, despite higher spread margins of Aromatics and Olefins products compared with 2012, mainly from better spread margin of Benzene, HDPE and Polypropylene.

The foreign exchange gains of PTT and its subsidiaries in 2013 were Baht 305 million, decreasing by Baht 7,129 million from 2012. The income taxes of PTT and its subsidiaries were Baht 47,692 million, increasing from 2012 by Baht 1,176 million or 2.5%. Consequently, the net income of PTT and its subsidiaries decreased by Baht 9,956 million or 9.5% from Baht 104,608 million in 2012 (or

Baht 36.59 per share) to Baht 94,652 million in 2013 (or Baht 33.07 per share); even though, in 2012, PTTEP reported impairment loss on Montara assets amounting to Baht 6,366 million and PTT International Company Limited (PTTI) recognized impairment loss from its investment in EMG amounting to Baht 3,972 million

#### **2.6.3.6. Industry Overview**

The world economy in the fourth quarter of 2013 (Q4/2013) continued to grow at a slower pace from the third quarter of 2013 (Q3/2013), but better than expected. Advanced economies, especially the U.S., strongly expanded from an increase in domestic demand. Despite there is a temporary shutdown of some government agencies for 16 days. In addition, developing and emerging economies improved further from a recovery in exports that helped to alleviate the effects of weak domestic consumption and investment. Although, the economic activity was better than expected, the global economy grew at a slightly slower rate in 2013 than in 2012. The International Monetary Fund (IMF), in January 2014, projected the world economy to grow 3.0% in 2013, down from 3.1% 2012. The International Energy Agency (IEA), in December 2013, reported that global oil demand in Q4/2013 was 92.0 million barrels per day (MBD), an increase of 0.1 MBD and 0.9 MBD from Q3/2013 and Q4/2012 respectively. Global oil demand in 2013 was at 91.2 MBD, increasing 1.2 MBD from 2012, supported by a demand surge in India, China and Japan. The average Dubai crude oil price in Q4/2013 slightly rose to US\$106.8 per barrel compared with US\$ 106.3 per barrel in Q3/2013 as a result of seasonal winter demand. The negotiation between Iran and the so-called P5+1 countries including the U.S., the UK, France, China, Russia, and Germany is likely to be granted Iran's sanctions relief, thus allowing Iran to raise oil export which would be main factor pressuring oil price. Overall, the average Dubai price at US\$ 105.5 per barrel in 2013, decreased from US\$109.1 per barrel in 2012. Most of petroleum product prices in the Singapore Spot Market in Q4/2013 slightly rose from Q3/2013. The average diesel price increased from seasonal winter demand and a tight supply. In addition, average fuel oil price was supported by both robust demand from China, Japan, and South Korea and the lower exported from the Middle East due to a surge in domestic demand. The average price of petroleum products in 2013 decreased as a result of a fall in crude oil prices and demand along with an increasing supply.

Petrochemical prices in Q4/2013 compared with Q3/2013, Olefins product prices rose in parallel with crude and naphtha prices, agricultural demand, and year-end manufacturing season. For Aromatics product, the Benzene price increased, supported by strong Benzene demand of the U.S. and Europe while the Paraxylene price declined as a result of sluggish PTA demand from declining polyester and PET market in China. Overall, petrochemical prices in 2013 rose as a result of recovering demand. Olefins prices increased in line with higher demand from China. Most of Aromatics product prices were also rising except Paraxylene. The average Benzene price in 2013 grew following U.S. Benzene price from lower supply as a result of shale gas and shale oil production. On the other hand, Paraxylene price in 2013 declined from the previous year due to additional production capacity

while demand retreated from sluggish PTA market. National Energy Policy Committee (NEPC) resolved to raise the retail price of LPG in the household sector by Baht 0.50 per kilogram per month for 12 months starting September 1, 2013. The increasing in retail price will be collected to oil fund. Thai economy expansion in Q4/2013 was significantly less than Q3/2013 since private consumption and investment declined as well as the lower-than-expected government spending from the delay of disbursement, mainly due to the prolonged political demonstration, while export sector was still fragile. As of February 2014, the Office of the National Economic and Social Development Board (NESDB) has projected the Thai economy to grow 2.9% in 2013, decreasing from previously projected in November 2013 of 3.0%.

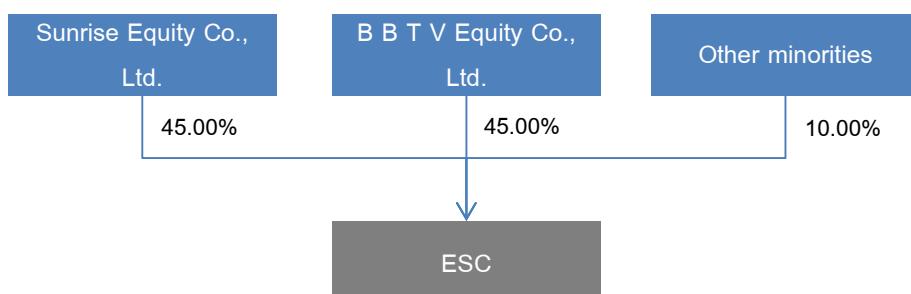
#### **2.6.4. Exclusive Senior Care International Company Limited (“ESC”)**

##### **2.6.4.1. Nature of Business Operations**

ESC was incorporated on 14 July 2010 with registered capital of 1,000 MB to operate primarily on the senior rehabilitation business. ESC has currently stopped any senior rehabilitation development projects and does not have any clear plan on the continuation of the projects.

##### **2.6.4.2. Shareholding Structure and List of Shareholders**

Shareholding structure of ESC is as follows:



As of 22 April 2013, the shareholders of ESC are as follows:

No.	Shareholders	No. of Shares	%
1	Sunrise Equity Company Limited	45,000,000	45.00
2	B B T V Equity Company Limited	45,000,000	45.00
3	Super Assets Company Limited	5,000,000	5.00
4	Cyber Venture Company Limited	4,999,995	5.00
5	Mr. Krit Ratanarak	1	0.00
6	Mr. Charoen Jirawisan	1	0.00
7	Mr. Chaloemphol Thananopwan	1	0.00
8	Mr. Thaweeophol Khongseri	1	0.00

No.	Shareholders	No. of Shares	%
9	Mr. Weeraphan Theepsuwan	1	0.00
<b>Total</b>		<b>100,000,000</b>	<b>100.00</b>

#### **2.6.4.3. Board of Directors**

As of 31 December 2013, the Board of Directors of ESC consists of the following 6 directors:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Mr. Krit Ratanarak           | 2. Mr. Weeraphan Theepsuwan     |
| 3. Mr. Chaloemphol Thananopawan | 4. Mr. Charoen Jirawisan        |
| 5. Mr. Thaweeophol Khongseri    | 6. Miss Nopporn Tirawattanagool |

#### **2.6.4.4. Revenue Breakdown**

As aforementioned, ESC has currently stopped any senior rehabilitation development projects. Therefore, ESC does not have any revenue from sales or rendering of services. However, ESC has other income from gain from sales of long-term investment and interest received.

#### **2.6.4.5. Operating Results and Financial Position**

##### **2.6.4.5.1. Financial Highlight**

Summary of Statements of financial position, Statements of comprehensive income, and Statements of cash flows for the years ending 31 December 2011 to 31 December 2013 is as shown below:

Summary of Financial Information	Unit	Fiscal Year Ending 31 December		
		2010	2011	2012
<b>Statement of Financial Position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	MB	158.42	137.04	123.66
Other current assets	MB	0.00	0.00	0.01
<b>Total current assets</b>	MB	<b>158.42</b>	<b>137.04</b>	<b>123.68</b>
<b>Non-current assets</b>				
Long-term investment	MB	5.03	2.68	13.28
Land and development cost - net	MB	337.98	354.82	331.11
<b>Total non-current assets</b>	MB	<b>343.01</b>	<b>357.49</b>	<b>344.40</b>
<b>Total assets</b>	MB	<b>501.42</b>	<b>494.53</b>	<b>468.07</b>
<b>Liabilities and Shareholders' equity</b>				

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Current liabilities</b>				
Payables to related parties	MB	4.03		
Other payables	MB	1.55	1.81	0.17
<b>Total current liabilities</b>	MB	<b>5.58</b>	<b>1.81</b>	<b>0.17</b>
<b>Total liabilities</b>	MB	<b>5.58</b>	<b>1.81</b>	<b>0.17</b>
<b>Shareholders' equity</b>				
Registered share capital	MB	1,000.00	1,000.00	1,000.00
Issued and fully paid up share capital	MB	500.00	500.00	500.00
Retained loss	MB	(4.18)	(7.32)	(32.19)
Other components of shareholders' equity	MB	0.02	0.05	0.09
<b>Total shareholders' equity</b>	MB	<b>495.84</b>	<b>492.72</b>	<b>467.90</b>
<b>Total liabilities and shareholders' equity</b>	MB	<b>501.42</b>	<b>494.53</b>	<b>468.07</b>
<b>Statements of Comprehensive Income</b>				
Other income	MB	1.15	2.82	2.50
Administrative expenses	MB	(3.66)	(5.96)	(27.37)
Financial expenses – Interest paid	MB	(1.68)		
<b>Loss for the year</b>	MB	<b>(4.18)</b>	<b>(3.14)</b>	<b>(24.87)</b>
<b>Financial Ratios</b>				
<b>Liquidity Ratios</b>				
Current ratio	time	28.37	75.72	707.14
Quick ratio	time	28.37	75.72	707.06
<b>Profitability ratios</b>				
Net profit margin	%	-361.99	-111.59	-993.03
Return on equity	%	(0.00)	(0.00)	(0.00)
<b>Efficiency ratios</b>				
Return on assets	%	(0.00)	(0.00)	(0.00)
Asset turnover	time	0.00	0.01	0.01
<b>Financial Leverage ratios</b>				
Debt to equity ratio	time	0.01	0.00	0.00

Remark Financial Statements for the year 2011, 2012, and 2013 were audited by PricewaterhouseCoopers ABAS Limited

#### 2.6.4.5.2. Analysis of Operating Results

As aforementioned, ESC has currently stopped any senior rehabilitation development projects. Therefore, ESC does not have any revenue from sales or rendering of services. However, ESC has other income from gain from sales of long-term investment and interest received. From

2010 - 2012 ESC has gain from sales of long-term investment of 1.06 MB, 2.62 MB, and 1.37 MB, respectively. Such gain from sales of long-term investment was from the sales of units in mutual fund in which ESC previously invested. ESC's interest received were 0.09 MB, 0.19 MB, and 1.14 MB, respectively. The administrative expenses from 2010 to 2012 were 3.66 MB, 5.96 MB, 27.37 MB, respectively. The main contribution is from the amortization of development costs of 25.86 MB. As a result, ESC had net loss of 4.18 MB, 3.14 MB, and 24.87 MB in 2010 – 2012, respectively.

As of 31 December 2010, 2011, and 2012, ESC's total assets were 501.42 MB, 494.53 MB, and 468.07 MB, respectively. In 2011, total assets slightly decreased from 2010 due to the expenses incurred in 2011 and the repayment to the creditor, which lower the cash and cash equivalent of ESC. In 2012, total assets decreased from 2011 due to the amortization of development costs of 25.86 MB as mentioned earlier. In 2012, the main assets were land and development costs, which were 70.74% of total assets, of which 99.77% of total land and development costs were land. ESC's capital structure consisted of total liabilities of 0.17 MB, and shareholders' equities of 467.90 MB.

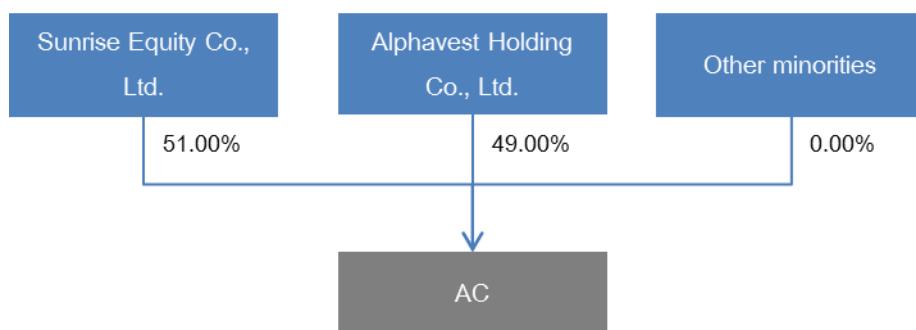
### **2.6.5. Alpha Capital Asset Management Co., Ltd ("AC")**

#### **2.6.5.1. Nature of Business**

Alpha Capital Asset Management Co., Ltd.("AC") operates in asset management business by acquiring or transferring non-performing loan portfolios from financial institutions. AC was granted license from the Bank of Thailand on January 21, 2008 to be registered as an asset management company under Emergency Decree on Asset Management Company B.E.2541.

