

**Pruksa Real Estate Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2013
and
Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Pruksa Real Estate Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Pruksa Real Estate Public Company Limited and its subsidiaries (the "Group") and of Pruksa Real Estate Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Vipavan Pattavanvivek)
Certified Public Accountant
Registration No. 4795

KPMG Phoomchai Audit Ltd.
Bangkok
17 February 2014

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2013	2012	2013	2012
(in Baht)					
Current assets					
Cash and cash equivalents	6	1,036,163,459	715,679,289	618,165,903	500,549,513
Current investments	7	779,035,806	850,301,163	173,803,259	452,434,150
Receivable from subsidiaries	5	-	-	671,562,423	461,658,550
Short-term loans and accrued interest					
income-subsidiaries	5	-	-	3,823,405,003	2,785,705,619
Real estate projects under development	8	48,686,640,960	37,817,665,897	40,250,263,593	31,763,251,610
Deposits for purchase of land		562,133,852	804,561,206	562,133,852	804,561,206
Advance payment for goods		866,456,811	521,334,997	846,417,766	501,597,434
Other current assets		360,659,146	279,569,102	174,208,250	137,744,603
Total current assets		52,291,090,034	40,989,111,654	47,119,960,049	37,407,502,685
Non-current assets					
Investments in subsidiaries	9	-	-	3,199,998,800	2,174,998,800
Investment properties	11	610,611,907	127,829,591	432,850,450	127,829,591
Property, plant and equipment	12	2,702,346,175	2,219,886,546	2,599,784,850	2,101,540,908
Intangible assets	13	252,533,990	187,012,185	247,723,203	180,156,058
Deferred tax assets	14	200,097,763	182,123,111	163,976,205	156,344,591
Other non-current assets		137,668,445	114,955,259	107,658,415	83,382,535
Total non-current assets		3,903,258,280	2,831,806,692	6,751,991,923	4,824,252,483
Total assets		56,194,348,314	43,820,918,346	53,871,951,972	42,231,755,168

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2013	2012	2013	2012
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	15	6,697,550,116	1,528,753,925	6,697,550,116	1,278,753,925
Trade accounts payable					
- Subsidiaries	5, 16	-	-	224,289,169	323,410,435
- Others	16	2,090,331,626	1,527,041,715	1,687,318,500	1,307,540,585
Payables for purchase of land		3,197,502,510	468,095,545	3,197,502,510	468,095,545
Short-term loans and accrued interest					
expense-subsidiaries	5, 15	-	-	566,289,979	507,556,073
Current portion of long-term loans	15	250,000,000	3,229,560,000	250,000,000	3,229,560,000
Current portion of long-term debentures	15	-	4,500,000,000	-	4,500,000,000
Current portion of finance lease liabilities	15	7,205,345	10,023,318	7,205,345	10,023,318
Customers’ deposits		1,749,285,605	1,968,499,439	1,503,576,055	1,663,860,808
Income tax payable		652,222,376	527,027,994	420,531,107	414,528,370
Other current liabilities	17	2,352,821,455	1,522,321,901	2,072,212,036	1,305,242,649
Total current liabilities		16,996,919,033	15,281,323,837	16,626,474,817	15,008,571,708
Non-current liabilities					
Long-term loans	15	-	250,020,000	-	250,020,000
Long-term debentures	15	14,000,000,000	8,000,000,000	14,000,000,000	8,000,000,000
Finance lease liabilities	15	7,563,133	8,142,219	6,653,689	7,616,366
Employee benefit obligations	18	114,695,469	93,751,870	112,416,093	92,359,862
Provision for litigation and claims	34	142,550,000	105,895,000	141,000,000	105,895,000
Total non-current liabilities		14,264,808,602	8,457,809,089	14,260,069,782	8,455,891,228
Total liabilities		31,261,727,635	23,739,132,926	30,886,544,599	23,464,462,936

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

Pruksha Real Estate Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2013	2012	2013	2012
		(in Baht)			
Equity					
Share capital	19				
Authorised share capital		2,265,812,000	2,250,812,000	2,265,812,000	2,250,812,000
Issued and paid-up share capital		2,222,832,600	2,213,222,000	2,222,832,600	2,213,222,000
Premium on ordinary shares	19	1,594,285,717	1,451,559,091	1,594,285,717	1,451,559,091
Warrants	20	18,393,474	17,192,869	18,393,474	17,192,869
Retained earnings					
Appropriated					
Legal reserve	21	226,581,200	225,575,340	226,581,200	225,575,340
Unappropriated		20,938,556,306	16,248,182,209	18,923,294,263	14,859,706,488
Other components of equity	21	(69,788,214)	(74,300,136)	20,119	36,444
Equity attributable to owners					
of the Company		24,930,861,083	20,081,431,373	22,985,407,373	18,767,292,232
Non-controlling interests		1,759,596	354,047	-	-
Total equity		24,932,620,679	20,081,785,420	22,985,407,373	18,767,292,232
Total liabilities and equity		56,194,348,314	43,820,918,346	53,871,951,972	42,231,755,168

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
<i>(in Baht)</i>					
Continuing Operations					
Income					
Revenue from sale of real estate		38,847,725,460	27,023,451,025	32,049,115,474	23,199,682,838
Revenue from sale of raw materials	5	-	-	536,261,726	197,175,848
Dividend income	5, 9	-	-	599,999,788	89,999,940
Other income		193,397,929	117,284,989	446,130,939	280,402,826
Total income		39,041,123,389	27,140,736,014	33,631,507,927	23,767,261,452
Expenses					
Cost of real estate sales		25,349,908,981	17,890,439,665	21,158,869,143	15,337,160,873
Cost of raw material sales		-	-	517,404,076	182,129,642
Selling expenses	23	3,046,022,233	1,950,035,900	2,569,575,520	1,720,872,498
Administrative expenses	24	3,030,750,788	1,974,694,601	2,779,158,166	2,082,905,740
Finance costs	27	415,062,211	304,676,496	422,654,292	314,892,021
Total expenses		31,841,744,213	22,119,846,662	27,447,661,197	19,637,960,774
Profit before income tax expense		7,199,379,176	5,020,889,352	6,183,846,730	4,129,300,678
Income tax expense	28	(1,398,606,065)	(1,122,895,852)	(1,008,815,490)	(862,497,654)
Profit for the year		5,800,773,111	3,897,993,500	5,175,031,240	3,266,803,024

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
		<i>(in Baht)</i>			
Other comprehensive income					
Foreign currency translation differences for foreign operations		4,796,434	(4,723,409)	-	-
Net change in fair value of available-for-sale investments		(284,512)	(392,458)	(16,325)	(887,820)
Other comprehensive income for the year, net of income tax		4,511,922	(5,115,867)	(16,325)	(887,820)
Total comprehensive income for the year		5,805,285,033	3,892,877,633	5,175,014,915	3,265,915,204
Profit (loss) attributable to:					
Owners of the Company		5,801,817,562	3,898,143,402	5,175,031,240	3,266,803,024
Non-controlling interests		(1,044,451)	(149,902)	-	-
Profit for the year		5,800,773,111	3,897,993,500	5,175,031,240	3,266,803,024
Total comprehensive income attributable to:					
Owners of the Company		5,806,329,484	3,893,027,535	5,175,014,915	3,265,915,204
Non-controlling interests		(1,044,451)	(149,902)	-	-
Total comprehensive income for the year		5,805,285,033	3,892,877,633	5,175,014,915	3,265,915,204
Earnings per share					
Basic earnings per share	30	2.61	1.76	2.33	1.48
Diluted earnings per share	30	2.61	1.76	2.33	1.48

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

Prukha Real Estate Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements												
Note	Retained earnings					Other components of equity			Equity attributable to owners of the Company	Non -controlling interests	Toal equity	
	Issued and paid-up share capital	Premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Fair value changes in available-for-sale investments	Currency translation differences	Total other components of equity				
												(in Baht)
For the year ended 31 December 2012												
Balance at 1 January 2012	2,209,407,200	1,396,241,273	-	225,575,340	13,233,801,687	1,017,905	(70,202,174)	(69,184,269)	16,995,841,231	503,949	16,996,345,180	
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Dividends to owners of the Company	31	-	-	-	-	(883,762,880)	-	-	-	(883,762,880)	-	(883,762,880)
Share-based payment transaction	20	-	-	20,572,022	-	-	-	-	-	20,572,022	-	20,572,022
Warrants exercised	19	3,814,800	55,317,818	(3,379,153)	-	-	-	-	-	55,753,465	-	55,753,465
Total transactions with owners, recorded directly in equity		3,814,800	55,317,818	17,192,869	-	(883,762,880)	-	-	-	(807,437,393)	-	(807,437,393)
Comprehensive income for the year												
Profit (loss) for the year		-	-	-	-	3,898,143,402	-	-	-	3,898,143,402	(149,902)	3,897,993,500
Other comprehensive income		-	-	-	-	-	(392,458)	(4,723,409)	(5,115,867)	(5,115,867)	-	(5,115,867)
Total comprehensive income for the year		-	-	-	-	3,898,143,402	(392,458)	(4,723,409)	(5,115,867)	3,893,027,535	(149,902)	3,892,877,633
Balance at 31 December 2012		2,213,222,000	1,451,559,091	17,192,869	225,575,340	16,248,182,209	625,447	(74,925,583)	(74,300,136)	20,081,431,373	354,047	20,081,785,420

