

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2005

**Review Report of Independent Auditor**

To The Board of Directors and Shareholders of  
Property Perfect Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Property Perfect Public Company Limited and its subsidiaries as at 30 June 2005, the related consolidated earnings statements for the three-month and six-month periods ended 30 June 2005 and 2004, and the statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2005 and 2004, and the separate financial statements of Property Perfect Public Company Limited for the same periods. These financial statements are the responsibility of the Company's managements as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company and its subsidiaries' personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Property Perfect Public Company Limited and its subsidiaries for the year ended 31 December 2004, and the separate financial statements of Property Perfect Public Company Limited in accordance with generally accepted auditing standards and, under my report dated 8 February 2005, expressed an unqualified opinion on those statements, but drew attention to the Company's business rehabilitation. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No.3930

Ernst & Young Office Limited  
Bangkok : 11 August 2005

## PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		30 June 2005 (Unaudited but reviewed)	31 December 2004 (Audited)	30 June 2005 (Unaudited but reviewed)	31 December 2004 (Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		533,267	351,705	501,851	322,753
Trade accounts receivable, net	2	25,386	23,373	24,371	21,939
Amounts due from related company	14	-	-	3,659	-
Project development costs, net	3	7,075,914	6,239,284	5,924,820	5,070,527
Other current assets					
Advances to contractors, net		20,770	25,272	20,770	24,846
Prepaid expenses		27,613	6,283	27,613	6,283
Others		36,539	27,803	33,520	26,019
<b>TOTAL CURRENT ASSETS</b>		<b>7,719,489</b>	<b>6,673,720</b>	<b>6,536,604</b>	<b>5,472,367</b>
NON-CURRENT ASSETS					
Restricted deposits		340	3,180	340	3,180
Loans to related companies and interest receivable, net	14	120,891	120,891	508,986	322,278
Advances to other company	4	183,501	183,501	183,501	183,501
Investments accounted for under equity method - subsidiary companies	5	-	-	576,215	461,551
Investments accounted for under equity method - associated company	5	361,984	349,074	361,984	349,074
Other long-term investments, net		4,785	4,867	4,785	4,867
Land held for development, net	6	3,183,416	3,776,176	3,066,672	3,776,176
Advances for purchase of land	7	1,262,645	722,137	1,137,061	702,137
Property, plant and equipment, net		412,776	379,788	401,264	368,371
Other non-current assets					
Withholding tax deducted at source		118,982	97,323	113,926	95,214
Others		18,575	16,241	18,151	16,129
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,667,895</b>	<b>5,653,178</b>	<b>6,372,885</b>	<b>6,282,478</b>
<b>TOTAL ASSETS</b>		<b>13,387,384</b>	<b>12,326,898</b>	<b>12,909,489</b>	<b>11,754,845</b>

The accompanying notes are an integral part of the financial statements

## PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		30 June 2005	31 December 2004	30 June 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	8	1,725,008	402,951	1,725,008	402,950
Trade accounts payable		295,875	231,941	278,293	202,418
Amounts due to related company	14	-	-	2,278	805
Deposits payable and cash received in advance		86,150	42,121	67,794	33,840
Current portion of debentures	9	450,000	-	450,000	-
Current portion of long-term loan	10	-	27,562	-	27,562
Current portion of creditors per rehabilitation plan	11	144	117,017	144	117,017
Other current liabilities					
Current portion of deferred gain on debt restructuring	15	9,104	28,380	9,104	28,380
Current portion of liabilities under financial lease agreements		5,255	2,438	5,255	2,438
Accrued interest		34,921	38,825	34,848	38,469
Accrued expenses		53,799	74,629	50,527	70,579
Others		48,011	52,202	42,763	45,408
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,708,267</b>	<b>1,018,066</b>	<b>2,666,014</b>	<b>969,866</b>
<b>NON-CURRENT LIABILITIES</b>					
Debentures, net of current portion	9	1,100,000	1,550,000	1,100,000	1,550,000
Long-term loans, net of current portion	10	3,707,887	3,263,406	3,272,245	2,739,553
Creditors per rehabilitation plan, net of current portion	11	648,266	1,232,282	648,266	1,232,282
Other non-current liabilities					
Deferred gain on debt restructuring, net of current portion	15	4,074	52,804	4,074	52,804
Liabilities under financial lease agreements, net of current portion		14,063	7,799	14,063	7,799
Deposits and cash received in advance for sublease agreement		66,832	68,585	66,832	68,585
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,541,122</b>	<b>6,174,876</b>	<b>5,105,480</b>	<b>5,651,023</b>
<b>TOTAL LIABILITIES</b>		<b>8,249,389</b>	<b>7,192,942</b>	<b>7,771,494</b>	<b>6,620,889</b>