#### **2.6.5.2. Shareholding Structure and List of Shareholders**

AC Shareholder structure as follows;



As at April 20, 2013, Annual General Meeting date, AC had the following shareholders;

No.	Shareholder names	No. of shares	% ownership
1	Sunrise Equity Co.,Ltd.	7,433,190	51.00
2	Alphavest Holding Company Limited	7,141,696	49.00

No.	Shareholder names	No. of shares	% ownership
3	Mr. CHAROEN Jirawisan	1	0.00
4	Mr. Thitiwut Sookpornchaikul	1	0.00
5	Miss Phenmanee Piyawet	1	0.00
6	Mr. Anuphan Kijnitcheewa	1	0.00
<b>Total</b>		<b>14,574,890</b>	<b>100.00</b>

#### **2.6.5.3. Board of Directors**

As at December 31, 2013 AC had 4 directors as follows;

- |                             |                                 |
|-----------------------------|---------------------------------|
| 1. Mr. Kuok Liang           | 2. Mr. Thitiwut Sookpornchaikul |
| 3. Mr. Anuphan Kijnitcheewa | 4. Miss Cathering Lyn Ciffe     |

#### **2.6.5.4. Revenue Breakdown**

Unit:MB	2010	%	2011	%	2012	%
Interest income	125.56	N/A	50.12	N/A	104.56	N/A
Interest expense	(181.23)	N/A	(152.85)	N/A	(227.31)	N/A
Interest income-net	(55.67)	N/A	(102.74)	N/A	(122.75)	N/A
Management expense	(26.25)	N/A	(42.45)	N/A	(30.98)	N/A
Profit from investment-net	120.68	N/A	19.13	N/A	51.37	N/A
Profit from selling asset for sale	3.31	N/A	76.95	N/A	20.89	N/A
Reverse of loss from asset for sale	-	N/A	0.03	N/A	2.74	N/A
Other incomes	-	N/A	-	N/A	0.32	N/A
<b>Total</b>	<b>42.06</b>	N/A	<b>(49.08)</b>	N/A	<b>(81.14)</b>	N/A

#### **2.6.5.5. Operating Results and Financial Position**

##### **2.6.5.5.1. Financial Highlight**

Summary of Financial Position Financial Statement Cash Flows Statement and Financial Ratios of AC As of/at December 2011, 2012 and 2013.

Financial Position	Unit	As at December 31		
		2011	2012	2013
<b>Financial Position</b>				
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalent	MB	379.30	12.62	53.50
Investment-net	MB	1,202.44	2,250.28	3,967.78
Asset for sale-net	MB	183.77	203.46	214.69
Improve in premise and equipment-net	MB	0.41	0.15	5.72
Other assets	MB	4.87	4.69	7.95
<b>Total assets</b>	MB	<b>1,770.78</b>	<b>2,471.19</b>	<b>4,249.64</b>
<b>Liabilities and Shareholders'Equity</b>				
<b>Current Liabilities</b>				
Long term loan from associated company	MB	1,704.08	2,279.25	3,805.34
Accrued interest	MB	2.57	6.26	57.46
Accrued expense	MB	3.56	3.56	4.00
Employee benefit	MB	-	3.32	5.97
Other liabilities	MB	12.39	11.28	64.42
<b>Total liabilities</b>	MB	<b>1,722.60</b>	<b>2,302.80</b>	<b>3,937.19</b>
<b>Shareholders'Equity</b>				
Authorized share capital	MB	118.05	128.82	145.75
Issued and paid-up share capital	MB	43.05	53.82	70.75
Share premium	MB	342.96	547.67	869.46
Retained earning(loss)	MB	(337.82)	(433.10)	(627.76)
<b>Total Shareholders'Equity</b>	MB	<b>48.19</b>	<b>168.39</b>	<b>312.45</b>
<b>Total Liabilities and Shareholders'Equity</b>	MB	<b>1,770.78</b>	<b>2,471.19</b>	<b>4,249.64</b>
<b>Statements of Comprehensive Income</b>				
Interest income	MB	125.56	50.12	104.56
Interest expense	MB	(181.23)	(152.85)	(227.31)
<b>Interest income (net)</b>	MB	<b>(55.67)</b>	<b>(102.74)</b>	<b>(122.75)</b>
Management expense	MB	(26.25)	(42.45)	(30.98)
Profit from investment	MB	120.68	19.13	51.37
Profit from selling asset for sale-net	MB	3.31	76.95	20.89
Reverse of loss from asset for sale	MB	-	0.03	0.00
<b>Total revenues</b>	MB	<b>42.06</b>	<b>(49.08)</b>	<b>(81.14)</b>
<b>Expenses</b>				
Employee expense	MB	(15.65)	(19.43)	24.40
Premise and equipment expenses	MB	(1.29)	(1.30)	(1.25)

<b>Financial Position</b>	<b>Unit</b>	<b>As at December 31</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Income tax	MB	(9.90)	(4.27)	(5.59)
Other expenses	MB	(3.03)	(2.68)	(2.74)
<b>Total expenses</b>	<b>MB</b>	<b>(29.87)</b>	<b>(27.67)</b>	<b>(33.99)</b>
Loss from impairment in investment in transferred NPL	MB	(58.28)	(11.48)	(29.83)
Loss from selling transferred NPL	MB	(31.85)	(7.05)	(49.64)
<b>Net profit(loss)</b>	<b>MB</b>	<b>(77.93)</b>	<b>(95.28)</b>	<b>(194.67)</b>
<b>Financial ratio</b>				
<b>Profitability Ratios</b>				
Gross profit margin	Percent	-65.24	-289.68	-147.03
Net profit margin	Percent	-62.07	-190.10	-186.18
Return on equity	Percent	-89.42	-87.99	-80.97
<b>Efficiency Ratios</b>				
Return on assets	Percent	-4.08	-4.49	-5.79
Total assets turnover	Times	-4.08	-4.49	-5.79
<b>Leverage Ratios</b>				
Debt to equity	Times	35.75	13.68	12.60

Remark Financial statement for the year 2011 to 2013 were audited by KPMG Poomchai Audit Co.,Ltd.

#### 2.6.5.5.2. Analysis of Operating Results

The consolidated financial statement of AC showed total revenue of (81.14) MB decreased from last year by 32.06 MB. Revenues include net of interest income, service fee, profit from investment, profit from selling assets for sale, reverse from loss of impairment of assets for sale, and other incomes. Net of interest income was (122.75) MB which was significantly less than last year's (102.74) MB, hence decreased by 20.01 MB. Net of profit from investment in 2012 was 51.37 MB increased from last year by 32.24 MB or 168.56%. AC had net profit of (194.67) MB in 2012 decreased by 95.28 MB which decreased by 99.39 MB.

#### Financial Position

As at December 31, 2012 AC had total assets of 4,249.64 MB increased from last year's 2,471.19 MB by 1,778.45 MB or 71.97%. Assets includes cash and cash equivalent, net of investment, asset for sale. In 2012, cash and cash equivalent equals to 53.50 MB increased from last year by 40.88 MB or 323.9%. In 2012, Net of investment was 3,967.78 MB increased from last year by 1,717.50 MB or increased by 76.32 since AC was successful in auction of non-performing loan portfolios from commercial banks since AC wants the consistent income. Net of asset for sale

as at December 31, 2012 was 214.69 MB increased from last year by 11.24 MB or 5.52%. The rest were net of improvement in premise and equipment and other assets.

In 2012, AC had total liabilities of 3,937.19 MB comparing with last year's 2,302.80 MB or increased by 70.97 %. Most of the liabilities were loan from associated company, as at December 31, 2012 AC had loan from associated company of 3,805.34 MB increased from last year by 1,506.10 MB or 66.96%. The rest were accrued interest, accrued expense, employee benefit and other liabilities.

As at December 31, 2012, AC had total shareholders' equity of 312.45 MB increased from last year by 144.06 MB or 185.55%, the increase in AC capital was due to purchasing of NPL portfolios, therefore debt to equity ratio in 2012 was 12.06 reduced from last year's 2011.

#### **2.6.5.6. Industry Overview**

The structure of this industry is involved by 3 parties.

The first party is debtors which turn to be NPL portfolio for financial institution. These debtors have the need to negotiate with lenders to enter debt restructuring process. In some cases, the debtors can enter the process themselves, while in some cases which are too complicated they financial advisory is required. Many debtors enter into bankruptcy court's order in order for them to conduct normal businesses legally in which the debtors need debt restructuring planner and debt restructuring management. With all the complication in process, there is need for professional debt restructuring advisors who might have different scope of works.

The second party is lenders from financial institution, mostly they are private and public commercial banks, their lenders have become NPL. Some banks transfer NPL to asset management companies that they own or to Sukhumvit Asset Management Co., Ltd. or Bangkok Commercial Asset Management Co., Ltd. While, some lenders have not transferred their all or some of their NPL portfolios yet, or some lenders have new portfolios of NPL or even re-entry NPL, these lenders will have found a special unit to manage non-transferred NPL, however NPL management has high not only high expense but also high number of officers. Therefore, NPL management tends to outsourced to professional specialists.

The third party is asset management companies/institutions that take over NPL portfolios from commercial banks. Some asset management companies have taken too many NPL portfolios to manage; in addition that many NPL portfolios are located all over the country. Hence, with the debt restructuring process, it incurs high expenses, some asset management companies have outsourced to other professional management firms.

Size of the market and competition in the industry are highly dependent on economy condition. If economy is in the recession state, there will be high demand for debt restructuring and asset

management. Since, business entrepreneurs, public spending will decrease due to high unemployment rate leading to growth of NPL portfolios. On the other hand, if the economy is strong, government has the right fiscal policies to stimulate the economy, and then NPL portfolios will decrease. As we can see in the past few years, government and financial institutions have been much disciplined and closely monitor tendency of NPL. Hence, there are less NPL portfolios. Nevertheless, the fluctuation in the world economy and flooding problem in Thailand in the last quarter of 2011 could be one of the reasons for increased in NPL portfolios.

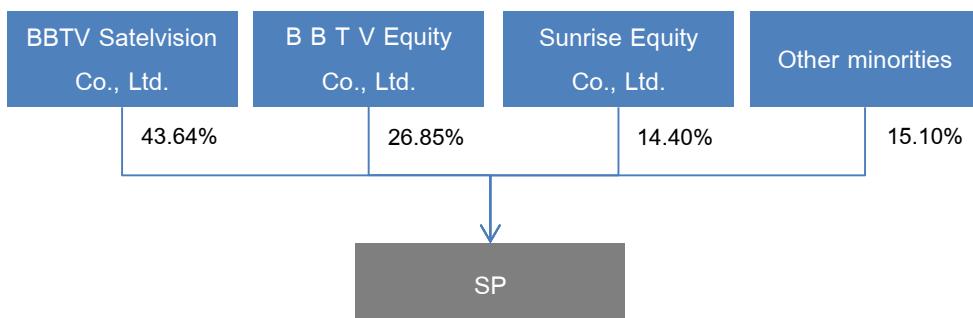
#### **2.6.6. Siam Purimongkol Company Limited (“SP”)**

##### **2.6.6.1. Nature of Business Operations**

SP was incorporated on 3 August 1988 with registered capital of 500 MB. The registered capital of SP has changed and SP currently has registered capital of 990 MB. SP operates primarily on the real estate business. SP has currently stopped any real estate projects and does not have any clear plan on the continuation of the projects.

##### **2.6.6.2. Shareholding Structure and List of Shareholders**

Shareholding structure of SP is as follows:



As of 2 April 2013, the top 10 shareholders of SP are as follows:

No.	Shareholders	No. of Shares	%
1	BBTV Satelvision Company Limited	88,409,100	43.64
2	B B T V Equity Company Limited	53,170,600	26.85
3	Sunrise Equity Company Limited	28,519,328	14.40
4	K.S.M. Company Limited	15,540,572	7.85
5	Bank of Ayudhya Public Company Limited	5,896,000	2.98
6	Cyber Venture Company Limited	5,509,500	2.78
7	Mr. Wathit Phakwisan	500,000	0.25
8	Mrs. Surang Prempree	300,000	0.15

No.	Shareholders	No. of Shares	%
9	Mr. Suphachai Sutthiphongchai	250,000	0.13
10	Mrs. Suphin Sutthiphongchai	250,000	0.13
11	Other minorities	1,654,900	0.84
<b>Total</b>		<b>198,000,000</b>	<b>100.00</b>

#### 2.6.6.3. Board of Directors

As of 31 December 2013, the Board of Directors of SP consists of the following 6 directors:

- |                                 |                                  |
|---------------------------------|----------------------------------|
| 1. Mr. Charoen Jirawisan        | 2. Mr. Thaweeophol Khongseri     |
| 3. Mr. Phanchai Satayaporn      | 4. Mr. Mongkol Simaroj           |
| 5. Mr. Thitiwut Sookpornchaikul | 6. Mr. Phaiboon Wongchongchaihan |

#### 2.6.6.4. Revenue Breakdown

As aforementioned, SP has currently stopped any real estate projects. Therefore, SP does not have any revenue from sales or rendering of services, except in 2012 where SP's revenue from sales of land was 0.64 MB. Such revenue was from the expropriation of land to government agency. However, SP has other income from interest received and rental fee.