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements												
				Retained earnings		Other components of equity						
		Issued and paid-up share capital	Premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Fair value changes in available-for-sale investments <i>(in Baht)</i>	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company	Non - controlling interests	Toal equity
	Note											
For the year ended 31 December 2013												
Balance at 1 January 2013		2,213,222,000	1,451,559,091	17,192,869	225,575,340	16,248,182,209	625,447	(74,925,583)	(74,300,136)	20,081,431,373	354,047	20,081,785,420
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the Company</i>												
Dividends to owners of the Company	31	-	-	-	-	(1,110,437,605)	-	-	-	(1,110,437,605)	-	(1,110,437,605)
Share-based payment transaction	20	-	-	12,329,696	-	-	-	-	-	12,329,696	-	12,329,696
Warrants exercised	19	9,610,600	142,726,626	(11,129,091)	-	-	-	-	-	141,208,135	-	141,208,135
<i>Total contributions by and distributions to owners of the Company</i>		<u>9,610,600</u>	<u>142,726,626</u>	<u>1,200,605</u>	<u>-</u>	<u>(1,110,437,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(956,899,774)</u>	<u>-</u>	<u>(956,899,774)</u>
<i>Changes in ownership interests in subsidiaries</i>												
Investment in subsidiaries		-	-	-	-	-	-	-	-	-	2,450,000	2,450,000
<i>Total changes in ownership interests in subsidiaries</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,450,000</u>	<u>2,450,000</u>
Total transactions with owoers, recorded directly in equity		<u>9,610,600</u>	<u>142,726,626</u>	<u>1,200,605</u>	<u>-</u>	<u>(1,110,437,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(956,899,774)</u>	<u>2,450,000</u>	<u>(954,449,774)</u>
Comprehensive income for the year												
Profit(loss) for the year		-	-	-	-	5,801,817,562	-	-	-	5,801,817,562	(1,044,451)	5,800,773,111
Other comprehensive income		-	-	-	-	-	(284,512)	4,796,434	4,511,922	4,511,922	-	4,511,922
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,801,817,562</u>	<u>(284,512)</u>	<u>4,796,434</u>	<u>4,511,922</u>	<u>5,806,329,484</u>	<u>(1,044,451)</u>	<u>5,805,285,033</u>
Transfer to legal reserve		-	-	-	1,005,860	(1,005,860)	-	-	-	-	-	-
Balance at 31 December 2013		<u>2,222,832,600</u>	<u>1,594,285,717</u>	<u>18,393,474</u>	<u>226,581,200</u>	<u>20,938,556,306</u>	<u>340,935</u>	<u>(70,129,149)</u>	<u>(69,788,214)</u>	<u>24,930,861,083</u>	<u>1,759,596</u>	<u>24,932,620,679</u>

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of changes in equity

		Seperate financial statements					Other components	
					Retained earnings		of equity	
		Issued and	Premium on	Warrants	Legal reserve	Unappropriated	Fair value	Toal
		paid-up	ordinary shares				changes in	equity
		share capital					available-for-sale	
							investments	
					(in Baht)			
For the year ended 31 December 2012								
Balance at 1 January 2012		2,209,407,200	1,396,241,273	-	225,575,340	12,476,666,344	924,264	16,308,814,421
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(883,762,880)	-	(883,762,880)
Share-based payment transaction	20	-	-	20,572,022	-	-	-	20,572,022
Warrants exercised	19	3,814,800	55,317,818	(3,379,153)	-	-	-	55,753,465
Total transactions with owners, recorded directly in equity		3,814,800	55,317,818	17,192,869	-	(883,762,880)	-	(807,437,393)
Comprehensive income for the year								
Profit for the year		-	-	-	-	3,266,803,024	-	3,266,803,024
Other comprehensive income		-	-	-	-	-	(887,820)	(887,820)
Total comprehensive income for the year		-	-	-	-	3,266,803,024	(887,820)	3,265,915,204
Balance at 31 December 2012		2,213,222,000	1,451,559,091	17,192,869	225,575,340	14,859,706,488	36,444	18,767,292,232

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of changes in equity

		Seperate financial statements					Other components	
		Retained earnings					of equity	
		Issued and	Premium on				Fair value	
	Note	paid-up	ordinary shares	Warrants	Legal reserve	Unappropriated	changes in	Toal
		share capital			(in Baht)		available-for-sale	equity
							investments	
For the year ended 31 December 2013								
Balance at 1 January 2013		2,213,222,000	1,451,559,091	17,192,869	225,575,340	14,859,706,488	36,444	18,767,292,232
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	31	-	-	-	-	(1,110,437,605)	-	(1,110,437,605)
Share-based payment transaction	20	-	-	12,329,696	-	-	-	12,329,696
Warrants exercised	19	9,610,600	142,726,626	(11,129,091)	-	-	-	141,208,135
Total transactions with owners, recorded directly in equity		9,610,600	142,726,626	1,200,605	-	(1,110,437,605)	-	(956,899,774)
Comprehensive income for the year								
Profit for the year		-	-	-	-	5,175,031,240	-	5,175,031,240
Other comprehensive income		-	-	-	-	-	(16,325)	(16,325)
Total comprehensive income for the year		-	-	-	-	5,175,031,240	(16,325)	5,175,014,915
Transfer to legal reserve		-	-	-	1,005,860	(1,005,860)	-	-
Balance at 31 December 2013		2,222,832,600	1,594,285,717	18,393,474	226,581,200	18,923,294,263	20,119	22,985,407,373

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2013	2012	2013	2012
	(in Baht)			
Cash flows from operating activities				
Profit for the year	5,800,773,111	3,897,993,500	5,175,031,240	3,266,803,024
Adjustments for				
Reversal of allowance for decline in value of real estate projects under development	(34,934,744)	(348,481,849)	(36,338,093)	(22,540,612)
Allowance for impairment loss on investment properties	45,063,710	-	6,027,525	-
Allowance for deposits for purchase of land (reversal of)	(12,230,800)	22,938,600	(12,200,000)	22,938,600
Depreciation and amortisation	374,011,368	368,019,051	304,233,323	313,715,355
Loss (gain) on disposal of equipment	(7,689,535)	(152,015)	(939,628)	4,798,991
Dividend income from subsidiaries	-	-	(599,999,788)	(89,999,940)
Currency translation differences	5,666,244	(2,469,604)	-	-
Employees benefits	20,943,599	18,057,356	20,056,231	17,600,588
Shared-based payment transaction	12,329,696	20,572,022	12,329,696	20,572,022
Provision for litigation and claims (reversal of)	36,655,000	(4,493,917)	35,105,000	(3,693,917)
Gain on disposal of current investments	(14,520,260)	(19,902,880)	(7,726,269)	(12,612,034)
Finance costs	415,062,211	304,676,496	422,654,292	314,892,021
Income tax expense	1,398,606,065	1,122,895,852	1,008,815,490	862,497,654
	8,039,735,665	5,379,652,612	6,327,049,019	4,694,971,752
Changes in operating assets and liabilities				
Receivable from subsidiaries	-	-	(209,903,873)	(200,308,495)
Real estate projects under development	(10,648,689,810)	(678,635,632)	(8,271,967,593)	465,773,073
Deposits for purchase of land	254,658,154	(642,519,457)	254,627,354	(706,665,139)
Advance payment for goods	(345,121,813)	(137,435,070)	(344,820,332)	(138,555,120)
Other current assets	(81,090,044)	(122,640,170)	(49,696,580)	(129,889,128)
Other non-current assets	(22,713,186)	25,773,693	(24,275,880)	8,103,532
Trade accounts payable-subsidiaries	-	-	(99,121,266)	(4,438,474)
Trade accounts payable-others	563,289,911	443,714,351	379,777,915	347,685,321
Payables for purchase of land	2,729,406,965	72,198,509	2,729,406,965	72,198,509
Customers' deposits	(219,213,834)	364,542,574	(160,284,753)	359,552,369
Other current liabilities	799,671,427	480,571,886	736,918,380	442,194,070
Cash generated from operating activities	1,069,933,435	5,185,223,296	1,267,709,356	5,210,622,270
Income tax paid	(1,292,111,391)	(987,917,808)	(1,010,444,367)	(784,206,949)
Net cash from (used in) operating activities	(222,177,956)	4,197,305,488	257,264,989	4,426,415,321