The accompanying notes are an integral part of the financial statements

## PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		30 June 2005 (Unaudited but reviewed)	31 December 2004 (Audited)	30 June 2005 (Unaudited but reviewed)	31 December 2004 (Audited)
SHAREHOLDERS' EQUITY					
Share capital	12				
Registered					
835,594,196 ordinary shares of Baht 6 each					
(31 December 2004 : 1,200,000,000 ordinary shares of Baht 6 each)		5,013,565	7,200,000	5,013,565	7,200,000
Issued and fully paid					
781,754,690 ordinary shares of Baht 6 each					
(31 December 2004 : 780,360,444 ordinary shares of Baht 6 each)		4,690,528	4,682,162	4,690,528	4,682,162
Share discount	13	(354,935)	(346,583)	(354,935)	(346,583)
Share subscriptions received in advance	13	8	14	8	14
Retained earnings					
Appropriated - statutory reserve		40,000	40,000	40,000	40,000
Unappropriated		762,394	758,363	762,394	758,363
TOTAL SHAREHOLDERS' EQUITY		5,137,995	5,133,956	5,137,995	5,133,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,387,384	12,326,898	12,909,489	11,754,845
		0	0	0	0

The accompanying notes are an integral part of the financial statements

DIRECTORS

(UNAUDITED BUT REVIEWED)

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004  
(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>REVENUES</b>					
Revenues from sales of land and houses		1,187,339	1,109,025	1,016,467	1,109,025
Revenues from sales of land held for development	6	120,000	-	120,000	-
Other income					
Interest income		3,198	4,150	7,207	4,140
Revenues from forfeiture of down payments		469	252	463	252
Share of profit from investments accounted					
for under equity method - subsidiary companies	5	-	-	34,464	-
Share of profit from investments accounted					
for under equity method - associated company	5	10,752	7,653	10,752	7,653
Reversal of provision for loss on diminution in value	6	70,900	-	70,900	-
Reversal of deferred gain on debt restructuring	15	49,108	-	49,108	-
Others		7,232	12,972	9,845	12,775
<b>TOTAL REVENUES</b>		<b>1,448,998</b>	<b>1,134,052</b>	<b>1,319,206</b>	<b>1,133,845</b>
<b>EXPENSES</b>					
Costs of sales of land and houses		796,097	682,079	689,695	682,079
Costs of sales of land held for development	6	120,000	-	120,000	-
Selling and administrative expenses		234,646	180,351	218,084	177,712
Share of loss from investments accounted					
for under equity method - subsidiary company	5	-	-	-	2,713
<b>TOTAL EXPENSES</b>		<b>1,150,743</b>	<b>862,430</b>	<b>1,027,779</b>	<b>862,504</b>
<b>EARNINGS BEFORE INTEREST EXPENSES AND</b>					
<b>CORPORATE INCOME TAXES</b>					
		298,255	271,622	291,427	271,341
<b>INTEREST EXPENSES</b>					
		(57,060)	(14,843)	(50,431)	(14,562)
<b>CORPORATE INCOME TAXES</b>					
	16	(199)	-	-	-
<b>NET EARNINGS FOR THE PERIOD</b>		<b>240,996</b>	<b>256,779</b>	<b>240,996</b>	<b>256,779</b>
<b>EARNINGS PER SHARE</b>					
<b>Basic earnings per share (Baht)</b>					
Net earnings	18	0.31	0.33	0.31	0.33
<b>Weighted average number of ordinary shares (Thousand shares)</b>					
		781,780	779,405	781,780	779,405
<b>Diluted earnings per share (Baht)</b>					
Net earnings	18	0.30	0.32	0.30	0.32
<b>Weighted average number of ordinary shares (Thousand shares)</b>					
		796,708	798,646	796,708	798,646

The accompanying notes are an integral part of the financial statements

(UNAUDITED BUT REVIEWED)

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
EARNINGS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>REVENUES</b>					
Revenues from sales of land and houses		2,027,641	1,573,539	1,733,267	1,573,539
Revenues from sales of land held for development	6	120,000	-	120,000	-
Other income					
Interest income		5,836	6,840	12,218	6,830
Revenues from forfeiture of down payments		2,835	776	2,621	776
Reversal of cost of investment written-off	5	-	139,485	-	139,485
Share of profit from investments accounted					
for under equity method - subsidiaries company	5	-	-	64,663	-
Share of profit from investments accounted					
for under equity method - associated company	5	12,910	13,172	12,910	13,172
Gain from surrender of rights of claim	5	-	40,111	-	40,111
Reversal of provision for doubtful account	14	-	143,405	-	143,405
Reversal of provision for loss on diminution in value	6	70,900	-	70,900	-
Reversal of deferred gain on debt restructuring	15	49,108	-	49,108	-
Others		16,554	10,103	18,028	9,906
<b>TOTAL REVENUES</b>		<b>2,305,784</b>	<b>1,927,431</b>	<b>2,083,715</b>	<b>1,927,224</b>
<b>EXPENSES</b>					
Costs of sales of land and houses		1,328,585	953,864	1,145,214	953,864
Costs of sales of land held for development	6	120,000	-	120,000	-
Selling and administrative expenses		429,039	330,774	403,342	328,135
Share of loss from investments accounted					
for under equity method - subsidiary company	5	-	-	-	2,713
Amortisation goodwill	5	-	21,581	-	21,581
<b>TOTAL EXPENSES</b>		<b>1,877,624</b>	<b>1,306,219</b>	<b>1,668,556</b>	<b>1,306,293</b>
<b>EARNINGS BEFORE INTEREST EXPENSES AND</b>					
<b>CORPORATE INCOME TAXES</b>		<b>428,160</b>	<b>621,212</b>	<b>415,159</b>	<b>620,931</b>
<b>INTEREST EXPENSES</b>		<b>(111,134)</b>	<b>(23,310)</b>	<b>(98,426)</b>	<b>(23,029)</b>
<b>CORPORATE INCOME TAXES</b>	16	<b>(293)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET EARNINGS FOR THE PERIOD</b>		<b>316,733</b>	<b>597,902</b>	<b>316,733</b>	<b>597,902</b>
<b>EARNINGS PER SHARE</b>					
<b>Basic earnings per share (Baht)</b>					
Net earnings	18	0.41	0.80	0.41	0.80
Weighted average number of ordinary shares (Thousand shares)					
		781,768	749,947	781,768	749,947
<b>Diluted earnings per share (Baht)</b>					
Net earnings	18	0.40	0.78	0.40	0.78
Weighted average number of ordinary shares (Thousand shares)					
		797,670	769,201	797,670	769,201