#### 2.6.6.5. Operating Results and Financial Position

##### 2.6.6.5.1. Financial Highlight

Summary of Statements of financial position, Statements of comprehensive income, and Statements of cash flows for the years ending 31 December 2011 to 31 December 2013 is as shown below:

Summary of Financial Information	Unit	Fiscal Year Ending 31 December		
		2010	2011	2012
<b>Statement of Financial Position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	MB	0.35	0.14	0.45
Temporary investment	MB	9.49	8.61	7.12
Other receivables	MB	0.40	0.35	0.35
Project development cost - net	MB	614.16	614.16	614.16
Other current assets	MB	0.05	0.08	0.06
<b>Total current assets</b>	<b>MB</b>	<b>624.45</b>	<b>623.34</b>	<b>622.15</b>
<b>Non-current assets</b>				

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2010</b>	<b>2011</b>	<b>2012</b>
Investments in subsidiary companies - net	MB	3.27	3.27	3.27
Investment in associated company - net	MB	7.16	7.16	7.16
Building and equipment - net	MB	1.14	0.93	0.71
Land held for development	MB	5.68	5.68	5.61
Restricted cash	MB	0.72	0.73	0.75
Other non-current assets	MB	0.02	0.02	0.02
<b>Total non-current assets</b>	<b>MB</b>	<b>17.99</b>	<b>17.79</b>	<b>17.52</b>
<b>Total assets</b>	<b>MB</b>	<b>642.44</b>	<b>641.13</b>	<b>639.67</b>
<b>Liabilities and Shareholders' equity</b>				
<b>Current liabilities</b>				
Deposits received from sales of land	MB	1.01	1.01	1.01
Other payables	MB	0.60	0.90	0.35
Other current liabilities	MB	0.13	0.13	0.12
<b>Total current liabilities</b>	<b>MB</b>	<b>1.75</b>	<b>2.04</b>	<b>1.48</b>
<b>Total liabilities</b>	<b>MB</b>	<b>1.75</b>	<b>2.04</b>	<b>1.48</b>
<b>Shareholders' equity</b>				
Registered share capital	MB	990.00	990.00	990.00
Issued and fully paid up share capital	MB	990.00	990.00	990.00
Retained loss	MB	(349.30)	(350.91)	(351.81)
<b>Total shareholders' equity</b>	<b>MB</b>	<b>640.70</b>	<b>639.09</b>	<b>638.19</b>
<b>Total liabilities and shareholders' equity</b>	<b>MB</b>	<b>642.44</b>	<b>641.13</b>	<b>639.67</b>
<b>Statements of Comprehensive Income</b>				
<b>Revenues</b>				
Revenue from sales	MB	-	-	0.64
Reversing entry of the allowance for impairment of assets	MB	80.18	-	-
Interest income	MB	0.02	0.01	0.02
Other income	MB	1.85	2.40	2.46
<b>Total revenues</b>	<b>MB</b>	<b>82.05</b>	<b>2.41</b>	<b>3.12</b>
<b>Expenses</b>				
Cost of sales	MB	-	-	0.07
Administrative expenses	MB	5.29	4.01	3.96
<b>Total expenses</b>	<b>MB</b>	<b>5.29</b>	<b>4.01</b>	<b>4.02</b>
<b>Net (loss) profit</b>	<b>MB</b>	<b>76.76</b>	<b>(1.60)</b>	<b>(0.90)</b>
<b>Statements of Cash Flows</b>				
Net cash flows from operating activities	MB	(3.04)	(1.27)	(1.38)

<b>Summary of Financial Information</b>	<b>Unit</b>	<b>Fiscal Year Ending 31 December</b>		
		<b>2010</b>	<b>2011</b>	<b>2012</b>
Net cash flows used in investing activities	MB	(9.56)	1.06	1.68
Net cash flows from financing activities	MB	N/A	N/A	N/A
<b>Financial Ratios</b>				
<b>Liquidity ratios</b>				
Current ratio	time	357.28	305.57	419.83
Quick ratio	time	0.20	0.07	0.30
<b>Profitability ratios</b>				
Gross profit margin	%	N/A	N/A	89.71
Net profit margin	%	0.00	(0.00)	(0.00)
Return on equity	%	0.00	(0.00)	(0.00)
<b>Efficiency ratios</b>				
Return on assets	%	0.00	(0.00)	(0.00)
Asset turnover	time	0.14	0.00	0.00
<b>Financial Leverage ratios</b>				
Debt to equity ratio	time	0.00	0.00	0.00

Remark Financial Statements for the year 2011, 2012, and 2013 were audited by PricewaterhouseCoopers ABAS Limited

#### 2.6.6.5.2. Analysis of Operating Results

As aforementioned, AP has currently stopped any real estate projects. Therefore, SP does not have any revenue from sales or rendering of services, except in 2012 where SP's revenue from sales of land was 0.64 MB. Such revenue was from the expropriation of land to government agency. However, SP had other income from interest received and rental fee, and such. From 2010 to 2012, SP's other income was 1.85 MB, 2.40 MB, and 2.46 MB, respectively. From 2010 to 2012, SP's administrative expenses were 5.29 MB, 4.01 MB, and 3.96 MB, respectively. In 2010, SP engaged the appraiser to value its own land and buildings and found that the value of land increased. SP, therefore, reversed entry of the allowance for impairment of assets of 80.18 MB. As a result, SP's net profit in 2010 was 76.76 MB. However, SP has net loss in 2011 and 2012 of 1.60 MB, and 0.90 MB, respectively.

As of 31 December 2012, SP's total assets were 639.67 MB. The main assets were project development costs, which were 96.01% of total assets. The project development cost consists of land, capitalized interest, and cost of project development, deducted with the allowance for impairment of assets. SP's capital structure consisted of total liabilities of 1.48 MB, and shareholders' equities of 638.19 MB.

### **3. Details of Sri Ayudhya Capital Public Company Limited**

#### **3.1. Nature of Business Operations**

Sri Ayudhya Capital Public Company Limited ("The Company") formerly known as Sri Ayudhya Insurance Public Company Limited which is the leading insurance company in Thailand. The Ayudhya Insurance was founded on October 7, 1950 to operate non-life insurance businesses, including fire, marine, motor insurance and other non-life insurance products. In 1994, the Company became a publicly listed company on the SET (Stock Exchange of Thailand) with a capital investment of Bht. 500 million, and changed its name to The Ayudhya Insurance Public Company Limited.

The Company has subsidiary which is Sri Ayudhya General Insurance ("SAGI"). SAGI engages in all classes of non-life insurance business since September 25<sup>th</sup>, 1982 as follows;

#### **1. Fire Insurance**

Coverage is available throughout Thailand for buildings, houses, residences, commercial buildings and factories, goods held in storage, as well as machinery and raw materials at industrial plants within Thailand territory limit.

#### **2. Motor Insurance**

Cover the risk of losses due to automotive and motorcycle accidents divided into Compulsory insurance and Voluntary insurance.

#### **3. Marine Insurance**

The company offers coverage on goods transported by sea and by river both internationally and within Thailand. Coverage is also provided on goods transported overland by truck or by train, as well as by air and parcel post.

#### **4. Miscellaneous Insurance**

Numerous types of insurance coverage are available, including Personal and group accident insurance, Travel insurance, Money insurance, Burglary insurance, Machinery insurance, Erection all risks insurance, Contractor's all risks insurance, Workmen's compensation insurance, Electronic equipment insurance, Public liability insurance, All risks insurance, Credit card insurance, Plate glass insurance, Contractor's plant and machinery insurance and Leasehold insurance.

Apart from direct acceptance of risks, our Company accepts reinsurance from domestic and overseas insurance companies, balancing the risks to increase financial security.

### **3.2. Shareholder List**

As of Register book closing date, March 27, 2014, The Company had the first largest shareholders as follow;

No.	Shareholder Names	No. of Shares	% ownership
1	Deutsche Bank AG, Frankfurt A/C Clients Account-DCS	42,104,000	16.84
2	Bangkok Broadcasting& T.V. Co.,Ltd.	28,802,500	11.52
3	Triple Prime Team Holdings Company Limited	25,238,750	10.10
4	Bank of Ayudhaya Public Company Limited by Krungsri Securities Public Company Limited	24,305,800	9.72
5	B B T V Equity Co.,Ltd.	21,946,000	8.78
6	Thongthai (1965) Co.,Ltd.	9,610,000	3.84
7	Citibank Nominees Singapore Pte Ltd-UBS AG London Branch-NRBS	7,380,500	2.95
8	Great Fortune Equity Company Limited	7,045,250	2.82
9	Miss Sudthida Ratanarak	6,344,870	2.54
10	Krungthai Panich Insurance Public Company Limited	3,938,400	1.58
11	Others	73,283,930	29.00
<b>Total</b>		<b>250,000,000</b>	<b>100.00</b>

### **3.3. Board of Directors**

As of December 31, 2013 the board of the Company consists of the following 13 directors:

No.	Name	Position
1	Mr. Veraphan Teepsuwan	Chairman
2	Mr. Chusak Salee	Managing Director
3	Mr. Rowan D Arcy	President
4	Mr. Laksna Thongthai	Director
5	Mr. Virojn Srethapramotaya	Director
6	Miss Nopporn Tirawattanagoo	Director
7	Mr. Ulf Lange	Director

No.	Name	Position
8	Mr. Surachai Prukbamroong	Chairman of Audit Committee/Independent Director
9	Mr. Metha Suwanasarn	Independent Director/ Audit Committee
10	Mr. Suwat Suksongkroh	Independent Director/Audit Committee
11	Mr. Vichit Kornvitayakoon	Audit Committee

### 3.4. Revenue Breakdown

The main income of the Company and its subsidiary can be divided into two parts: Underwriting income and investment income. Details of income as 31 December for 2011, 2012 and 2013 are as follows:

Unit: Million Baht	2011	%	2012	%	2013	%
<b>Underwriting Income*</b>						
Fire	431.95	22.93	377.22	19.84	373.34	17.45
Marine and Transport	148.68	7.89	184.09	9.68	185.76	8.68
Miscellaneous	534.89	28.40	559.78	29.44	673.72	31.50
Motor	767.86	40.76	780.37	41.04	906.30	42.37
<b>Total</b>	<b>1,883.37</b>	<b>100.00</b>	<b>1,901.46</b>	<b>100.00</b>	<b>2,139.13</b>	<b>100.00</b>

\*Underwriting income comprised of net earned premium and commissions and brokerages.

Unit: Million Baht	2011	%	2012	%	2013	%
<b>Net Earned Premium</b>						
Fire	386.35	23.2	339.93	27.0	324.97	16.92
Marine and Transport	74.84	4.5	61.54	4.94	114.81	5.98
Miscellaneous	441.53	26.6	268.22	21.3	542.13	28.22
Motor	758.75	45.7	590.00	46.8	938.99	48.88
<b>Total</b>	<b>1,661.46</b>	<b>100.0</b>	<b>1,259.69</b>	<b>100.0</b>	<b>1,920.90</b>	<b>100.00</b>

Unit: Million Baht	2554	%	2555	%	2556	%
Underwriting Income	1,883.37	84.13	1,901.46	86.66	2,139.13	78.80
Investment Income	332.58	14.86	284.92	12.98	567.96	20.92
Other Income	22.60	1.01	7.99	0.36	7.50	0.28
<b>Total</b>	<b>2,238.55</b>	<b>100.00</b>	<b>2,194.38</b>	<b>100.0</b>	<b>2,714.59</b>	<b>100.00</b>

### 3.5. Operating Results and Financial Position

Summary of Statements of financial position, Statements of comprehensive income, and Statements of cash flows for the years ending 31 December 2011 to 31 December 2013 is as shown below:

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
<b>Financial Position</b>				
<b>Assets</b>				
Cash and cash equivalent	MB	1,486.26	643.34	1,68.25
Accrued investment income	MB	20.59	20.77	19.76
Premium due and uncollected-net	MB	212.92	241.34	255.08
Reinsurance assets	MB	5,258.56	3,590.96	1,838.46
Investments	MB	5,015.92	3,328.70	3,142.81
Loans	MB	3.72	4.38	2.68
Investment in associate	MB	-	1,513.14	1,868.42
Premises and equipment-net	MB	65.19	57.45	56.03
Intangible assets-net	MB	123.70	117.25	101.05
Deferred tax assets	MB	383.62	356.91	297.41
Deferred commission expense	MB	-	39.92	54.40
Other assets	MB	96.16	70.12	59.61
<b>Total assets</b>	MB	<b>12,666.64</b>	<b>9,984.27</b>	<b>9,382.96</b>
<b>Liability and Equity</b>				
Income tax payable	MB	17.52	1.15	1.12
Due to reinsurers	MB	365.99	888.18	622.51
Insurance contract liabilities				
Loss reserve and outstanding claims	MB	6,314.08	2,931.06	2,268.3
Premium reserve	MB	796.73	897.93	910.18
Employee benefit obligation	MB	53.55	57.22	62.76
Deferred tax liabilities	MB	18.58	36.64	12.20
Commission and brokerage payables	MB	256.90	258.50	330.86
Accrued expenses	MB	40.04	47.10	52.88
Other liabilities	MB	103.15	115.39	83.41
<b>Total Liabilities</b>	MB	<b>7,966.55</b>	<b>5,233.13</b>	<b>4,410.55</b>
<b>Shareholder's equity</b>	MB			
Share capital	MB	500.00	500.00	500.00
Authorized share capital	MB	250.00	250.00	250.00