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

Pruksa Real Estate Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Dividend received from subsidiaries		-	-	599,999,788	89,999,940
Purchase of investment properties		(24,263,063)	-	(24,263,063)	-
Purchase of property, plant and equipment		(848,814,510)	(129,822,606)	(795,443,237)	(117,767,958)
Proceeds from sale of equipment		41,165,850	37,302,555	28,937,233	22,233,496
Purchase of intangible assets		(93,384,015)	(38,387,481)	(93,384,015)	(38,433,234)
Increase in short-term loans to subsidiaries		-	-	(2,881,549,630)	(1,864,687,511)
Cash received from short-term loans to subsidiaries		-	-	1,857,083,178	1,205,608,094
Purchase of current investments		(25,784,270,865)	(19,823,498,499)	(19,797,669,402)	(16,284,142,031)
Sale of current investments		25,869,700,843	20,185,701,663	20,084,010,238	16,744,500,000
Increase in investments in subsidiaries		2,450,000	-	(1,025,000,000)	(400,000,000)
Net cash from (used in) investing activities		(837,415,760)	231,295,632	(2,047,278,910)	(642,689,204)
<i>Cash flows from financing activities</i>					
Finance costs paid		(1,089,908,835)	(942,499,216)	(874,059,062)	(817,012,623)
Dividends paid		(1,110,437,605)	(883,762,880)	(1,110,437,605)	(883,762,880)
Increase in short-term loans from subsidiaries		-	-	585,723,045	989,897,094
Repayment of short-term loans from subsidiaries		-	-	(524,020,393)	(966,779,719)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions, net		5,168,796,191	(4,459,337,901)	5,418,796,191	(4,054,337,901)
Proceeds from long-term loans		-	1,537,550,000	-	1,537,550,000
Repayment of long-term loans		(3,229,580,000)	(3,358,000,000)	(3,229,580,000)	(3,357,990,000)
Proceed from long-term debentures		6,000,000,000	5,000,000,000	6,000,000,000	5,000,000,000
Repayment of long-term debentures		(4,500,000,000)	(1,500,000,000)	(4,500,000,000)	(1,500,000,000)
Proceeds from issue of ordinary shares		141,208,135	55,753,465	141,208,135	55,753,465
Net cash from (used in) financing activities		1,380,077,886	(4,550,296,532)	1,907,630,311	(3,996,682,564)
Net increase (decrease) in cash and cash equivalents		320,484,170	(121,695,412)	117,616,390	(212,956,447)
Cash and cash equivalents at beginning of year		715,679,289	837,374,701	500,549,513	713,505,960
Cash and cash equivalents at end of year	6	1,036,163,459	715,679,289	618,165,903	500,549,513
<i>Non-cash transactions:</i>					
Equipment payable which have not yet been paid		(16,741,277)	(3,054,669)	(12,995,412)	(1,749,257)
Transfer of investment properties from real estate projects under development, net		(503,582,963)	-	(286,785,321)	-

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

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related parties
6	Cash and cash equivalents
7	Current investments
8	Real estate projects under development
9	Investments in subsidiaries
10	Investments in jointly-controlled entities
11	Investment properties
12	Property, plant and equipment
13	Intangible assets
14	Deferred tax
15	Interest-bearing liabilities
16	Trade accounts payable
17	Other current liabilities
18	Employee benefit obligations
19	Share capital
20	Warrants
21	Reserves
22	Segment information
23	Selling expenses
24	Administrative expenses
25	Employee benefit expenses
26	Expenses by nature
27	Finance costs
28	Income tax expense
29	Promotional privileges
30	Earnings per share
31	Dividends
32	Financial instruments
33	Commitments with non-related parties
34	Contingent liability
35	Events after the reporting period
36	Thai Financial Reporting Standards (TFRS) not yet adopted

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 17 February 2014.

1 General information

Pruksa Real Estate Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 979/83, SM Tower 27th floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand in December 2005.

The Company’s major shareholder during the financial year was Vijitpongpun family (69.39% shareholding).

The principal activity of the Company is real estate development in Thailand. Details of the Company’s subsidiaries and jointly-controlled entities as at 31 December 2013 and 2012 are disclosed in notes 5, 9, and 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Group’s accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 36.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value;
- The present value of the defined benefit obligation.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) *Use of estimates and judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4(s)	Current and deferred taxation
Note 11	Valuation of investment properties
Note 14	Utilisation of tax losses
Note 18	Measurement of defined benefit obligations
Note 20	Measurement of share-based payments
Note 32	Valuation of financial instruments
Note 34	Provisions and contingent liability

3 Changes in accounting policies

(a) *Overview*

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) *Accounting for the effects of changes in foreign exchange rates*

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21(revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21(revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21(revised 2009). Foreign currencies are defined by TAS 21(revised 2009) as all currencies other than the entity's functional currency.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21(revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

(c) *Presentation of information on operating segments*

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

In addition, from 19 August 2013, the Group has changed the presentation and disclosure of information on operating segments because the Group has reorganized its structure and management to be complied with the business plan.

The change in basis of presentation and disclosure of segment information has effect on the segment information reported (see note 22 to the financial statements) in respect of the following segments:

Segment 1	SBU Townhouse:	Baan Pruksa, Pruksa Ville, The Connect, and SD3
Segment 2	SBU Condominium:	Condominium I, Condominium II, and Condominium IV
Segment 3	SBU Single house:	Pruksa Town, Passorn, and Pruksa Village

The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, financial performance or earnings per share.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) *Basic of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries and proportionately-consolidated jointly-controlled entities (together referred to as the "Group").

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, income and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from investing and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of interest rates

Derivatives are recognised on an accrual basis in the same aspect as interest expense of the hedged loans. Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

(d) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activity for the purpose of the statement of cash flows.

(e) *Other accounts receivable*

Other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Real estate projects under development*

Real estate projects under development are projects which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value.

Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate projects under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

The cost of construction materials is calculated using the moving-weighted average cost principle.

The cost of sample houses and real estate projects under development is calculated using standard cost adjusted to approximate average cost which includes an appropriate share of production overheads based on normal operating capacity.

The cost of land is calculated using specifically identified costs.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

(g) Investments

Investments in subsidiaries and jointly-controlled entities

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in jointly-controlled entities in the consolidated financial statements are accounted for using the proportionate consolidation method.

Investments in mutual fund

Mutual funds are marketable equity securities, classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss.

The fair value of investments in mutual fund is determined as the net asset value at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties comprised land, which is stated at cost less impairment losses.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	10	years
Building and decoration	3 - 27	years
Machinery and equipment	3 - 20	years
Furniture, fixtures and office equipment	3, 5	years
Public utilities	20	years
Transportation equipment	5	years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) *Intangible assets*

Software licenses

Software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

(m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(n) *Employee benefits*

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of share-based payment warrants granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the warrants. The amount recognised as an expense is adjusted to reflect the actual number of qualified warrants for which the related service and non-market vesting conditions are expected to be met.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Real estate development projects

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership of the work in progress are transferred to the buyer at a single time, for example at completion or after delivery, revenue is recognised when the criteria described above for sales of goods and services are met.

Dividend income

Dividend income is recognised in the profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income are recognised in the profit or loss as they accrue.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

(q) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(s) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(u) *Segment reporting*

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly primarily the Company's headquarters assets and head office revenues and expenses and tax assets.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Relationships with subsidiaries are described in note 9 to the financial statements. Relationships with jointly-controlled entities, key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Pruksa HDC Housing Private Limited	Maldives	Jointly-controlled entity, 80.00% shareholding by a subsidiary
Pruksa - Luxora Housing Private Limited	India	Jointly-controlled entity, 50.00% shareholding by a subsidiary
Kaysorn Construction Co., Ltd.	Maldives	Branch of Kaysorn Construction Co., Ltd.
Thongma Vijitpongpun	Thai	Major shareholder, 10% or more shareholding, and a director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Significant transactions and pricing policies for the years ended 31 December with related parties were as follows:

Transactions	Pricing policies	Separate financial statements	
		2013	2012
		(in million Baht)	
Subsidiaries			
Sales of raw materials	Cost plus 5% to 10%	536.26	197.18
Sale of lands	Agreed price	38.30	31.99
Dividend income	The declared amount	600.00	90.00
Interest income	MMR, MLR and MLR +1%	290.51	194.22
Other income	Cost plus 1% to 5%	2.49	5.69
Interest expense	MMR and MLR -1.5%	21.05	21.00

Key management personnel compensation

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Short-term employee benefits	116.60	86.31	116.60	86.31
Share-base payments	3.71	6.19	3.71	6.19
Total key management personnel compensation	120.31	92.50	120.31	92.50

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Balances as at 31 December with related parties were as follows:

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
<i>Receivable from subsidiaries</i>		
Phanalee Estate Co., Ltd.	463.19	303.03
Putthachart Estate Co., Ltd.	159.08	152.20
Kaysorn Construction Co., Ltd.	36.33	5.17
Pruksa Vietnam Construction Co., Ltd.	12.50	-
Pruksa India Housing Private Limited	0.46	1.26
	671.56	461.66
<i>Short-term loans to subsidiaries</i>		
Phanalee Estate Co., Ltd.	2,287.75	1,138.26
Putthachart Estate Co., Ltd.	966.70	1,084.16
Kaysorn Construction Co., Ltd.	385.70	393.19
Pruksa HDC Housing Private Limited	-	0.07
	3,640.15	2,615.68
<i>Accrued interest income-subsidiaries</i>		
Phanalee Estate Co., Ltd.	60.00	49.78
Putthachart Estate Co., Ltd.	85.16	91.51
Kaysorn Construction Co., Ltd.	38.10	28.74
	183.26	170.03
<i>Total short-term loans and accrued interest income-subsidiaries</i>	3,823.41	2,785.71
<i>Trade accounts payable-subsidiaries</i>		
Kaysorn Construction Co., Ltd.	224.29	306.28
Phanalee Estate Co., Ltd.	-	1.33
Putthachart Estate Co., Ltd.	-	15.80
	224.29	323.41
<i>Short-term loans from subsidiaries</i>		
Pruksa International Co., Ltd.	410.00	250.00
Pruksa Oversea Co., Ltd.	135.00	220.00
Phanalee Estate Co., Ltd.	0.02	14.60
Kaysorn Construction Co., Ltd.	7.60	6.32
	552.62	490.92
<i>Accrued interest expense-subsidiaries</i>		
Pruksa International Co., Ltd.	10.50	0.30
Pruksa Oversea Co., Ltd.	3.17	15.88
Kaysorn Construction Co., Ltd.	-	0.46
	13.67	16.64
<i>Total short-term loans and accrued interest expense-subsidiaries</i>	566.29	507.56

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Movements during the years ended 31 December of short-term loans to subsidiaries were as follows:

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
At 1 January	2,615.68	1,956.60
Increase	2,881.55	1,864.69
Decrease	(1,857.08)	(1,205.61)
At 31 December	3,640.15	2,615.68

Movements during the years ended 31 December of short-term loans from subsidiaries were as follows:

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
At 1 January	490.92	467.80
Increase	585.72	989.90
Decrease	(524.02)	(966.78)
At 31 December	552.62	490.92

Significant agreements with related parties

The Company entered into lease agreements covering office space (including related service charges) with a major shareholder and also a director of the Company, commencing October 2010 up to October 2015. The rental and service charges for the year ended 31 December 2013 amounted to Baht 3.2 million.

The Company and subsidiaries have partly registered land servitude accumulative value at 31 December 2013 of Baht 4.2 million and Baht 837.3 million, respectively, which is subject to servitudes and restrictions to the projects of the Group for construction of the utilities of the projects with no time limit. During the year ended 31 December 2013, the subsidiaries have registered land servitude and ceded land for the public interest amounting to Baht 355.9 million, respectively and for which the subsidiaries have received compensation of Baht 359.4 million.

In 2011, the Company and subsidiaries entered into loan agreements for loan lines totaling Baht 4,100 million. In addition, the subsidiaries entered into advance agreement with the Company. Loans and advances under such agreements are repayable on demand and bear interest at rates referenced to interest rates quoted by financial institutions.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Cash on hand	12	11	10	9
Cash at banks-current accounts	75	4	49	-
Cash at banks-savings accounts	167	118	28	32
Highly liquid short-term investments	82	56	1	-
Cheques on hand	699	526	529	459
Others	1	1	1	1
Total	1,036	716	618	501

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht	850	603	618	501
India Rupee	89	58	-	-
Rufiyaa	9	29	-	-
US Dollars	88	26	-	-
Total	1,036	716	618	501

7 Current investments

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Mutual fund-available for sale investments	778	849	173	451
Other	1	1	1	1
Total	779	850	174	452

Movements during the years ended 31 December of mutual fund-available for sale investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
At 1 January	849	1,192	451	900
Purchases during the year	25,784	19,823	19,798	16,284
Sales during the year	(25,855)	(20,165)	(20,076)	(16,732)
Valuation adjustment	-	(1)	-	(1)
At 31 December	778	849	173	451

Current investments of the Group as at 31 December 2013 were denominated in Thai Baht amounted to Baht 639 million and in India Rupee amounted to Baht 139 million (2012: Baht 767 million and Baht 82 million), and in Thai Baht amounted to Baht 173 million (2012: Baht 451 million) for the Company.

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

8 Real estate projects under development

	Consolidated financial statements		Separate financial statements	
<i>Note</i>	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Construction materials	439	417	339	343
Sample houses	1,007	681	889	588
Projects under development				
- land	25,601	16,116	21,191	13,132
- land improvements	1,802	953	1,404	747
- construction cost	6,054	4,891	5,538	5,108
- public utilities	1,633	1,418	1,298	1,193
- overhead costs	2,040	1,505	1,701	1,290
- interest costs	886	907	625	721
	38,016	25,790	31,757	22,191
Land, and land and houses for sale	5,999	4,485	4,876	3,844
Land held for development	3,313	6,646	2,456	4,979
Total	48,774	38,019	40,317	31,945
Less allowance for decline in value of real estate projects under development	(87)	(201)	(67)	(182)
Net	48,687	37,818	40,250	31,763
Finance costs capitalised during the year	27 689	519	465	495

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(projects)</i>			
<i>Number of projects under development</i>				
Townhouse	146	107	102	77
Single house	61	41	54	39
Twin house	3	4	3	4
Condominium	42	15	39	15
Foreign	3	4	-	-
Total projects	255	171	198	135

Real estate projects under development (land and structure thereon) are used as collateral for credit facilities from banks (see note 15 to the financial statements).

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

9 Investments in subsidiaries

	Separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
At 1 January	2,175	1,775
Additional investments	1,025	400
At 31 December	3,200	2,175

During the year 2013, the Company additional invested in subsidiaries as follows:

- (a) Putthachart Estate Co., Ltd. called up the additional shares amounting to Baht 300 million (7 million ordinary shares at Baht 42.8 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 6 August 2013 and 25 December 2013.
- (b) Phanalee Estate Co., Ltd. called up the additional shares amounting to Baht 300 million (7 million ordinary shares at Baht 42.8 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 6 August 2013 and 25 December 2013.
- (c) Pruksa Oversea Co., Ltd. called up the additional shares amounting to Baht 50 million (2 million ordinary shares at Baht 25 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 16 August 2013.
- (d) Pruksa International Co., Ltd. called up the additional shares amounting to Baht 375 million (5 million ordinary shares at Baht 75 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 29 July 2013.

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

		Separate financial statements								
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost method		Dividend income	
			2013	2012	2013	2012	2013	2012	2013	2012
			(%)				(in million Baht)			
<i>Subsidiaries</i>										
<i>Direct</i>										
Kaysorn Construction Co., Ltd.	Services, management, home decoration and construction	Thailand	100.00	100.00	100.0	100.0	100.0	100.0	-	-
Putthachart Estate Co., Ltd.	Sale of real estate	Thailand	100.00	100.00	800.0	500.0	800.0	500.0	300.0	-
Phanalee Estate Co., Ltd.	Sale of real estate	Thailand	100.00	100.00	800.0	500.0	800.0	500.0	300.0	90.0
Pruksa Oversea Co., Ltd.	Investment	Thailand	100.00	100.00	500.0	450.0	500.0	450.0	-	-
Pruksa International Co., Ltd.	Investment	Thailand	100.00	100.00	1,000.0	625.0	1,000.0	625.0	-	-
<i>Indirect</i>										
Pruksa India Housing Private Limited	Property development and construction	India	100.00	100.00	13.1	7.0	-	-	-	-
Pruksa India Construction Private Limited	Construction	India	100.00	100.00	0.7	0.7	-	-	-	-
Pruksa Vietnam Construction Company Limited	Construction	Vietnam	100.00	100.00	46.0	46.0	-	-	-	-
Pruksa Vietnam Company Limited	Property development and construction	Vietnam	100.00	-	106.1	-	-	-	-	-
Pruksa Oversea Service Company Limited	Service and management	Thailand	100.00	100.00	2.5	2.5	-	-	-	-
Pruksa Mohan Mutha Real Estate Private Limited	Property development and construction	India	84.85	84.85	0.6	0.6	-	-	-	-
Thanatep Engineering and Construction Company Limited	Construction	Thailand	51.00	-	5.0	-	-	-	-	-
Total							3,200.0	2,175.0	600.0	90.0

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

10 Investments in jointly-controlled entities

The following summarised financial information on interests in jointly-controlled entities which have been proportionately consolidated in the consolidated financial statements represents the Group's share:

	Type of business	Ownership interest (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit
<i>(in million Baht)</i>											
2013											
Pruksa HDC Housing Private Limited	Property development and construction	80	84	28	112	4	-	4	122	102	20
Pruksa - Luxora Housing Private Limited	Property development and construction	50	-	-	-	-	-	-	-	-	-
Total			84	28	112	4	-	4	122	102	20
2012											
Pruksa HDC Housing Private Limited	Property development and construction	80	188	1	189	64	-	64	185	164	21
Pruksa - Luxora Housing Private Limited	Property development and construction	50	-	-	-	-	-	-	-	-	-
Total			188	1	189	64	-	64	185	164	21

The joint venture agreement provides that the joint venturers have joint control and management even though the voting right is less than 50%.

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

11 Investment properties

	Consolidated financial statements	Separate financial statements
	<i>(in million Baht)</i>	
<i>Cost</i>		
At 1 January 2012	128	128
At 31 December 2012 and 1 January 2013	128	128
Additions	24	24
Transfer from real estate projects under development	583	366
At 31 December 2013	735	518
<i>Impairment loss</i>		
At 1 January 2012	-	-
At 31 December 2012 and 1 January 2013	-	-
Additions	45	6
Transfer from real estate projects under development	79	79
At 31 December 2013	124	85
<i>Net book value</i>		
At 1 January 2012	128	128
At 31 December 2012 and 1 January 2013	128	128
At 31 December 2013	611	433

The Group's and the Company's investment properties comprise land held for which there is no specific intention to use in the future. Investment properties of the Group and the Company as at 31 December 2013 appraised by firms of independent professional valuers, at market values were Baht 771.5 million and Baht 514.8 million (2012: Baht 165.8 million and Baht 165.8 million), respectively.