<b>Statement of Financial Position</b>	<b>Unit</b>	<b>As at December 31</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
Retained earnings	MB			
Appropriate	MB			
Statutory reserve	MB	50.00	50.00	50.00
Other reserve	MB	900.00	900.00	900.00
Unappropriated ( deficit)	MB	(77.53)	(87.84)	231.20
Other component of equity	MB			
Surplus of revaluation of investment	MB	-	126.79	29.03
<b>Total shareholder's equity</b>	<b>MB</b>	<b>4,700.09</b>	<b>4,751.14</b>	<b>4,972.41</b>
<b>Liabilities and total shareholder's equity</b>	<b>MB</b>	<b>12,666.64</b>	<b>9,984.27</b>	<b>9,382.96</b>
<b>Statement of comprehensive income</b>	<b>MB</b>			
<b>Revenues</b>	<b>MB</b>			
Net premium earned	MB	1,661.46	1,709.87	1,908.65
Fee and commission income	MB	221.92	191.59	230.48
<b>Total revenues</b>	<b>MB</b>	<b>1,883.37</b>	<b>1,901.46</b>	<b>2,139.13</b>
<b>Expenses</b>				
Underwriting expenses				
Loss incurred				
Insurance claims and loss adjustment expenses				
Loss claims	MB			
- Normal operation	MB	800.78	945.78	828.78
- Flooding	MB	1,030.39	108.58	-
Commission and brokerage expenses	MB	360.91	400.74	421.40
Other insurance expense	MB	269.98	293.38	351.53
Operating expense	MB	283.38	289.19	435.54
<b>Total expenses</b>	<b>MB</b>	<b>2,754.44</b>	<b>2,037.66</b>	<b>2,037.25</b>
Profit/(loss) on underwriting	MB	(862.07)	(136.20)	101.89
Net investment income	MB	234.63	179.37	158.58
Gain on investment in securities	MB	97.95	79.68	54.09
Share of profit of investment in an associate	MB	-	25.87	355.28
Other income	MB	22.60	7.99	7.50
<b>Income/(loss) from operation</b>	<b>MB</b>	<b>(506.89)</b>	<b>156.71</b>	<b>677.34</b>
Contribution to the Office of Insurance Commission	MB	6.74	7.29	7.90
Contribution to Non-life Guarantee Fund	MB	5.25	6.79	7.40
Contribution to Road Victims Protection Fund	MB	0.34	0.34	0.31

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
Financial cost	MB	0.03	-	-
Income (loss) before income tax expense	MB	(519.25)	142.29	661.73
Income before income tax expense	MB	(64.16)	47.35	71.79
<b>Net income</b>	MB	(455.09)	94.94	589.94
Other comprehensive income(loss)				
Actuarial loss on defined employee benefit plans-net of income tax	MB	-	-	(0.90)
Surplus (deficit) on revaluation of investments-net of income tax	MB	(160.62)	81.11	(98.66)
Income tax relating to other comprehensive income (loss)	MB	55.30	(18.05)	-
Other net comprehensive income (loss)	MB	(105.32)	81.11	(98.66)
<b>Total comprehensive income(loss) for the periods</b>	MB	<b>(560.42)</b>	<b>176.05</b>	<b>491.27</b>
<b>Basic earnings (loss) per share</b>	Baht	<b>(1.82)</b>	<b>0.38</b>	<b>2.36</b>
<b>Cash flows statement</b>				
Cash flows from operating activities	MB	240.99	(1,071.04)	1,217.74
Cash flows from investing activities	MB	1,165.47	353.12	96.17
Cash flows from financing activities	MB	(300.00)	(125.00)	(270.00)

Remark: \*Loss claim is the normal loss claim not including flooding loss claim

The financial statement for year end 2011, 2012 and 2013 were audited by De loitte Touche Tohmatsu Jaiyos Co., Ltd.

### Analysis of Operating Results

In 2013, the Company and its subsidiary showed earned premiums of 1,908.65 MB, an increase of 198.78 MB, or 11.63% over the previous year. Net investment income from interest and dividend was 158.58 MB, a decrease of 20.79 MB or 11.59 over the previous year. Gains on investments in securities totaled 54.09 MB, a decrease of 25.59 MB or 32.11% due to the fluctuation in Thai stock market in 2013, in addition to low interest rates. In 2013, the Company recognized 355.28 MB in profit from its investment in the associate company, Allianz Ayudhaya Public Company Limited, using the equity method in the consolidated financial statements increased from last year by 329.41 MB or 1,273.33% since the associated company made significant more profits. In 2012, the Company and its subsidiary showed earned premium of 1,709.87 MB increased from last year by 48.41 MB or 2.91%, over the previous year. Net investment income from interest and dividends was 179.37 MB, a decreased of 55.26 MB, or 23.55%, from the previous year. Gains on investment in securities totaled 79.68 MB, a decrease of 18.27 MB or 18.65%, from last year's 97.97 MB. In 2012,

the Company increased its registered capital in the subsidiary by 600 MB in an associate company, Allianz Ayudhaya Assurance Public Company Limited, resulting in a total equivalent to 20.17% of its paid-up capital. In 2012, the Company recognized 25.87 MB in profit from its investment in associated company, using the equity method. Other income in 2012 was 7.99 MB, down 14.61 MB, or 64.64% from the previous year, due to gains on sales of assets, which decreased by 5.17 MB, or 58.05%.

The Company and its subsidiary's two major expenditures were underwriting and operating expenses. Underwriting expenses were comprised of losses incurred, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other relevant expenses were variable costs related directly underwriting income. Loss incurred and loss adjustment expenses depended on the losses incurred by policyholders during the year. In 2013, the Company had underwriting expenses of 2,037.25 MB, a decrease of 0.41 MB, or 0.02%, from last year 2,037.25 MB. The decrease in underwriting expense was due to lower claim from general operation which decreased by 225.58 MB or 21.40%. In 2012, there was still flooding claims in Q4/2012 of 108.58 MB. The loss ratio, excluding loss from the flood, equaled to 43.42% decreased from 55.31% from the same period last year. Commissions and brokerages increased over last year by 20.65 MB. Commissions and brokerages increased over last year by 20.65 MB or 5.15% Other loss expenses increased from last year 58.16 MB or 19.82% due to increase in business volume from last year. In 2013, operating expenses increased by 146.35 MB or 50.61%, personal expenses increased by 26.57 MB or 23.17%, premises and equipment expenses was 102.84 MB increased from last year's 100.21 MB by 2.63 MB or 2.63%. This was due to the Company's investment in information technology to reduce redundancy, increase speed, efficiency and delivery of service, and support new innovative products. In addition, in the year 2013, the Company has set up defensive provision for bad debts of 114.68 MB for certain international reinsurers suffering downgrades. In 2012, the Company had underwriting expenses of 2,037.66 MB, a decrease of 707.78 MB, or 25.78%, from last year's 2,745.44 MB. The reason for this substantial decrease in underwriting expenses was the high losses incurred from the 2011 flooding. Claims from general operations increased by 145 MB, or 18.11%, while claims from the flood total 108.58 MB. The loss ratio, excluding loss from the flood, equaled 55.31% increased from 48.20% over the same period last year. Commissions and brokerages increased over last year by 39.83 MB, or 11.04%, and total underwriting expenses increased by 23.4 MB or 8.67%, due to the increased volume of business. In 2012, operating expenses increased by 5.80 MB, or 2.05%, over the last year, personnel expenses decreased by 0.88 MB, or 0.38%, and premises and equipment expenses increased from 99.62 MB to 100.21 MB, a 0.59 MB, or 0.59%, rise.

In 2013, the Company turned around its business from the previous year, operating results in 2013 showed a gain of 101.89 since loss claims has decreased substantially. While last year the Company had underwriting loss of 136.20 MB from flooding claims in Q4/2012. In 2013, the consolidated financial statements showed a gain of 677.34 MB increased by 520.63 from last year's

156.71 MB or 332.22%. The Company had a pre-tax profit of 661.73 MB increased from last year by 519.44 MB from last year's 142.29 MB or 365.06%. The Company and its subsidiary calculated deferred income tax rate of 20.0%, the income tax expenses of the Company and its subsidiary total 71.79 MB increased from last year by 24.45 from last year's 47.35 MB or increased by 51.63% since the pre-taxed profit has increased significantly from last year. Therefore, the operating results for 2013 in the consolidated financial statements showed a net profit of 589.94 MB and earnings per share of 2.36 Baht. Net profit increased by 495.00 MB from last year's 94.94 MB or 521.36%.

In 2012, The Company and its subsidiary profit from operation was 156.71 MB, while in 2011 there was a loss from operation of 506.89 MB. In 2012, the Company consolidated financial statement showed pre-tax profit of 142.29 MB, while year before showed a pre-tax loss of 519.25 MB. As a result of reducing deferred tax income rate from 23% to 20% of net profit in 2013, the income tax expense of the Company and its subsidiary totaled 47.35 MB in 2012, while the previous year saw an income tax expense of 64.16 MB. Therefore, the operating results for 2012 in the consolidated financial statements showed a net profit of 94.94 MB and earnings per share of 0.38 Baht, while 2011 showed a net loss of 455.09 MB and a loss per share of 1.82 Baht.

The assets of the Company and its subsidiary are comprised of investments in securities, loans, cash and cash equivalents, premises and equipment, intangible assets, premiums due and uncollected, accrued investment income, property, plant and equipment, intangible assets, premiums due and uncollected, accrued investment income, reinsurance assets, and other assets.

As at December 31, 2013, the Company and its subsidiary had total assets of 9,382.96 MB, decreased from the previous year by 601.30 MB or 6.02% since the Company paid significant amount of flooding loss claims. Moreover, the Company also invested in information technology system, renovated offices, bought new vehicles replacing the obsoleted ones. As at December 31, 2012 total assets were 9,984.27 MB decreased from 2011's 2,682.37 MB or 21.18%.

As at December 31, 2013, the Company had total liabilities of 4,410.55 MB decreased by 822.58 MB from last year's 5,233.13 MB due to reduce of loss reserve, accrued loss and due to reinsurers of 928.45 MB. The Company has debt incurred from operation which includes premium written received in advance, premium reserve, due to reinsurers, commission and brokerage payables, and deferred tax liabilities. As at December 31, 2012 total liabilities reduced by 2,733.42 MB from the previous year's 7,966.55 MB due to reduce of loss reserve and accrued reserve of 3,383.02 MB, while there was increased of due to reinsurers by 522.19 MB.

As at December 31, 2013 total shareholder's equity was 4,972.41 MB, which increased by 221.27 MB from last year's 4,751.14 MB. Since in 2013 there was net of unrealized gain from investment of 29.03 MB decreased by 97.76 MB from the previous year's 126.79 MB. While, the consolidated financial statement showed retained earnings of 231.20 MB increased by 319.04 MB

from the previous year's deficit of 87.84 MB. Last year's deficit was due to loss from flooding claims in 2012. As at December 31, 2012 total shareholder's equity was 4,751.14 MB increased by 51.05% from year 2011's 4,700.09 MB since in 2012 there was net of unrealized gains of investment of 126.79 MB increased by 61.35% from last year's 65.44 MB, the consolidated financial statement showed deficit of 87.83 MB increased by 10.30 MB from the previous year due to flooding claims in Q4/2011.

### **3.6. Industry Overview**

Mr. Pravej Ongartsittigul, Secretary-General, Office of Insurance Commission (OIC) had evaluated that the insurance industry in 2014 will still grow at two digits figure from year 2013. Moreover, the main objective of Insurance Development Plan Vol.2 (2010-2014), which will end in 2014, aims that underwriting income will be 6% of GDP or approximately 7 hundred billion. With the current situation, the plan should go accordingly since the public has better perception toward insurance business and they realize how important to manage personal risks, in addition insurance companies also build better brand image for themselves. Hence, insurance industry will still be growing significantly, when comparing to developed countries, their insurance business growth rate is only 2-3 %, while 80-100 emerging countries including Thailand have growth rate of 7-8% but Thailand has been always growing at two digit figures, for instance last year the growth rate was 17%, with the impressive growth rate, foreign companies and investors are very keen to invest more in Thailand. Mr. Pravej also mentioned that OIC did not concern about insurance companies' financial position, and OIC has been always tracking financial position and all funds closely in order to make sure that insurance companies were strong financially and build confidence among public. Currently, top insurance companies, both life and loss insurance companies, are keen to invest in foreign countries especially Myanmar, Vietnam and Cambodia mostly in the joint venture forms.

Thailand will soon be entering the ASEAN Economic Community ("AEC") in 2014; OIC is satisfied with the evaluation of the regulatory framework and readiness of the system for both life and loss insurance. OIC will provide insight detail to business owners, so that they can be more knowledgeable and comprehend of the AEC. OIC will consult with foreign regulatory agencies and domestic insurance business enterprises in order to form business strategy and increase the strength of the industry. OIC emphasized on the fund size to make sure all insurance companies are at the international standard including but not limited to business ethics of Thai insurance companies. Moreover, in 2014 OIC will not only promote the Microfinance insurance project heavily in order to make insurance accessible to all levels of Thai society but also but also personal accident and travel insurance. It is estimated that there will be 22 million travellers and increase to 24 million travellers in 2015, therefore it is crucial to have a measure or certain policy for travel insurance for travellers coming to Thailand, in addition OIC also turned attention to crops insurance as one of the key insurance types.