Collateral

The investment property at book value of Baht 127.8 million as at 31 December 2013 and 2012 of the Company is used as collateral for credit facilities from banks (see note 15 to the financial statements).

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

12 Property, plant and equipment

	Consolidated financial statements							
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Public utilities	Transportation equipment	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2012	302	894	1,934	357	17	77	123	3,704
Additions	-	1	79	32	-	2	26	140
Transfers, net	2	18	24	-	-	-	(44)	-
Disposals	-	(3)	(121)	(13)	-	(12)	(15)	(164)
Transfers to real estate projects under development	-	(24)	-	-	-	-	-	(24)
Effect of movements in exchange rates	-	-	6	2	-	-	-	8
At 31 December 2012 and 1 January 2013	304	886	1,922	378	17	67	90	3,664
Additions	502	1	74	71	-	5	206	859
Transfers, net	18	36	65	(16)	-	-	(103)	-
Disposals	-	(6)	(75)	(33)	-	(18)	-	(132)
Effect of movements in exchange rates	-	-	2	-	-	1	-	3
At 31 December 2013	824	917	1,988	400	17	55	193	4,394

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated financial statements							Total
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Public utilities	Transportation equipment	Assets under construction and installation	
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2012	2	181	766	207	17	62	1	1,236
Depreciation charge for the year	-	54	219	65	-	6	-	344
Disposals	-	(3)	(87)	(11)	-	(11)	-	(112)
Transfers to real estate projects under development	-	(24)	-	-	-	-	-	(24)
At 31 December 2012 and 1 January 2013	2	208	898	261	17	57	1	1,444
Depreciation charge for the year	2	66	210	63	-	5		346
Disposals	-	(4)	(50)	(27)	-	(16)	(1)	(98)
At 31 December 2013	4	270	1,058	297	17	46	-	1,692
<i>Net book value</i>								
At 1 January 2012								
Owned assets	300	713	1,168	132	-	15	122	2,450
Assets under finance leases	-	-	-	18	-	-	-	18
	300	713	1,168	150	-	15	122	2,468

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated financial statements								
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Public utilities	Transportation equipment	Assets under construction and installation	Total
At 31 December 2012 and 1 January 2013								
Owned assets	302	678	1,024	99	-	10	89	2,202
Assets under finance leases	-	-	-	18	-	-	-	18
	302	678	1,024	117	-	10	89	2,220
At 31 December 2013								
Owned assets	820	647	930	89	-	9	193	2,688
Assets under finance leases	-	-	-	14	-	-	-	14
	820	647	930	103	-	9	193	2,702

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements							
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Public utilities	Transportation equipment	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2012	302	900	1,707	316	17	64	109	3,415
Additions	-	1	65	30	-	3	26	125
Transfers, net	2	18	23	-	-	-	(43)	-
Disposals	-	-	(77)	(10)	-	(10)	(6)	(103)
Transfers to real estate projects under development	-	(24)	-	-	-	-	-	(24)
At 31 December 2012 and 1 January 2013	304	895	1,718	336	17	57	86	3,413
Additions	502	-	46	61	-	3	193	805
Transfers, net	18	25	70	(12)	-	-	(101)	-
Disposals	-	(4)	(59)	(29)	-	(12)	-	(104)
At 31 December 2013	824	916	1,775	356	17	48	178	4,114
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2012	2	193	658	188	17	55	-	1,113
Depreciation charge for the year	-	54	177	58	-	3	-	292
Disposals	-	(6)	(47)	(8)	-	(8)	-	(69)
Transfers to real estate projects under development	-	(24)	-	-	-	-	-	(24)
At 31 December 2012 and 1 January 2013	2	217	788	238	17	50	-	1,312
Depreciation charge for the year	2	56	166	52	-	3	-	279
Disposals	-	(5)	(37)	(23)	-	(12)	-	(77)
At 31 December 2013	4	268	917	267	17	41	-	1,514

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements							
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Public utilities	Transportation equipment	Assets under construction and installation	Total
<i>Net book value</i>								
At 1 January 2012								
Owned assets	300	707	1,049	110	-	9	109	2,284
Assets under finance leases	-	-	-	18	-	-	-	18
	300	707	1,049	128	-	9	109	2,302
At 31 December 2012 and 1 January 2013								
Owned assets	302	678	930	80	-	7	86	2,083
Assets under finance leases	-	-	-	18	-	-	-	18
	302	678	930	98	-	7	86	2,101
At 31 December 2013								
Owned assets	820	648	858	75	-	7	178	2,586
Assets under finance leases	-	-	-	14	-	-	-	14
	820	648	858	89	-	7	178	2,600

The gross amount of the Company and the Group's fully depreciated property, plant and equipment but was still in use as at 31 December 2013 amounted to Baht 372 million and Baht 382 million, respectively.

Collaterals

At 31 December 2013, the Company's property, plant and equipment with a net book value of Baht 954 million (2012: Baht 690 million) are used as collateral for credit facilities with banks (see note 15 to the financial statements).

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

13 Intangible assets

	Consolidated financial statements Software licenses (in million Baht)	Separate financial statements Software licenses
<i>Cost</i>		
At 1 January 2012	247	228
Additions	38	39
At 31 December 2012 and 1 January 2013	285	267
Additions	93	93
At 31 December 2013	378	360
<i>Accumulated amortisation</i>		
At 1 January 2012	74	65
Amortisation charge for the year	24	22
At 31 December 2012 and 1 January 2013	98	87
Amortisation charge for the year	27	25
At 31 December 2013	125	112
<i>Net book value</i>		
At 1 January 2012	173	163
At 31 December 2012 and 1 January 2013	187	180
At 31 December 2013	253	248

14 Deferred tax

Movements in total deferred tax assets and liability during the years were as follows:

	Consolidated financial statements (Charged) / credited to			
	As at 1 January 2013	Profit or loss (Note 28)	Other comprehensive income (in million Baht)	As at 31 December 2013
<i>Deferred tax assets</i>				
Real estate projects under development	49	(33)	-	16
Property, plant and equipment	26	27	-	53
Employee benefit obligations	17	3	-	20
Customers' deposits	59	25	-	84
Provision for litigation and claims	21	7	-	28
Foreign currency translation for foreign operations	19	-	(1)	18
Others	10	2	-	12
Total	201	31	(1)	231
<i>Deferred tax liability</i>				
Property, plant and equipment	(19)	(12)	-	(31)
Total	(19)	(12)	-	(31)
Net	182	19	(1)	200

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated financial statements				
		(Charged) / credited to		
	As at	Profit or	Other	As at
	1 January	loss	comprehensive	31 December
	2012	(Note 28)	income	2012
		(in million Baht)		
<i>Deferred tax assets</i>				
Real estate projects under development	100	(51)	-	49
Property, plant and equipment	26	-	-	26
Employee benefit obligations	12	5	-	17
Customers' deposits	(30)	89	-	59
Provision for litigation and claims	25	(4)	-	21
Foreign currency translation				
for foreign operations	21	-	(2)	19
Others	2	8	-	10
Total	156	47	(2)	201
<i>Deferred tax liability</i>				
Property, plant and equipment	-	(19)	-	(19)
Total	-	(19)	-	(19)
Net	156	28	(2)	182

Separate financial statements			
	(Charged) /		
	As at	credited to	
	1 January	profit or loss	As at
	2013	(Note 28)	31 December
		(in million Baht)	
<i>Deferred tax assets</i>			
Real estate projects under development	34	(21)	13
Property, plant and equipment	25	14	39
Employee benefit obligations	16	4	20
Customers' deposits	69	15	84
Provision for litigation and claims	21	7	28
Others	10	1	11
Total	175	20	195
<i>Deferred tax liability</i>			
Property, plant and equipment	(19)	(12)	(31)
Total	(19)	(12)	(31)
Net	156	8	164

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements		
	As at 1 January 2012	(Charged) / credited to profit or loss (Note 28) (in million Baht)	As at 31 December 2012
<i>Deferred tax assets</i>			
Real estate projects under development	35	(1)	34
Property, plant and equipment	26	(1)	25
Employee benefit obligations	12	4	16
Customers' deposits	(8)	77	69
Provision for litigation and claims	25	(4)	21
Others	2	8	10
Total	92	83	175
<i>Deferred tax liability</i>			
Property, plant and equipment	-	(19)	(19)
Total	-	(19)	(19)
Net	92	64	156

As of 31 December 2012, deferred tax assets resulting from temporary differences on impairment loss of assets and loss carry forward were not recognized in the consolidated financial statements totalling Baht 15.6 million as the Group has significant tax losses and it is not probable that the Group will be able to utilise the benefits in the foreseeable future.

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Current</i>				
Bank overdrafts				
Unsecured	-	79	-	79
Short-term loans from financial institutions				
Secured	1,018	850	1,018	600
Unsecured	5,680	600	5,680	600
Current portion of long-term loans				
Secured	-	1,930	-	1,930
Unsecured	250	1,300	250	1,300
Current portion of long-term debentures				
Unsecured	-	4,500	-	4,500
Short-term loans from subsidiaries				
Unsecured	-	-	553	491
Current portion of finance lease liabilities	7	10	7	10
Total current interest-bearing liabilities	6,955	9,269	7,508	9,510

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Non-current				
Long-term loans from financial institutions				
Unsecured	-	250	-	250
Long-term debentures				
Unsecured	14,000	8,000	14,000	8,000
Finance lease liabilities	<u>7</u>	<u>8</u>	<u>7</u>	<u>8</u>
Total non-current interest-bearing liabilities	<u>14,007</u>	<u>8,258</u>	<u>14,007</u>	<u>8,258</u>
Total	<u>20,962</u>	<u>17,527</u>	<u>21,515</u>	<u>17,768</u>

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Within one year	6,955	9,269	7,508	9,510
After one year but within five years	<u>14,007</u>	<u>8,258</u>	<u>14,007</u>	<u>8,258</u>
Total	<u>20,962</u>	<u>17,527</u>	<u>21,515</u>	<u>17,768</u>

As at 31 December 2013, unutilised credit facilities totaled Baht 30,498 million and India Rupee 65 million for the Group, and Baht 30,124 million and India Rupee 65 million for the Company.

Credit facilities of the Company and the Group that used assets as collateral as at 31 December 2013 were as follows:

- (a) Loan lines from banks of Baht 5,445 million for the Company and the Group.
- (b) Bank overdraft lines of Baht 61 million for the Company and the Group.
- (c) Letter of guarantee lines of Baht 6,186 million and Indian Rupee 65 million for the Company and Baht 6,909 million and India Rupee 65 million for the Group.
- (d) Promissory note line from bank of Baht 13,095 million for the Company and the Group.
- (e) Other credit facilities of Baht 555 million for the Company and Baht 575 million for the Group.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Credit facilities were secured on the following assets at carrying value:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		<i>(in million Baht)</i>		
Property, plant and equipment	954	690	954	690
Investment properties	128	128	128	128
Real estate projects under development (Land and properties)	11,005	10,105	10,007	9,689
Total	12,087	10,923	11,089	10,507

In addition, some part of credit facilities are guaranteed by the Company.

Loans from financial institutions

Loans from financial institutions bear interest at market rates.

Certain loans contain restrictions on financial ratios, interest-bearing liabilities to equity ratio and payment of dividends.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Debenture

Debentures of the Group as at 31 December 2013 and 2012 were unsubordinated and unsecured with face value of Baht 1,000 per unit. At shareholders' meetings of the Company, the shareholders approved the issuance and offer for sale of debt securities as follows:

Type of debenture	Interest rate (% per annum)	Interest payment due	Term	Issuance date	Maturity date	Consolidated financial statements / separate financial statements			
						Units		Amount	
						2013 (million units)	2012	2013 (in million Baht)	2012
No. 1/2010*									
Set 1	3.20% (former 3.00%)	every 3 months	3 years	June 2010	June 2013	-	1.5	-	1,500
Set 2	3.95% (former 3.75%)	every 3 months	5 years	June 2010	June 2015	1.0	1.0	1,000	1,000
No. 2/2010*									
Set 1	3.30% (former 3.10%)	every 3 months	3 years	November 2010	November 2013	-	3.0	-	3,000
Set 2	3.95% (former 3.75%)	every 3 months	5 years	November 2010	November 2015	2.0	2.0	2,000	2,000
No. 1/2012**									
Set 1	4.22%	every 3 months	3 years 6 months	September 2012	March 2016	0.6	0.6	600	600
Set 2	4.50%	every 3 months	5 years	September 2012	September 2017	0.6	0.6	600	600
Set 3	4.22%	every 3 months	3 years 6 months	September 2012	March 2016	2.4	2.4	2,400	2,400
Set 4	4.50%	every 3 months	5 years	September 2012	September 2017	1.4	1.4	1,400	1,400
No. 1/2013***									
Set 1	3.58%	every 3 months	3 years 1 month	May 2013	June 2016	3.0	-	3,000	-
Set 2	3.99%	every 3 months	5 years	May 2013	May 2018	3.0	-	3,000	-
Total						14.0	12.5	14,000	12,500
Less current portion of long-term debentures						-	(4.5)	-	(4,500)
Unsubordinated and unsecured debentures - net of current portion						14.0	8.0	14,000	8,000

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

- * At the meeting of the debenture holders of the Company held on 24 April 2012, the debenture holders approved the increase in interest rate by 0.20% from the original rate, effective from the approval date to the maturity date and approved the adjustment of liabilities to equity ratio that the Company is required to maintain from 1.5:1 to 2:1.
- ** At the annual general meeting of the shareholders of the Company held on 27 April 2012, the shareholders approved the issue and offer for sales of debt securities not exceeding Baht 7,000 million to decrease the financial costs and support the expansion of project development. Such debentures will be offered to public investors and / or private investors following the declaration of the Securities and Exchange Commission that the Company may offer one-time sales and/or separate sales from time to time. During the third quarter of 2012, the Company issued debenture no. 1/2012 amounting to Baht 5,000 million.
- *** At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders approved the issue and offer for sales of debt securities to support future expansion of the Company in the aggregate principal amount of not exceeding Baht 6,000 million and maturity not exceeding 5 years. The type and interest rate of debt securities depend upon the market condition at the time of the issue and offer for sale. During the second quarter of 2013, the Company issued debenture no. 1/2013 amounting to Baht 6,000 million.

Movements during the years ended 31 December of debentures were as follows:

	Consolidated financial statements / separate financial statements	
	2013	2012
	<i>(in million Baht)</i>	
At 1 January	12,500	9,000
Issued during the year	6,000	5,000
Matured during the year	(4,500)	(1,500)
At 31 December	14,000	12,500

Interest-bearing liabilities of the Group and the Company as at 31 December 2013 and 2012 are entirely in Thai Baht.

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Related parties	5	-	-	224	323
Other parties		2,090	1,527	1,687	1,308
Total		2,090	1,527	1,911	1,631

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thai Baht	2,072	1,490	1,911	1,631
US dollars	5	22	-	-
India Rupee	13	7	-	-
Rufiyaa	-	8	-	-
Total	2,090	1,527	1,911	1,631

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Accrued for real estate projects under development	786	298	679	228
Accrued for public utility	487	404	417	359
Accrued bonus	348	245	323	233
Retention payable	284	174	266	157
Accrued interest expense	48	40	48	40
Accrued withholding tax	47	38	41	35
Others	353	323	298	253
Total	2,353	1,522	2,072	1,305

18 Employee benefit obligations

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements				
	2013	2012	2011	2010	2009
	<i>(in million Baht)</i>				
Present value of unfunded obligations					
Post-employment benefit	<u>115</u>	<u>94</u>	<u>76</u>	<u>50</u>	<u>41</u>
	Separate financial statements				
	2013	2012	2011	2010	2009
	<i>(in million Baht)</i>				
Present value of unfunded obligations					
Post-employment benefit	<u>112</u>	<u>92</u>	<u>75</u>	<u>47</u>	<u>39</u>

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Movement in the present value of the defined post-employment benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	94	76	92	75
Current service costs	18	16	17	16
Interest cost	3	3	3	2
Benefits paid by the plan	-	(1)	-	(1)
Defined benefit obligations at 31 December	115	94	112	92
<i>Expense recognised in profit or loss</i>				
Current service cost	18	16	17	16
Interest on obligation	3	3	3	2
Total	21	19	20	18

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Discount rate (%)	3.6	3.6	3.6	3.6
Future salary increase (%)				
Employees	5 and 8	5 and 8	5 and 8	5 and 8
Daily wage staffs	3.5 and 5	3.5 and 5	3.5 and 5	3.5 and 5
Retirement age (year old)	60	60	60	60

Assumptions regarding future mortality are based on published statistics and mortality tables.

19 Share capital

	Par value per share (in Baht)	2013 Number	2013 Amount (million shares / in million Baht)	2012 Number	2012 Amount
<i>Authorised</i>					
At 1 January					
ordinary shares	1	2,251	2,251	2,251	2,251
Increase	1	15	15	-	-
At 31 December					
ordinary shares	1	2,266	2,266	2,251	2,251
<i>Issued and paid-up</i>					
At 1 January					
ordinary shares	1	2,213	2,213	2,209	2,209
Warrant exercise	1	10	10	4	4
At 31 December					
ordinary shares	1	2,223	2,223	2,213	2,213

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Increase of authorised ordinary share capital

At the annual general meeting of shareholders of the company held on 26 April 2013, the shareholders approved the increase in the Company's authorised share capital from Baht 2,251 million (2,251 million ordinary shares with a par value of Baht 1 per share) to Baht 2,266 million (2,266 million ordinary shares with a par value of Baht 1 per share). The Company registered the increase in the authorized share capital with the Ministry of Commerce on 7 May 2013.