In any case, in 2014, underwriting income is expected to be around 700,000 MB which grows from last year at 12-13% or around 6% of GDP. If underwriting income grows according to the forecast, Thailand will be ranked only second to Singapore in term of total underwriting income. Nevertheless, according to OIC, if the political situation is under control, the government does not dissolve the parliament or nothing happens that negatively affects 2.2 trillion or 3.5 hundred billion projects, or if there is new government to continue the work smoothly, these will translate to 16% growth of insurance industry.

#### **4. The Opinion of the Independent Financial Advisor**

##### **4.1. Appropriateness of the Transaction**

###### **4.1.1. The Objective of the Transaction**

According to the resolution of the Board of Directors meeting of the Company No.2/2014 dated 25 February 2014, the objective of the sale of the investment in ordinary shares of Sunrise Equity Company Limited to The Great Luck Equity Company Limited and Great Fortune Equity Company Limited, which are connected persons in the amount of 54,613,666 shares. AYUD has tentative plan to bring money from the transaction to invest in other life insurance companies in which AYUD has expertise or to acquire other unstable life insurance companies in which AYUD will choose a company to invest based on similarity of client bases and providing more distribution channels.

###### **4.1.2. The Reasonableness of the Conditions of the Transaction**

###### **4.1.2.1. Key Conditions of the Transaction**

From the IM, the information obtained from management interview, the IFA summarizes key conditions of the Transaction as follows:

- For AYUD to enter transaction, the shareholders must approve the transaction in the shareholder meeting, with the votes of not less than three-fourth of the number of total votes of shareholders who come to meetings and have voting rights.
- AYUD will only sell all shares of Sunrise to The Great Luck Equity Company Limited and Great Fortune Equity Company Limited within third quarter of 2014.
- The Great Luck Equity Company Limited and Great Fortune Equity Company Limited will pay for the transaction in only cash

###### **4.1.2.2. The IFA's Opinion on the Reasonableness of the Conditions of the Transaction**

Having reviewed the aforementioned key conditions, the IFA is of the following opinion regarding the key conditions between the buyer and the seller.

- The IFA is of an opinion that selling all shares of Sunrise benefits AYUD since AYUD only holds minority portion of 5.48% and AYUD has no control over Sunrise, hence it is unlikely to find third party to acquire Sunrise's ordinary shares. Therefore, this is good opportunity for AYUD to divest its non-core business.

#### **4.1.3. Advantage and Disadvantage from entering and not entering into the Transaction**

##### **4.1.3.1. Advantage from entering into the transaction**

###### **1. Good opportunity for AYUD to sell ordinary shares in its non-core business**

Sunrise invests in many industries for instance, construction business, and property development. These businesses have no revenue or cost synergies with AYUD. In the past, AYUD recognized revenue only through dividend received. In 2011 and 2012, Sunrise paid dividend to AYUD 60.18 MB, 24.47 MB respectively, and Sunrise did not pay dividend in 2013. When comparing with the transaction value of 1,895.09 MB, the dividends portions were only 3.18% and 1.29% in 2011 and 2012 respectively which were very insignificant. Therefore, this is a good opportunity to sell Sunrise's ordinary shares, so that AYUD can focus on its core business of insurance.

Moreover, AYUD holds Sunrise ordinary shares only 5.48%, which is minority stakes, therefor AYUD has no management or policy control in Sunrise business operation. Moreover, Sunrise has no secondary market to be traded, so it is unlikely to find a buyer who would want to take minority position.

###### **2. Cash received from entering the transaction can be used to expand AYUD's core business**

One of the key growth strategies for insurance business is to acquire or take over other insurance companies. Entering into this transaction, AYUD will gain 1,895.09 MB cash, the Company has strategy to utilize this immediate cash to acquire more shares in the company that AYUD already invested or acquire shares in other appropriate companies. From the management interview, the Company has no clear goal of the investment target yet.

Moreover, from selling Sunrise's ordinary shares, the company can use money to expand its business or if there is extra cash unused the company can use the cash as a working capital.

###### **3. Cash received from entering the transaction can be used in AYUD's regular operation**

Selling investment in Sunrise, AYUD can use the received cash to expand its business. If there is extra cash unused, AYUD can use money for regular working capital. The Company is expected to enter into the transaction within third quarter of 2014.

###### **4. Immediately recognize the profit from the transaction**

Entering into this transaction, the Company will recognize profit after tax of 1,079.17 MB from selling Sunrise ordinary shares. Therefore, this transaction will increase the Company's financial performance which will result in increase in return on equity and earnings per share.

## **5. Improvement in the Company Financial Position**

As shown in AYUD's balance sheet, as at December 31, 2013, AYUD had total retained earning of 1,181.20 MB. Therefore, entering into this transaction, AYUD will increase the Company's retained earning and hence its shareholders' equity. Therefore, AYUD's capital structure will be strengthen, by entering into this transaction AYUD debt to equity ratio will be 0.73 time decrease from 0.89 time before the transaction.

### **4.1.3.2. Disadvantage from entering the transaction**

#### **1. Reduction of revenue and profit of AYUD in the future**

For the past, Sunrise paid dividend to AYUD continuously, in 2012 Sunrise paid dividend to AYUD 24.47 MB. Therefore, in the future if AYUD sells Sunrise's ordinary shares, dividend income and net profit will decrease. Nevertheless, if the Company enters into the transaction, the Company will realize gain from selling investment in 2014.

#### **2. Lose the opportunity to realize gain from increase in prices of ordinary shares that Sunrise invests**

Sunrise invests in various businesses, for instance property development, construction business. In the future, these businesses have to potential to grow further and hence reflecting in higher share prices. AYUD might lose the opportunity to realize higher dividend income or realize gain in selling higher share price. In the past, Sunrise has received significant dividend income and held significant portion of SCCC. In 2013, SCCC share price increased to 504.00 baht per share; hence it is possible that Sunrise's value will be higher in the future.

### **4.1.3.3. Advantage of Not Entering the Transaction**

#### **1. Opportunity for investment gain from selling Sunrise ordinary shares in the future if Sunrise shares' value increases**

Sunrise invests in various companies, especially SCCC and ESTAR that are trading on the Stock Exchange of Thailand. In the future, if SCCC or/and ESTAR share prices increase, AYUD will be able to realized gain from the increase in share prices.

#### **2. Maintenance of Dividend Income from Sunrise**

If AYUD does not enter into this transaction, AYUD will be able to maintain dividend income from Sunrise as mentioned in 4.1.4.2 no.1. Nevertheless, entering into this transaction, AYUD will realize revenue and net profit of 1,895.09 MB and 1,079.17 MB respectively.

#### **4.1.3.4. Disadvantage of not Entering into the Transaction**

##### **1. Difficulty in finding other buyer who will be interested in minority shares of Sunrise**

AYUD is a minority shareholder in Sunrise, holding only 5.48%, so AYUD has no control in Sunrise. Therefore, it is unlikely to find a buyer who is interested in acquiring minority stakes in the future and AYUD might lose opportunity to earn profit from selling Sunrise in the long term.

##### **2. Lose opportunity from realizing profit from selling investment in Sunrise**

If AYUD does not enter into this transaction, the Company will lose opportunity to realize profit after tax from selling ordinary shares in Sunrise of 1,079.17 MB If SCCCOr/and ESTAR share prices decreased in the future, Sunrise's value will decrease from its present value.

##### **3. Lose opportunity of using money to expand the Company's business**

If AYUD does not enter into this transaction, the Company will lose opportunity to use money in expanding its business, investing in the Company's related business or using profit from the transaction as working capital for the Company.

##### **4. Lose opportunity to have stronger financial position**

If AYUD does not enter into this transaction, the Company will not realize gains from selling investment into shareholders' equity. Therefore, AYUD will lose opportunity to strengthen its financial position and to improve its debt to equity ratio.

#### **4.1.4. Advantage and Disadvantage of Entering the transaction with connected persons**

##### **4.1.4.1. Advantage of Entering the transaction with connected persons**

##### **1. Connected persons are the major shareholders who have management control and understand Sunrise business very well**

The Great Luck Equity Co., Ltd. and Great Fortune Equity Co.,Ltd. are connected persons with AYUD, they hold Sunrise shares 23.90% and 20.64% respectively. Both of them understand Sunrise business structure very well, if this is transaction with unrelated party, there will time requirement for Sunrise due diligence in this transaction.

**2. Entering into the transaction with connected persons is more plausible since AYUD has no management control over Sunrise.**

AYUD holds Sunrise shares 5.48%, therefore AYUD is a minority shareholder and has no control over Sunrise. Therefore, it is unlikely to find third party to buy this portion of Sunrise ordinary shares. If AYUD does not enter into this transaction, AYUD might lose opportunity in realizing profit from selling Sunrise shares in the future.

**4.1.4.2. Disadvantage of Entering the transaction with connected persons**

**1. Increased Responsibility in Information Disclosure and Compliance with Regulations on the Connected Transaction**

Since the Great Lucky Equity Company Limited and Great Fortune Company Limited are connected persons with AYUD due to the same indirect shareholder which CKS Holding Co.,Ltd. ("CKS"). The ultimate shareholder is Ratanarak Group. Therefore, entering any transaction in the future, AYUD has the responsibility to disclose such a transaction to the Stock Exchange of Thailand and request for shareholder approval in the shareholder meeting. Moreover, AYUD needs to send notice of annual general meeting of shareholders of not less than 14 days before shareholder meeting date. In addition, AYUD has responsibility to engage IFA to give opinion on the appropriateness and fairness of transaction price and conditions to audit committees and send the IFA report to the Stock Exchange of Thailand and shareholders.

**4.1.5. Risk associated with the transaction**

**1. Shareholders of AYUD might not approve AYUD to enter the transaction**

The Company might gain the shareholders' votes of less than three-fourths, hence AYUD cannot enter into this transaction. Therefore, AYUD cannot use the money from the transaction to expand its core business or use as working capital.

**4.2. The Reasonableness of the Price**

This part of the report explains how the Independent Financial Advisor derives the opinion regarding the reasonableness of the price in this Transaction. Sunrise's main business is to invest in other companies. Most of the investment currently held by Sunrise is investment in SCCC, ESTAR, AC, ESC, SP, and PTT (the "Group"). As such, the main value of Sunrise is from the Group. The IFA utilized Sum of The Parts approach to evaluate the fair value of investment in the Group by using the generally accepted valuation approaches. After the fair value of investment in the Group is evaluated, the IFA uses the adjusted book approach to find the value of Sunrise, because the main revenue of Sunrise is mainly from investment business as the dividend income from 2011 to 2013

accounted for 95.23%, 94.11%, and 97.25%, respectively. The fair value of investment in the Group will replace the book value of investment in the Group to find the fair value of Sunrise. The preliminary valuation approaches used for evaluating the investment in the Group are as follows:

1. Market Comparable Approach

Using Market Comparable approach to evaluate the fair value involved key trading multiples of the listed companies in the same business sector

2. Adjusted Book Value Approach

Book Value Methodology reflects the book value of the net asset at a point in time. Using this methodology, each of the Group were valued at its net asset values (total assets minus total liabilities), equivalent to its shareholders' equity and adjusted with the information from an asset valuation report conducted by an independent valuer

3. Market Value Approach

Market Value Approach reflects the value of shares according to the demand of general investors on the potential and growth of the company in a particular period. The market value is determined by demand and supply of investors.

4. Discounted Cash Flow Approach

The discounted cash flow methodology reflects the fundamental value of a company by estimating the present value of free cash flow from the projected financial model. This approach principally focuses on future operating prospects.

In general, the IFA will evaluate the preliminary value using all the approaches mentioned above. Then, the IFA will finally select the most suitable approach to find the fair value of each company. In case that the IFA finds that some preliminary valuation approaches are not applicable, or the IFA is of the opinion that it is not suitable to evaluate the preliminary value using some preliminary valuation approaches, the IFA will not evaluate the preliminary value using such approaches. To evaluate the preliminary value of the Group, the IFA choose the following preliminary valuation approaches:

Summary of preliminary valuation approach selected by IFA

Companies	Market Comparable Approach	Adjusted Book Value Approach	Market Value Approach	Discounted Cash Flow Approach
Siam City Cement PLC	✓	✓	✓	✓
Eastern Star Real Estate PLC	✓	✓	✓	✗
PTT PLC	✗	✓	✓	✗
Siam Purimongkol PLC	✗	✓	✗	✗
Alpha Capital Asset Management Co., Ltd.	✗	✓	✗	✗
Exclusive Senior Care International Co., Ltd.	✗	✓	✗	✗

After evaluating by using each preliminary valuation approach above, the IFA consider the appropriateness of each approach and select the final approach to find the fair value of Sunrise.