Issue of ordinary shares

During the year ended 31 December 2013, holders of 6.1 million (2012: 2.8 million) PS-WC warrants exercised their option to purchase 6.1 million (2012: 2.8 million) ordinary shares of the Company at the exercise price of Baht 14.35 per share and holders of 3.5 million (2012: 1.0 million) PS-WD warrants exercised their option to purchase 3.5 million (2012: 1.0 million) ordinary shares of the Company at the exercise price of Baht 15.3 per share.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

20 Warrants

PS-WC

At the annual general shareholders' meeting held on 27 April 2010, the shareholders passed resolutions to approve the issuance of 22 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	3 years from the issuance date of warrant
Propose to	Directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries
Issued and allotted as at 31 December 2013	14,796,000 units (actual units granted)
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 14.35 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year (first year is 2011), the exercise rights are not to exceed 1/3 of total rights in each year for the period of 3 years. In case of partial exercise, the holders can roll over to the next period.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Movements during the year ended 31 December 2013 and 2012 in the units of PS-WC warrants were as follows:

	2013	2012
	<i>(in million unit)</i>	
At 1 January	6.3	10.8
Warrants exercised during the year	(6.2)	(2.8)
Cancellation of warrants of resigned employees	-	(1.7)
At 31 December	0.1	6.3

PS-WD

At the annual general shareholders' meeting held on 22 April 2011, the shareholders passed resolutions to approve the issuance of 22 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries as followings:

Description	Details
Type of warrants	No value
Terms of warrants	4 years from the issuance date of warrant
Propose to	Directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries
Issued and allotted as at 31 December 2013	11,689,700 units (actual units granted)
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 15.30 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year (first year is 2012), the exercise rights are not to exceed 1/4 of total rights in each year for the period of 4 years. In case of partial exercise, the holders can roll over to the next period.

Movements during the year ended 31 December 2013 and 2012 in the units of PS-WD warrants were as follows:

	2013	2012
	<i>(in million unit)</i>	
At 1 January	9.9	11.7
Warrants exercised during the year	(3.5)	(1.0)
Cancellation of warrants of resigned employees	(0.2)	(0.8)
At 31 December	6.2	9.9

The Thai Financial Reporting Standard 2 (TFRS2): Share-based Payment was effective for share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS2, the Company has to measure the fair value of the PS-WD Project warrants on the grant date.

Measurement of fair value

The fair value of the PS-WD warrants granted was measured based on the Binomial option pricing model. Expected volatility is estimated by considering historic at average share price volatility during the period 19 April 2010 to 19 April 2012.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

The inputs used in the measurement of the fair values of PS-WD warrants were as follows:

Average fair value at grant date (Baht)	3.55
Share price at grant date (Baht)	14.6
Exercise price (Baht)	15.3
Expected volatility (%)	45.0
Expected dividends (%)	3.1
Risk-free interest rate (%)	3.00-3.53
Termination rate (%)	10.0

The Company granted the rights to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries on 19 April 2012, which is the date that the Company informed conditions and agreements of the rights to exercise options to the directors and employees.

The expense recognised in respect of share-based payment transactions for the year ended 31 December 2013 was Baht 12.3 million and Baht 12.3 million (2012: Baht 20.6 million and Baht 20.6 million), respectively, for the consolidated and separate financial statements.

Movements during the year ended 31 December 2013 and 2012 in the fair value of PS-WD warrants were as follows:

	2013	2012
	<i>(in million Baht)</i>	
At 1 January	17.2	-
Warrants granted during the year	12.3	20.6
Warrants exercised during the year	(11.1)	(3.4)
At 31 December	<u>18.4</u>	<u>17.2</u>

PS-WE

At the annual general shareholders' meeting held on 26 April 2013, the shareholders passed resolutions to approve the issuance of 15 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as the Company's management) and management of the Company and/or its subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	4 years from the issuance date of warrant
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 28.19 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year

As at 31 December 2013, there were no warrants in issue.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

22 Segment information

The Group comprised the following reportable segments:

Segment 1	SBU Townhouse:	Baan Pruksa, Pruksa Ville, The Connect, and SD3
Segment 2	SBU Condominium:	Condominium I, Condominium II, and Condominium IV
Segment 3	SBU Single house:	Pruksa Town, Passorn, and Pruksa Village

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Information about reportable segments:

<i>For the year ended 31 December</i>	Segment 1		Segment 2		Segment 3		Total reportable segments		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>											
External revenue	17,970	14,002	7,767	2,955	11,306	9,104	37,043	26,061	1,794	905	38,837	26,966
Inter-segment revenue	-	-	-	-	-	-	-	-	2,055	1,611	2,055	1,611
Other revenue	31	21	31	7	16	11	78	39	50	34	128	73
Total segment revenues	<u>18,001</u>	<u>14,023</u>	<u>7,798</u>	<u>2,962</u>	<u>11,322</u>	<u>9,115</u>	<u>37,121</u>	<u>26,100</u>	<u>3,899</u>	<u>2,550</u>	<u>41,020</u>	<u>28,650</u>
Segment profit (loss) before income tax	<u>3,571</u>	<u>2,697</u>	<u>1,581</u>	<u>427</u>	<u>2,189</u>	<u>1,732</u>	<u>7,341</u>	<u>4,856</u>	<u>(176)</u>	<u>(85)</u>	<u>7,165</u>	<u>4,771</u>
Segment assets as at 31 December	<u>18,170</u>	<u>13,373</u>	<u>11,178</u>	<u>8,660</u>	<u>14,180</u>	<u>12,720</u>	<u>43,528</u>	<u>34,753</u>	<u>5,830</u>	<u>2,907</u>	<u>49,358</u>	<u>37,660</u>
Segment liabilities as at 31 December	<u>10,702</u>	<u>7,177</u>	<u>6,643</u>	<u>6,205</u>	<u>7,116</u>	<u>4,693</u>	<u>24,461</u>	<u>18,075</u>	<u>3,422</u>	<u>1,818</u>	<u>27,883</u>	<u>19,893</u>

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2013	2012
	<i>(in million Baht)</i>	
Revenues		
Total revenue from reportable segments	37,121	26,100
Other revenue	3,899	2,550
	<u>41,020</u>	<u>28,650</u>
Elimination of inter-segment revenue	(2,055)	(1,611)
Other unallocated amounts	76	102
Consolidated revenue	<u>39,041</u>	<u>27,141</u>
Profit or loss		
Total profit for reportable segments	7,341	4,856
Other profit	(176)	(85)
	<u>7,165</u>	<u>4,771</u>
Elimination of inter-segment profits	67	(71)
Unallocated amounts	(33)	321
Consolidated profit before income tax	<u>7,199</u>	<u>5,021</u>
Assets		
Total assets for reportable segments	43,528	34,753
Other assets	5,830	2,907
	<u>49,358</u>	<u>37,660</u>
Other unallocated amounts	6,836	6,161
Consolidated total assets	<u>56,194</u>	<u>43,821</u>
Liabilities		
Total liabilities for reportable segments	24,461	18,075
Other liabilities	3,422	1,818
	<u>27,883</u>	<u>19,893</u>
Other unallocated amounts	3,379	3,846
Consolidated total liabilities	<u>31,262</u>	<u>23,739</u>

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenues		Non-current assets	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Thailand	38,527	26,670	3,622	2,568
India	393	261	24	25
Maldives	120	209	41	53
Vietnam	1	1	16	4
Deferred tax assets	-	-	200	182
Total	<u>39,041</u>	<u>27,141</u>	<u>3,903</u>	<u>2,832</u>

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

As disclosed in note 3(c) to the financial statements, following the adoption of TFRS 8 - Operating Segments from 1 January 2013, and the change in operating segments from 19 August 2013, the Group has changed its policy for reporting information on operating segments.

23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Advertising expenses	994	574	844	512
Specific business tax	1,265	880	1,058	766
Sales promotion	460	284	383	254
Transfer fee	262	180	220	157
Others	65	32	65	32
Total	3,046	1,950	2,570	1,721

24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Employee benefit expenses	1,843	1,249	1,764	1,198
Allowance for impairment loss on assets	-	37	-	30
Professional fee	133	87	117	77
Rental fee	141	110	126	99
Depreciation	89	99	76	81
Utilities expense	70	85	63	71
Provision for litigation and claims	37	-	35	-
Transportation expense	73	58	69	56
Repair fee	29	23	29	23
Others	616	227	500	448
Total	3,031	1,975	2,779	2,083

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Management				
Wages and salaries	76	63	76	63
Contributions to provident fund	3	2	3	2
Others-bonus and welfare	41	28	41	28
	120	93	120	93
Other employees				
Wages and salaries	1,413	1,032	1,297	959
Contributions to provident fund	43	30	39	28
Bonus	715	407	659	384
Welfare	420	263	362	227
	2,591	1,732	2,357	1,598
Total	2,711	1,825	2,477	1,691

Defined benefit plan

Details of the defined benefit plan are given in note 18 to the financial statements.