SCCC

For SCCC, Sunrise held 34.81% of shares in SCCC, which are the significant portion comparing to the total value of Sunrise. Therefore, the IFA is of an opinion that the IFA will evaluate the preliminary value of SCCC using all approaches as mentioned above.

ESTAR

For ESTAR, the IFA is of an opinion that the discounted cash flow approach is difficult to achieve. Since the revenue and the operating performance for projection estimation are depended on each real estate project in the future, which are not clear, it is difficult to set the key assumptions. In addition, Sunrise holds 5.56% of total outstanding shares in ESTAR and the purpose of Sunrise to investment in ESTAR was not to manage the business operation of ESTAR; therefore, Sunrise does not have access to key information of ESTAR regarding the management or business plan in the future. Moreover, the value of ESTAR is considered as insignificant portion comparing to the total value of Sunrise as the cost of ESTAR accounted for only 1.82% of total cost of the Group.

The IFA is of an opinion that the suitable preliminary valuation approaches for ESTAR are market comparable approach, adjusted book value methodology, and market value approach.

PTT

For PTT, the IFA is of an opinion that Sunrise holds only 13,000 shares in PTT, equivalent to 0.0005% of total outstanding shares, which is insignificant portion. The IFA, therefore, does not evaluate the preliminary value by using market comparable approach. In addition, the purpose of

Sunrise to investment in PTT was not to manage the business operation of PTT; therefore, Sunrise does not have access to key information of PTT regarding the management or business plan in the future. As such, the IFA do not use discounted cash flow approach to evaluate the preliminary value of PTT.

The IFA is of an opinion that the suitable preliminary valuation approach for PTT is book value approach and market value approach.

#### AC

For AC, the IFA is of the opinion that the discounted cash flow approach is difficult to achieve because AC incurred net loss and also had high fluctuation of revenue and expense in the past due to the debt collection process and new NPL portfolios finding. Therefore, it is difficult to set the reliable key assumptions. In addition, the value of AC is insignificant when comparing to the total value of Sunrise as the cost of AC accounted for only 0.54% of total cost of the Group; therefore, the IFA do not use market comparable approach to find the value of AC. Moreover, the IFA cannot find the value of AC by using market value approach since AC is not listed company.

The IFA is of an opinion that the suitable preliminary valuation approach for AC is the book value approach.

#### SP and ESC

For SP and ESC, these 2 companies are not engaging in any business activities. In addition, the management of the companies also said that there is no clear business plan in the future. As such, the IFA cannot find the value of SP and ESC by using discounted cash flow approach, and market comparable approach. In addition, the IFA cannot find the value of SP and ESC by using market value approach since SP and ESC are not listed companies.

The IFA is of an opinion that the suitable preliminary valuation approach for SP and ESC is the adjusted book value approach.

After evaluating by using each preliminary valuation approach above, the IFA consider the appropriateness of each approach and select the final approach to find the fair value of Sunrise.

After the fair value of investment in the Group is evaluated, the IFA uses the adjusted book approach by combining the book value of Sunrise with the surplus of appraised value of land and the surplus of fair value of investment in the Group estimated by IFA to arrive at the fair value to consider the reasonableness of the price for this Transaction.

### The Valuation of the Group

#### **4.2.1. Market Comparable Approach**

Using Market Comparable approach to evaluate the fair value involved key trading multiples of the listed companies in the same business sector.

For SCCC, the IFA selected as comparables the 2 following listed companies in manufacturing and sales of cement business:

Company	Ticker
The Siam Cement Public Company Limited	SCC
TPI Polene Public Company Limited	TPIPL

For ESTAR, the IFA selected as comparables the 10 following listed companies related to real estate development for sale or rent business:

Company	Ticker
Areeya Property Public Company Limited	A
AP (Thailand) Public Company Limited	AP
Charn Issara Development Public Company Limited	CI
L.P.N. Development Public Company Limited	LPN
Major Development Public Company Limited	MJD
Noble Development Public Company Limited	NOBLE
Principal Capital Public Company Limited	PRINC
Raimon Land Public Company Limited	RML
Sansiri Public Company Limited	SIRI
Supalai Public Company Limited	SPALI

The IFA selected these 10 companies as comparables since these companies' main revenue are from sales of condominium, which is similar to ESTAR.

From Market Comparable methodology, the IFA has chosen 3 valuation approaches strongly supported by financial theories. They are as follows:

- Price to Earnings Multiples Approach ("P/E")
- Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Multiples Approach ("EV/EBITDA") and
- Price to Book Value Multiples Approach ("P/BV")

#### 4.2.1.1. Price to Earnings Multiples Approach

Price to earnings ratios methodology is one of the most popular valuation methodology generally accepted by investors. Though ignoring the book value, this methodology reflects the profitability. The valuation by this methodology was calculated by multiplying 2013 earnings of SCCC and ESTAR to the adjusted average price to earnings (P/E) multiples of its peers over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2014. Details are as follows:

##### Historical Price to Earnings Multiples

Company	30 days prior	60 days prior	90 days prior	120 days prior
<b>SCCC's peers</b>				
SCC	13.55	13.39	13.63	14.10
TPIPL	36.07*	32.94*	30.69*	30.52*
Average	13.55	13.39	13.63	14.10
<b>ESTAR's peers</b>				
A	252.83*	216.54*	178.05*	156.67*
AP	6.80	6.67	6.96	7.33
CI	2.80*	3.13*	3.60*	8.83*
LPN	9.85	9.40	9.54	9.86
MJD	N/A*	N/A*	N/A*	N/A*
NOBLE	12.78	11.67	11.30	11.08
PRINC	N/A*	N/A*	N/A*	N/A*
RML	5.70	5.54	5.69	5.80
SIRI	9.13	8.17	7.61	7.54
SPALI	10.14	9.73	10.01	10.06
Average	9.06	8.53	8.52	8.61

Remark: \* The outliers were not included in the calculation of the adjusted average.

Source: Bloomberg and SETSMART

From the average P/E multiples of the peers above, the IFA finds the values of SCCC and ESTAR as follows:

Company	30 days prior	60 days prior	90 days prior	120 days prior
SCCC	64,980.13	64,214.91	65,380.14	67,602.27
ESTAR	1,341.88	1,263.06	1,261.04	1,274.67

From the average P/E multiples of the peers above the IFA have to evaluate the current value of SCCC and ESTAR; therefore, the IFA chose to calculate the values of SCCC and ESTAR using the averages from the period of 30 days prior to 6 March 2014 since they reflect the current

conditions better than those from the longer periods. In addition, the periods of 60 days, 90 days, and 120 days the SET Index during such period dramatically declined steadily due to the political situation. During such periods, the SET Index declined to a level of 1,224.62 points, which is the lowest level in a year. As a result, it is not appropriate to include such periods to find the value of SCCC and ESTAR. The values of SCCC and ESTAR were calculated as follows:

Unit: MB		
Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
SCCC	64,980.13	22,620.38
ESTAR	1,341.88	74.60

#### **4.2.1.2. Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Multiples Approach**

Although ignoring the book value, this methodology reflects the cash earning capacity. Market value of equity is defined as Enterprise value ("EV") – (Total debt - Cash and cash equivalents); EBITDA is defined as Earnings before Interest, Tax, Depreciation, and Amortization. By this methodology, the enterprise value of SCCC and ESTAR was calculated by multiplying its 2013 EBITDA from trailing 4 quarters by the adjusted average EV/EBITDA multiple of its peers over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2013. Details are as follows:

##### Historical EV/EBITDA Multiples

Company	30 days prior	60 days prior	90 days prior	120 days prior
<b>SCCC's peers</b>				
SCC	14.63	14.36	14.39	14.68
TPIPL	11.52	11.22	11.22	11.33
Average	13.08	12.79	12.81	13.01
<b>ESTAR's peers</b>				
A	69.03*	69.82*	70.81*	71.44*
AP	9.40	9.54	9.99	10.33
CI	2.69*	2.59*	2.49*	3.41*
LPN	9.18	8.71	8.68	8.85
MJD	127.30*	113.59*	99.10*	91.82*
NOBLE	19.52	18.26	17.31	16.66
PRINC	23.25*	33.03*	41.89*	46.69*
RML	7.66	7.47	7.45	7.41
SIRI	15.85	14.86	14.11	13.88
SPALI	9.96	9.72	10.02	10.00

Company	30 days prior	60 days prior	90 days prior	120 days prior
Average	11.93	11.43	11.26	11.19

Remark: \* The outliers were not included in the calculation of the adjusted average.

Source: Bloomberg and SETSMART

From the average EV/EBITDA multiples of the peers above, the IFA finds the values of SCCC and ESTAR as follows:

Company	30 days prior	60 days prior	90 days prior	120 days prior
SCCC	92,509.21	90,384.39	90,517.94	91,987.12
ESTAR	2,561.52	2,436.78	2,394.78	2,377.82

From the average EV/EBITDA multiples of the peers above, the IFA have to evaluate the current value of SCCC and ESTAR; therefore, the IFA chose to calculate the values of SCCC and ESTAR using the averages from the period of 30 days prior to 6 March 2014 since they reflect the current conditions better than those from the longer periods. In addition, the periods of 60 days, 90 days, and 120 days the SET Index during such period dramatically declined steadily due to the political situation. During such periods, the SET Index declined to a level of 1,224.62 points, which is the lowest level in a year. As a result, it is not appropriate to include such periods to find the value of SCCC and ESTAR. The values of SCCC and ESTAR were calculated as follows:

Unit : MB		
Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
SCCC	92,509.21	32,203.60
ESTAR	2,561.52	142.41

#### 4.2.1.3. Price to Book Value Multiples Approach

Although reflecting the book value, the methodology ignores the profitability. By this methodology, the value of SCCC and ESTAR was calculated by multiplying its book value (as of 31 December 2013) by the adjusted average closing price to book value (P/BV) multiples of its peers over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2014. Details are as follows:

##### Historical P/BV Multiples

Company	30 days prior	60 days prior	90 days prior	120 days prior
<b>SCCC's peers</b>				
SCC	3.07	3.03	3.09	3.16
TPIPL	0.38	0.38	0.40	0.40

Company	30 days prior	60 days prior	90 days prior	120 days prior
Average	1.73	1.71	1.74	1.78
ESTAR's peers				
A	1.73	1.72	1.71	1.70
AP	1.03	1.02	1.06	1.12
CI	0.77	0.81	0.94	1.06
LPN	2.38	2.45	2.72	2.93
MJD	0.64	0.65	0.68	0.70
NOBLE	1.33	1.25	1.23	1.22
PRINC	2.39	2.17	1.81	1.65
RML	2.03	1.98	2.04	2.13
SIRI	1.14	1.11	1.16	1.22
SPALI	2.04	2.00	2.10	2.15
Average	1.55	1.52	1.54	1.59

Remark: \* The outliers were not included in the calculation of the adjusted average.

Source: Bloomberg and SETSMART

From the average P/BV multiples of the peers above, the IFA finds the values of SCCC and ESTAR as follows:

Company	30 days prior	60 days prior	90 days prior	120 days prior
SCCC	33,197.69	32,856.97	33,550.30	34,261.76
ESTAR	6,801.99	6,655.78	6,783.27	6,974.30

From the average P/BV multiples of the peers above, the IFA have to evaluate the current value of SCCC and ESTAR; therefore, the IFA chose to calculate the values of SCCC and ESTAR using the averages from the period of 30 days prior to 6 March 2014 since they reflect the current conditions better than those from the longer periods. In addition, the periods of 60 days, 90 days, and 120 days the SET Index during such period dramatically declined steadily due to the political situation. During such periods, the SET Index declined to a level of 1,224.62 points, which is the lowest level in a year. As a result, it is not appropriate to include such periods to find the value of SCCC and ESTAR. The values of SCCC and ESTAR were calculated as follows:

Unit: MB		
Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
SCCC	33,197.69	11,556.53
ESTAR	6,801.99	378.16

#### 4.2.2. Book Value Approach

##### 4.2.2.1. Book Value Methodology

Book Value Methodology takes into account neither the future profitability nor market value of assets. It only reflects the book value of the net asset at a point in time. Using this methodology, each of the Group were valued at its net asset values (total assets minus total liabilities), equivalent to its shareholders' equity, from the financial statements for the year ending 31 December 2013. Details are as follows:

Item	Amount*	Unit: MB
<b>SCCC</b>		
Total Assets	33,453.87	
<u>Less Total Liabilities</u>	14,209.60	
<b>Net Asset Value</b>	<b>19.244.27</b>	
<b>ESTAR</b>		
Total Assets	5,910.06	
<u>Less Total Liabilities</u>	1,519.43	
<b>Net Asset Value</b>	<b>4,390.62</b>	
<b>PTT</b>		
Total Assets	1,801,721.57	
<u>Less Total Liabilities</u>	978,543.37	
<b>Net Asset Value</b>	<b>823,178.21</b>	
<b>ESC</b>		
Total Assets	468.07	
<u>Less Total Liabilities</u>	0.17	
<b>Net Asset Value</b>	<b>467.90</b>	
<b>AC</b>		
Total Assets	4,249.64	
<u>Less Total Liabilities</u>	3,937.19	
<b>Net Asset Value</b>	<b>312.45</b>	
<b>SP</b>		
Total Assets	639.67	
<u>Less Total Liabilities</u>	1.48	
<b>Net Asset Value</b>	<b>638.19</b>	

\* The financial data of SCCC, ESTAR, and PTT are as of 31 December 2013, but the financial data of ESC, AC, and SP are as of 31 December 2012

The net asset value of the Group can be summarized as follows:

Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
SCCC	19,244.27	6,699.17
ESTAR	4,390.62	244.10
PTT	823,178.21	3.75
ESC	467.90	210.55
AC	312.45	159.35
SP	638.19	91.92

#### **4.2.2.2. Adjusted Book Value Methodology**

In estimating the value of shareholders' equity with this methodology, the IFA adjusted the net assets of a company to be estimated with the information from an asset valuation report conducted by an independent valuer. The IFA only applied this methodology to ESC and SP since they are the only 2 companies with an asset valuation reports. Details are as follows:

##### ESC

According to the appraisal report of ESC appraised by Sasirachada Company Limited dated 25 December 2013 for public purpose, ESC engaged Sasirachada Company Limited, the valuer and the appraiser authorized by The Valuers Association of Thailand (VAT), to value its own land and buildings. Details of the adjustment made by the IFA are as follows:

Items	Amount
Book value of total assets as of 31 December 2012	468.07
<u>Less</u> Book value of total liabilities as of 31 December 2012	0.17
Net total asset value	467.90
<u>Plus</u> Revaluation surplus from the appraisal report	273.38
<b>Adjusted Book Value</b>	<b>741.28</b>

##### SP

According to the appraisal report of SP appraised by American Appraisal (Thailand) Limited dated 24 January 2014 for public purpose, SP engaged American Appraisal (Thailand) Limited, the valuer and the appraiser authorized by The Valuers Association of Thailand (VAT), to value its own land and buildings. Details of the adjustment made by the IFA are as follows:

Unit: MB

Items	Amount
Book value of total assets as of 31 December 2012	639.67
<u>Less</u> Book value of total liabilities as of 31 December 2012	1.48
Net total asset value	638.19
Plus Revaluation surplus from the appraisal report	249.22
<b>Adjusted Book Value</b>	<b>887.40</b>

#### 4.2.3. Market Value Approach

Market Value Approach reflects the value of SCCC, ESTAR and PTT according to the demand of general investors on the potential and growth of SCCC, ESTAR and PTT in a particular period. The market value is determined by demand and supply of investors towards SCCC, ESTAR and PTT. By this methodology, the market value of SCCC, ESTAR and PTT was calculated based on the average market capitalization of SCCC, ESTAR, and PTT over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2014. Details are as follows:

##### Historical market value

Company	30 days prior	60 days prior	90 days prior	120 days prior
SCCC	82,071.67	86,161.83	87,934.11	90,253.92
ESTAR	2,559.67	2,706.99	2,971.50	3,124.67
PTT	819,472.36	820,329.25	839,498.20	861,983.62
Average	82,071.67	86,161.83	87,934.11	90,253.92

Source: Bloomberg and SETSMART

From the average market capitalization above, the IFA have to evaluate the current value of SCCC, ESTAR, and PTT; therefore, the IFA chose to calculate the values of SCCC, ESTAR, and PTT using the averages from the period of 30 days prior to 6 March 2014 since they reflect the current conditions better than those from the longer periods. In addition, the periods of 60 days, 90 days, and 120 days the SET Index during such period dramatically declined steadily due to the political situation. During such periods, the SET Index declined to a level of 1,224.62 points, which is the lowest level in a year. As a result, it is not appropriate to include such periods to find the value of SCCC, ESTAR, and PTT. The values of SCCC, ESTAR, and PTT were calculated as follows:

Unit: MB

Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
SCCC	82,071.67	28,570.16
ESTAR	2,559.67	142.31

Company	Estimated Value	Estimated Value of the Portion Held by Sunrise
PTT	819,472.36	3.73

#### 4.2.4. Discounted Cash Flow Approach

The discounted cash flow methodology reflects the fundamental value of a company by estimating the present value of free cash flow from the projected financial model. This approach principally focuses on future operating prospects. To utilize this approach, various assumptions have to be made in order to prepare a financial forecast. As such, any material changes from the assumptions in the economic conditions and other external factors impacting operations or positions of SCCC will lead to material change in the values estimated by this approach as well.

In estimating the fair values of SCCC by the DCF approach, the IFA assumed that the companies would operate on a going concern basis. The IFA prepared a 10-year financial forecast, and then estimated terminal values, assuming annual growth from 2023 at 3.11%, which is the average headline inflation rate for the past 10 years.

Key assumptions in the financial model, such as revenues from sales; cost of sales; selling, general & administrative expenses were set based on the historical financial statements, and then were adjusted as the IFA deemed appropriate and reasonable taking into account historical data. Other assumptions were set based on historical and current data.

Details of key assumptions for SCCC are as follows:

- (1) Domestic cement sales for year 2014 to year 2023 were set to grow at the annual rate of 4.39% from year 2013. The compound annual growth rate (CAGR) of domestic cement sales in the past 3 years are highly volatile because of the severe flood crisis in 2011 which resulted in a positive influence in 2012 and 2013 from the construction and repairs of damaged infrastructures and buildings. Therefore, the growth rates during the past 3 years are not normal growth rates. The IFA set the growth rate at 4.39%, which is the average rate of growth in gross domestic product in the past 10 years, to be conservative. In addition, SCCC has the market share of 27%.

Domestic cement sales in the past 3 years are as follows:

	2011	2012	2013
Domestic cement sales (Unit : million ton)	28.09	31.34	34.29
% of change	4.63	11.55	9.42

Source: Bank of Thailand

- (2) SCCC's production of cement is set to be constant at 13.84 million tons, which is SCCC's maximum production capacity, since there is no known project which may have an effect on the production capacity.
- (3) Domestic selling price (ex-factory) of cement in 2014 was set to grow at 5.15% from 2013, which is the average growth rate of domestic selling price (ex-factory) of cement in the past 3 years. For 2015 – 2018, the domestic selling price (ex-factory) of cement was set to grow at 4.64%, 4.13%, 3.62%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years, since the IFA is of the opinion that the long-term growth of domestic selling price should equal to the inflation rate. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative. For the domestic selling price (ex-factory) of cement from 2011 to 2013, the IFA set the assumption by referring to the average domestic selling price (ex-factory) of cement from the largest cement producer in Thailand and slightly lower the price for competitive purpose. The details are as follows:

	2011	2012	2013
Domestic selling price of cement (Unit : Baht per ton)	1,743.75	1,712.50	1,793.75
% of change	12.50	-1.79	4.74

- (4) Export selling price of cement in 2014 was set to grow at 12.36% from 2013, which is the average growth rate of export selling price of cement in the past 3 years. For 2015 – 2018, the export selling price of cement was set to grow at 10.05%, 7.74%, 5.42%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years, since the IFA is of the opinion that the long-term growth of export selling price should equal to the inflation rate. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative. For the export selling price of cement from 2011 to 2013, the IFA set the assumption by referring to the average export selling price of cement from the largest cement producer in Thailand. The details are as follows:

	2011	2012	2013
Export selling price (Unit : US dollars per ton)	45.43	51.68	58.50
% of change	10.12	13.76	13.21

- (5) The revenue from sales of concrete in 2014 was set to grow at 28.77% from 2013, which is the average growth rate of revenue from sales of concrete in the past 3 years.

For 2015 – 2018, the revenue from sales of concrete was set to grow at 22.35%, 15.94%, 9.53%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years, since the IFA is of the opinion that the long-term growth of export selling price should equal to the inflation rate. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative. The details of revenue from concrete business from 2011 to 2013 of SCCC are as follows:

	2011	2012	2013
Revenue from concrete business excluding inter-segment revenue (Unit : MB)	4,108	5,788	7,929
% of change	8.42	40.90	36.99

- (6) The revenue from other businesses in 2014 was set to grow at 18.06% from 2013, which is the average growth rate of revenue from other businesses in the past 3 years. For 2015 – 2018, the revenue from other businesses was set to grow at 14.32%, 10.58%, 6.85%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative.
- (7) For the cost of sales for each businesses, the IFA set the assumptions as follows:
  - (7.1) The cost of sales of domestic cement sales business was set to remain constant at 50.33% of total revenue from domestic cement sales, which is the average ratio in the past 3 years since the IFA assumes that there is no factor that will impact on such ratio. As such, the IFA use the average of such ratio in the past 3 years.
  - (7.2) The cost of sales of export cement sales business was set to remain constant at 54.35% of total revenue from export cement sales, which is the average ratio in the past 3 years since the IFA assumes that there is no factor that will impact on such ratio. As such, the IFA use the average of such ratio in the past 3 years.
  - (7.3) The cost of sales of concrete business was set to remain constant at 73.42% of total revenue from concrete business, which is the average ratio in the past 3 years since the IFA assumes that there is no factor that will impact on such ratio. As such, the IFA use the average of such ratio in the past 3 years.
  - (7.4) The cost of sales of other businesses was set to remain constant at 57.02% of total revenue from other businesses, which is the average ratio in the past 3 years since the IFA assumes that there is no factor that will impact on such ratio. As such, the IFA use the average of such ratio in the past 3 years.

- (8) Selling and distribution expenses were set to remain constant at 20.92% of total revenue, which is the average ratio in the past 3 years.
- (9) Administrative expenses were set to grow at 11.77% from 2013, which is the average growth rate of administrative expenses in the past 3 years. For 2015 – 2018, the administrative expenses were set to grow at 9.61%, 7.44%, 5.28%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative.
- (10) The IFA made the assumption for the other income to grow at 0.43% of total revenue, which is the average ratio in the past 3 years.
- (11) The IFA made the assumption for share of profit from investment in associated company in 2014 to grow at 4.57% from 2013, which is the average growth rate of share of profit from investment in associated company in the past 3 years. For 2015 – 2018, the share of profit from investment in associated company were set to grow at 4.20%, 3.84%, 3.48%, and 3.11%, respectively. The growth rate was declining using the straight line basis until the rate is converged to 3.11%, which is the average headline inflation rate in the past 10 years. For year 2019 – 2023, the IFA set the growth rate constantly at 3.11% to be conservative.
- (12) The IFA made the assumption for the capital expenditure to be consistent with the average capital expenditure in the past 3 years for maintenance. Details can be summarized in the following table:

Unit: MB

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1,844.75	1,902.14	1,961.32	2,022.34	2,085.25	2,150.12	2,217.01	2,285.98	2,357.10	2,430.43

### (13) Working capital

- (13.1) The collection period was set to 40.80 days, which is the average collection period in the past 3 years.
- (13.2) The days payable outstanding was set to 27.77 days, which is the average number of days payable outstanding in the past 3 years.
- (13.3) The days in inventory was set to 51.61 days, which is the average number of days in inventory in the past 3 years.

### (14) Contingent liabilities and loans

- (14.1) As of 31 December 2013, SCCC has the outstanding short-term loan from financial institutions of 45.00 MB, which carry interest of 3.25% per annum.
- (14.2) As of 31 December 2013, SCCC has the outstanding long-term loan from a related financial institution of 1,517.50 MB.

(14.3) As of 31 December 2013, SCCC has the outstanding long-term loan from other other financial institution of 80.65 MB, which carry interest at Rupiah JIBOR 3 months reference rate plus a margin and are repayable in 20 quarterly installments from September 2015 to June 2021.

(14.4) In 2005, SCCC entered into various agreements to pay for renewed mining concession which are payable in 8 equal annual installments commencing from 2007 with interest at the rate of 6.5% per annum, to the Department of Primary Industries and Mines, attached to the Ministry of Industry.

(14.5) On 14 June 2013, SCCC issued 2 sets of unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate as follows:

- The first debenture was issued for the total number of 4,000,000 units, at the price of 1,000 Baht per unit, totaling 4,000 MB. The debenture is 4-year tenor, due on 14 June 2017, at the coupon rate of 3.79% per annum with interest payable semi-annually.
- The second debenture was issued for the total number of 2,000,000 units, at the price of 1,000 Baht per unit, totaling 2,000 MB. The debenture is 7-year tenor, due on 14 June 2020, at the coupon rate of 4.30% per annum with interest payable semi-annually.

In order to calculate present value, the IFA utilized the Weighted Average Cost of Capital ("WACC") as a discount rate. The IFA used SCCC's  $\beta$  which was calculated using weekly data from the previous 5 years to derive WACC through the following formula:

$$\text{WACC} = We^* Ke + Wd^*Kd*(1 - \text{Tax Rate})$$

Whereas:		<b>Assumption (%)</b>
Wd	Debt to Total Invested Capital Ratio (times)	28.52
We	Equity to Total Invested Capital Ratio (times)	71.48
Kd	Before-tax Cost of Debt	4.29
Ke	Cost of Equity	12.49
Tax Rate	Corporate Tax Rate	20.00

Whereas:  $Ke = Rf + \beta * \text{Market Premium}$

Whereas:		<b>Assumption (%)</b>
Rf <sup>1</sup>	Risk-free rate	4.28
Market Premium <sup>2</sup>	Excess return over the risk-free rate for investing in the market	9.11

Whereas:		Assumption (%)
$\beta^2$	Measure of the Sensitivity of the Asset's Returns to Market Returns	0.90

Remarks: 1. 15 year government bond yield as of 6 March 2014. (Source : [www.thaibma.or.th](http://www.thaibma.or.th))

The IFA chose the bond closest to 15-year to be consistent with the DCF approach, which reflect the earning capacity in the long run.