Defined contribution plan

The defined contribution plan comprises provident fund established by companies in the Group for their employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate 4% of their basic salaries and by the Group at rate 4% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

26 Expenses by nature

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirement of various TFRS were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Changes in land, land and houses for sale, and real estate projects under development		(13,743)	2,187	(10,604)	1,141
Raw materials and consumables used		11,098	10,790	8,562	8,348
Employee benefit expenses	25	2,711	1,825	2,477	1,691
Depreciation and amortisation		374	368	304	314

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

27 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Finance costs					
Subsidiaries	5	-	-	21	21
Financial institutions		1,104	824	867	789
Total		1,104	824	888	810
Less amounts included in the cost of qualifying assets:					
- real estate projects under development	8	(689)	(519)	(465)	(495)
Net		415	305	423	315

28 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in million Baht)</i>			
Current tax expense					
Current year		1,420	1,146	1,017	921
Adjustment for prior years		(2)	5	-	5
		1,418	1,151	1,017	926
Deferred tax expense	14				
Movements in temporary differences		(21)	(47)	(8)	(82)
Income tax reduction - deferred		2	19	-	18
		(19)	(28)	(8)	(64)
Total		1,399	1,123	1,009	862

Reconciliation of effective tax rate

		Consolidated financial statements	
		2013	2012
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>(in million Baht)</i>
Profit for the year		5,800	3,898
Total income tax expense		1,399	1,123
Profit before tax		7,199	5,021
Income tax using the Thai corporation tax rate	20	1,440	1,155
Income tax reduction - deferred		2	19
Income not subject to tax		(214)	(105)
Expenses not deductible for tax purposes		25	26
Eliminated income		151	26
Under (over) provided in prior years		(2)	5
Others		(3)	(3)
Total		19	1,123

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements			
	2013		2012	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit for the year		5,175		3,267
Total income tax expense		<u>1,009</u>		<u>862</u>
Profit before tax		<u>6,184</u>		<u>4,129</u>
Income tax using the Thai corporation tax rate	20	1,237	23	950
Income tax reduction - deferred		-		18
Income not subject to tax		(247)		(130)
Expenses not deductible for tax purposes		21		22
Under provided in prior years		-		5
Others		<u>(2)</u>		<u>(3)</u>
Total	<u>16</u>	<u>1,009</u>	<u>21</u>	<u>862</u>

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2013			2012		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
			<i>(in million Baht)</i>			
Foreign currency translation differences for foreign operations	<u>6</u>	<u>(1)</u>	<u>5</u>	<u>(3)</u>	<u>(2)</u>	<u>(5)</u>

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

29 Promotional privileges

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to developing a housing project for persons who have low or middle income (where the usable area in each unit shall not be less than 31 square meters and the contracted sale amount is less than Baht 600,000).

On 10 June 2009, the Board of Investment added a new condition in respect to pricing for projects located in zone 1 requiring that any apartment building must have area per unit of at least 28 square meters and with a maximum selling price of Baht 1 million (including land cost) and any town house or detached house, area per unit must not be less than 70 square meters with a maximum selling price of Baht 1.2 million (including land cost).

The principal privilege is the exemption from corporate income tax for a period of 5 years from the start of business operations related to these privileges.

As promoted companies, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

30 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht / million shares)</i>			
Profit attributable to equity holders of the Company (basic)	<u>5,801.82</u>	<u>3,898.14</u>	<u>5,175.03</u>	<u>3,266.80</u>
Number of ordinary shares				
at 1 January	2,213.22	2,209.41	2,213.22	2,209.41
Effect of shares issued 30 August 2012	-	1.18	-	1.18
Effect of shares issued 30 November 2012	-	0.50	-	0.50
Effect of shares issued on 28 February 2013	6.83	-	6.83	-
Effect of shares issued on 31 May 2013	0.65	-	0.65	-
Effect of shares issued on 30 August 2013	0.02	-	0.02	-
Effect of shares issued on 29 November 2013	0.03	-	0.03	-
Weighted average number of ordinary shares outstanding (basic)	<u>2,220.75</u>	<u>2,211.09</u>	<u>2,220.75</u>	<u>2,211.09</u>
Earnings per share (basic)				
<i>(in Baht)</i>	<u>2.61</u>	<u>1.76</u>	<u>2.33</u>	<u>1.48</u>

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht / million shares)</i>			
Profit attributable to equity holders of the Company (diluted)	5,801.82	3,898.14	5,175.03	3,266.80
Weighted average number of ordinary shares outstanding (basic)	2,220.75	2,211.09	2,220.75	2,211.09
Effect of exercise of share options	2.44	0.36	2.44	0.36
Weighted average number of ordinary shares outstanding (diluted)	2,223.19	2,211.45	2,223.19	2,211.45
Earnings per share (diluted) (in Baht)	2.61	1.76	2.33	1.48

The Company did not adjust the effect of exercise of share options in PS-WD project warrant to calculate diluted earnings per share for the year ended 31 December 2012 because the Company's warrant's exercise price per unit was higher than the average market price for the year.

31 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders approved the appropriation of dividend of Baht 0.5 per share, amounting to Baht 1,110 million. The dividend was paid to shareholders on 17 May 2013.

At the annual general meeting of the shareholders of the Company held on 27 April 2012, the shareholders approved the appropriation of dividend of Baht 0.4 per share, amounting to Baht 884 million. The dividend was paid to shareholders on 17 May 2012.

32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

Capital management

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure. In addition, the Group has to maintain interest-bearing liabilities to equity ratio as stipulated in loan facility and debentures agreements, and requires to have debenture credit rating by qualified credit rating institutions.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (note 15). The Group mitigates this risk by entering that the majority of its borrowings at fixed interest rates and uses derivative financial instrument, interest rate swaps, to manage exposure to fluctuations in interest rates on specific borrowings.

Foreign currency risk

The Group has risk from foreign currency as stated in related notes to financial statements. Management believes that the Group has minimal currency exchange rate risk. However, the Group enters into forward exchange rate contracts to hedge risks from purchasing machinery in foreign currency.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

The Group uses the following methods and assumptions in estimating the fair values of financial instruments.

Cash and cash equivalents, and current investments and receivables and payables approximate their fair values due to the relative short-term maturity of these financial instruments.

Bank overdrafts and short-term loans and long-term loans approximate their fair values because these financial instruments bear interest at market rates.

As at 31 December 2013, the carrying and fair value of debentures amounted to Baht 14,000 million and Baht 14,030 million, respectively (2012: Baht 12,500 million and Baht 12,554 million, respectively). The fair value is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest for similar liabilities at the reporting date.

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

33 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Office building operating lease commitments</i>				
Within one year	88	60	83	56
After one year but within five years	136	146	127	140
Total	224	206	210	196
<i>Other operating lease commitments</i>				
Within one year	81	48	71	46
After one year but within five years	80	39	76	38
Total	161	87	147	84
<i>Other commitments</i>				
Land purchasing agreements	3,058	3,804	3,058	3,804
Development and construction agreements	2,377	1,967	1,879	1,693
Services and professional consulting agreements	25	63	24	63
Forward contract	143	65	143	-
Machinery purchasing agreements	447	-	447	-
Total	6,050	5,899	5,551	5,560

Others

As at 31 December 2013;

- (a) the Company and its subsidiaries had commitment for letters of guarantee issued by certain local banks totaling Baht 5,802 million (2012: Baht 5,110 million).
- (b) The Company had commitment as a guarantor of overdraft lines of Baht 80 million, letters of guarantee lines of Baht 4,373 million, promissory note lines of Baht 8,700 million, and other credit facilities of Baht 520 million of the subsidiaries (2012: Baht 80 million, Baht 723 million, Baht 900 million and Baht 500 million, respectively).

34 Contingent liability

At 31 December 2013, the Company and its subsidiaries have been sued by other companies and persons in cases of alleged violation of agreements, prosecution claims and other cases totaling Baht 317 million (2012: Baht 297 million). Presently, the cases are being considered by the court. However, the Group has set aside provision of Baht 143 million (2012: Baht 106 million) for liabilities that may arise as a result of these cases, based on the opinion of their management and legal department.

Pruksa Real Estate Public Company Limited and its Subsidiaries

Notes to the financial statements

35 Events after the reporting period

At the Board of Directors' meeting held on 17 February 2014, the Board passed a resolution proposing to the annual general shareholders' meeting the following topics;

- (a) Approval of the payment of dividends for the year 2013, at the rate of Baht 0.85 per share, amounting to Baht 1,889.41 million. The proposed dividends shall be submitted for approval by the shareholders at the Annual General Meeting to be held on 25 April 2014.
- (b) Approval of reduction of authorised shares capital of the Company from Baht 2,265,812,000 to Baht 2,255,298,800 by canceling 10,513,200 ordinary shares which are reserved for the exercising of warrants.
- (c) Approval of issuance and allotment of new warrants to purchase the Company's ordinary shares to the Company's and/or its subsidiaries' directors and management no. 6 (PS-WF) of 15,000,000 units. The exercise ratio is 1 unit of warrant to 1 new ordinary share. In this regard, the Company needs to increase its authorised share capital by Baht 15,000,000 from Baht 2,255,298,800 to Baht 2,270,298,800 by issuing 15,000,000 ordinary shares with a par value of Baht 1 and reserve those ordinary shares entirely for the exercising of the warrants to purchase ordinary shares of the Company.
- (d) Approval of the issue of a financial debt instrument as appropriate within the credit line of Baht 7,000 million with a contractual maturity within 7 years by allotment to investors in accordance with the rules announced by the Thai Securities and Exchange Commission.

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of Financial Statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 8 (revised 2012)	Operating Segments	2014

Pruksa Real Estate Public Company Limited and its Subsidiaries
Notes to the financial statements

TFRS	Topic	Year effective
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.