2. Source: Bloomberg (as of 6 March 2014)

From the assumptions above, the WACC for SCCC is 9.90%. Therefore, the value of SCCC estimated by this methodology is as follows:

#### Free Cash Flow to the Firm of SCCC in 2014 - 2023

	Unit: MB									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total revenue from sales	39,064	43,019	46,278	48,851	50,183	51,543	52,930	54,343	55,782	57,423
Net operating profit after tax	5,982	6,382	6,704	7,005	7,219	7,440	7,667	7,901	8,142	8,393
+ Dividend received	167	174	181	187	193	199	205	212	218	167
+ Depreciation & Amortisation	2,278	2,460	2,640	2,827	3,022	2,970	3,139	2,275	2,455	2,278
- change in working capital	(132)	(73)	6	118	132	155	180	204	218	(132)
- Capital expenditure	(1,902)	(1,961)	(2,022)	(2,085)	(2,150)	(2,217)	(2,286)	(2,357)	(2,430)	(1,902)
<b>Free cash flow to firm</b>	<b>6,793</b>	<b>7,304</b>	<b>7,810</b>	<b>8,266</b>	<b>8,637</b>	<b>8,775</b>	<b>9,139</b>	<b>8,476</b>	<b>8,854</b>	<b>6,793</b>

#### The Estimated Value of SCCC from DCF methodology

SCCC	
Present value of free cash flow from 2014 - 2023	47,487.83
<u>Add Terminal Value</u> <sup>1</sup>	52,289.79
<u>Less Net Debt</u>	4,350.88
<b>Net present value of shareholders' equity</b>	<b>95,426.73</b>
Number of shares outstanding of SCCC (MShares)	230.00
<b>Price per share (Bt.)</b>	<b>414.90</b>
<b>The value of investment held by Sunrise (34.81%)</b>	<b>33,219.22</b>

Remark: 1. Terminal Value was calculated from Free Cash Flow in year 2023 (FCFF<sub>2023</sub>), which is the last year of the projection period, through the following formula:

$$\text{Terminal Value} = \text{FCFF}_{2023} * (1+g) / (\text{WACC}-g)$$

Whereas g is a long term annual growth rate after 2023. The rate was set at 3.11%, which is the average headline inflation rate for the past 10 years.

WACC is Weighted Average Cost of Capital

From the table above, IFA calculates the value of SCCC using discounted cash flow approach to arrive at **33,219.22 MB**

Although Discounted Cash Flow approach can take into account specific factors of estimated companies, numerous assumptions need to be set for financial model. The IFA exercised due care and set the assumptions reasonably adhering to professional code. Nonetheless, any material changes from the assumptions in the economic conditions and other external factors impacting operations or positions of SCCC will lead to material change in the values estimated by this approach.

#### Summary of valuation of the Group

The IFA selected the suitable valuation methodologies for each company in the Group as follows:

#### SCCC

For SCCC, the IFA is of an opinion that Market Comparable approach is not suitable since there are no listed companies which have the same business structure as SCCC. The peer companies do not have their core businesses in manufacturing and sales of cement, or have significant portions of other businesses which are not related to cement businesses. Book Value approach is not suitable either since it does not reflect earnings and cash-generating capacities of SCCC.

The IFA is of the opinion that the appropriate valuation approaches for SCCC are Market Value approach and Discounted Cash Flow approach since Market Value approach reflects the current market price of the shareholder's equity and Discounted Cash Flow approach reflects the future operating prospects of SCCC.

#### ESTAR

For ESTAR, the IFA is of an opinion that Market Comparable approach is not suitable since the Net Profit and Earnings before Interest, Tax, Depreciation and Amortization of ESTAR in 2011 – 2012 are negative, and turn to positive in 2013. Therefore, the valuation using this approach has high uncertainty. Price to Book Value (P/BV) Multiples is also not appropriate since the P/BV multiples of ESTAR over the past periods are lower than 1x (the P/BV multiples of ESTAR over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2014 are 0.63 – 0.77), while the P/BV multiples of its peers over the same periods are greater than that of ESTAR. (the P/BV multiples of its peers over the periods of 30 days, 60 days, 90 days, and 120 days prior to 6 March 2014 are 1.52 – 1.59), multiplying the book value of ESTAR with the P/BV multiples of its peers will not reflect the true value of ESTAR. Book Value approach is not suitable either since it does not

reflect earnings and cash-generating capacities of ESTAR. In addition, the P/BV multiples of ESTAR over the past periods are lower than 1x as mentioned earlier; therefore, the Book Value approach will not reflect the true value of ESTAR.

The IFA is of the opinion that the appropriate valuation approach for ESTAR is Market Value approach since it reflects the current market price of the shareholder's equity.

#### PTT

For PTT, the IFA is of an opinion that Book Value approach is not suitable since it does not reflect earnings and cash-generating capacities of PTT and does not reflect the current market price of the shareholder's equity.

The IFA is of the opinion that the appropriate valuation approach for PTT is Market Value approach since it reflects the current market price of the shareholder's equity.

#### ESC

For ESC, the IFA is of an opinion that Book Value approach is not suitable since it does not reflect the current market value of assets.

The IFA is of the opinion that the appropriate valuation approach for ESC is Adjusted Book Value approach since it reflects the current market value of assets.

#### AC

The IFA is of the opinion that the appropriate valuation approach for AC is Book Value approach since AC does not have any significant amount of fixed assets which need to be appraised to its market value. The IFA, therefore, uses solely the value of the shareholder's equity according to the financial statement.

#### SP

For SP, the IFA is of an opinion that Book Value approach is not suitable since it does not reflect the current market value of assets.

The IFA is of the opinion that the appropriate valuation approach for SP is Adjusted Book Value approach since it reflects the current market value of assets.

From the opinions above, the value of the Group can be summarized in the following table:

Unit: MB

<b>Equity Valuation Approaches</b>	<b>SCCC</b>	<b>ESTAR</b>	<b>PTT</b>	<b>ESC</b>	<b>AC</b>	<b>SP</b>
<b>% Shareholding</b>	<b>34.81%</b>	<b>5.56%</b>	<b>0.00%</b>	<b>45.00%</b>	<b>51.00%</b>	<b>14.40%</b>
1. Market Comparable Approach						
1.1 P/E Multiple Methodology	64,980.13	1,341.88				
1.2 EV/EBITDA Multiple Methodology	92,509.21	2,561.52				
1.3 P/BV Multiple Methodology	33,197.69	6,801.99				
2. Book Value Approach						
2.1 Book Value Methodology	19,244.27	4,390.62	823,178.21	467.90	<b>312.45*</b>	638.19
2.2 Adjusted Book Value Methodology				<b>741.28*</b>		<b>887.40*</b>
3. Market Value Approach	<b>82,071.67*</b>	<b>2,559.67*</b>	<b>819,472.36*</b>			
4. Discounted Cash Flow Approach	<b>95,426.73*</b>					
<b>Total investment value pursuant to the selected suitable approach</b>	<b>82,071.67 – 95,426.73</b>	<b>2,559.67</b>	<b>819,472.36</b>	<b>741.28</b>	<b>312.45</b>	<b>887.40</b>

Remark \* indicates a suitable valuation methodology

The summary of value of the Group according to the shareholding proportion can be summarized in the following table:

							Unit: MB	
<b>Equity Valuation Approaches</b>		<b>SCCC</b>	<b>ESTAR</b>	<b>PTT</b>	<b>ESC</b>	<b>AC</b>	<b>SP</b>	
<b>% Shareholding</b>		<b>34.81%</b>	<b>5.56%</b>	<b>0.00%</b>	<b>45.00%</b>	<b>51.00%</b>	<b>14.40%</b>	<b>Total Value</b>
1. Market Comparable Approach								
1.1 P/E Multiple Methodology		22,620.38	74.60					
1.2 EV/EBITDA Multiple Methodology		32,203.60	142.41					
1.3 P/BV Multiple Methodology		11,556.53	378.16					
2. Book Value Approach								
2.1 Book Value Methodology		6,699.17	244.10	3.75	210.55	<b>159.35*</b>	91.92	
2.2 Adjusted Book Value Methodology					<b>333.58*</b>		<b>127.82*</b>	
3. Market Value Approach		<b>28,570.16*</b>	<b>142.31*</b>	<b>3.73*</b>				
4. Discounted Cash Flow Approach		<b>33,219.22*</b>						
<b>Total investment value held by AYUD</b>		<b>28,570.16 – 33,219.22</b>	142.31	3.73	333.58	<b>159.35</b>	<b>127.82</b>	<b>29,336.94 – 33,986.00</b>

Remark \* indicates a suitable valuation methodology

The IFA has used Sum of the Parts approach and calculated the sum of the fair value of the investment in common shares of each company of the Group, arriving at the fair value of the Group at 29,336.94 – 33,986.00 MB.

### The valuation of Sunrise

For valuation of Sunrise, the IFA adjusted net asset value from the financial statement as of 31 December 2013 by taking out the investment in the Group from the net asset value, then adjusting with estimated investment value of the Group and the revaluation surplus of land and building from the appraisal report of Sunrise appraised by Sasirachada Company Limited dated 31 December 2013 for public purpose. Sunrise engaged Sasirachada Company Limited, the valuer and the appraiser authorized by The Valuers Association of Thailand (VAT), to value its own land and buildings.

Details of the adjustment made by the IFA to find the value of Sunrise are as follows:

Items	Amount
Book value of total assets as of 31 December 2013	12,974.31
<u>Less</u> Book value of land and building as of 31 Decemebr 2013	191.66
<u>Less</u> Book value of investment as of 31 December 2013	10,741.94
<u>Add</u> Appraised value of land and building	279.77
<u>Add</u> Estimated value of investment	29,336.94 – 33,986.00
<u>Less</u> Total liabilities as of 31 December 2013	2.02
<b>Adjusted net asset value (100%)</b>	<b>31,655.40 – 36,304.47</b>
<b>Net asset value (5.48% held by AYUD)</b>	<b>1,734.02 - 1,988.69</b>

### Conclusion of the IFA's Opinion on the Reasonableness of the Transaction Price

With regards to the reasonableness of the Transaction price, the IFA has calculated the fair value of Sunrise held by AYUD and arrives at the fair value of the Transaction at 1,734.02 - 1,988.69 MB. The Transaction price of 1,895.09 MB falls within the estimated fair range, 161.07 MB, or 9.29%, higher than the low end and 93.59 MB, or 4.71%, lower than the high end. The IFA is of an opinion that the Transaction price is fair and reasonable.

## 5. Conclusion of the IFA's Opinion

The IFA reviewed the relevant information the IFA was able to obtain, such as conditions of the Transaction, advantages and disadvantages from entering into the Transaction, and potential risks from the Transaction. Having reviewed the terms and conditions of the Transaction from the letter of offer to divest share of Sunrise, the IM, and information obtained through management interview, the IFA has the following opinions:

Entering into this transaction is appropriate since the advantages are it is a good opportunity for AYUD to sell Sunrise's ordinary shares since AYUD does not have control over Sunrise and Sunrise is not AYUD's core business. Moreover, AYUD can utilize cash gained from selling Sunrise's share in expanding its core business and improving its financial position. Even though, entering into this transaction have some disadvantages. AYUD will lose revenue and profit from Sunrise in the future, in addition, AYUD will lose opportunity in realizing profit from increase in Sunrise's shares price. However, IFA is of the opinion that entering into the transaction has more advantages over disadvantages since dividend incomes from Sunrise were significantly less than this transaction value. Moreover, the condition of this transaction is regular and normal in which AYUD has to be paid in cash and must be within third quarter of 2014. Hence, IFA is of the opinion that entering into this transaction is appropriate.

With regards to the reasonableness of the Transaction price, the IFA has calculated the fair value of Sunrise held by AYUD and arrives at the fair value of the Transaction at 1,734.02 - 1,988.69 MB. The Transaction price of 1,895.09 MB falls within the estimated fair range, 161.07 MB, or 9.29%, higher than the low end and 93.59 MB, or 4.71%, lower than the high end. The IFA is of an opinion that the Transaction price is fair and reasonable.

**The IFA's opinion is that the shareholders should vote in favor of approving the Transaction. Nevertheless, the final decision rests primarily with the individual shareholders. The shareholders should study the information contained in this report along with other related information provided and use his/her own judgment in making the final decision.**

We hereby certify that the report was prepared prudently and in line with professional practice with due regard to the interest of the shareholders.

Yours sincerely,

- Piyapa Chongsathien -

(Piyapa Chongsathien)

Financial Advisor

Asia Plus Advisory Co., Ltd.

- Kongkiat Opaswongkarn -

(Kongkiat Opaswongkarn)

Director

Asia Plus Advisory Co., Ltd.

- Lec Sicoravit -

(Lec Sicoravit)

Director

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