The accompanying notes are an integral part of the financial statements

(UNAUDITED BUT REVIEWED)

## PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
<b>Cash flows provided from (used in) operating activities :</b>				
Net earnings for the period	316,733	597,902	316,733	597,902
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :				
Reversal of cost of investment written-off	-	(139,485)	-	(139,485)
Share of loss (profit) from investments accounted for under equity method - subsidiary companies	-	-	(64,663)	2,713
Share of profit from investments accounted for under equity method - associated company	(12,910)	(13,172)	(12,910)	(13,172)
Amortisation goodwill	-	21,581	-	21,581
Depreciation and amortisation	15,439	10,053	14,809	9,844
Rental received in advance recognition	(1,752)	(1,610)	(1,752)	(1,610)
Loss on diminution in value of investments	82	562	82	562
Reversal of provision for doubtful account	-	(143,405)	-	(143,405)
Gain from surrender of rights of claim	-	(40,111)	-	(40,111)
Reversal of provision for loss on diminution in value	(70,900)	-	(70,900)	-
Reversal of deferred gain on debt restructuring	(49,108)	-	(49,108)	-
Gain on sales of fixed assets	(400)	(3)	(400)	(3)
	197,184	292,312	131,891	294,816
Decrease (increase) in operating assets				
Trade accounts receivable	(2,013)	(691)	(2,432)	(691)
Amounts due from related company	-	-	(3,659)	-
Project development costs	(13,510)	(647,534)	(31,174)	(584,233)
Advances to contractors	4,502	6,385	4,077	6,385
Withholding tax deducted at source	(21,659)	(15,825)	(18,712)	(15,825)
Prepaid expenses	(21,330)	-	(21,330)	-
Interest receivable	(5,232)	(6,168)	(11,615)	(6,168)
Other current assets	(3,380)	(19,693)	(2,269)	(19,035)
Other non-current assets	(2,333)	(72)	(2,021)	(1,802)
Increase (decrease) in operating liabilities				
Trade accounts payable	63,934	(62,198)	75,875	(86,713)
Amounts due to related company	(805)	-	1,473	-
Deposits payable and cash received in advance	44,029	325	33,953	225
Accrued interest	(22,802)	(31,689)	(22,519)	(31,693)
Other current liabilities	(24,333)	(41,598)	(22,688)	(42,978)
Net cash provided from (used in) operating activities	192,252	(526,446)	108,850	(487,712)

The accompanying notes are an integral part of the financial statements

(UNAUDITED BUT REVIEWED)

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004  
(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	2005	2004	2005	2004
<b>Cash flows provided from (used in) investing activities :</b>				
Decrease in restricted deposits	2,840	-	2,840	-
Increase in loans to related companies	-	(56,439)	(180,326)	(95,799)
Increase in advance to other company	-	(2,297)	-	(2,297)
Increase in land held for development	(136,889)	(337,683)	(20,146)	(337,683)
Increase in advances for purchase of land	(563,079)	(643,998)	(457,495)	(643,998)
Increase in property, plant and equipment, net	(35,008)	(40,609)	(34,283)	(37,935)
Increase in investment in subsidiary	-	-	(50,000)	-
Net cash paid for acquisition of investments in subsidiaries (Note 5)	-	(50,486)	-	(60,999)
Cash paid to minority interest to acquire of investment in subsidiary	-	(90,054)	-	(90,054)
Cash received from sales of assets	404	3	404	3
Net cash used in investing activities	<u>(731,732)</u>	<u>(1,221,563)</u>	<u>(739,006)</u>	<u>(1,268,762)</u>
<b>Cash flows provided from (used in) financing activities :</b>				
Increase in bank overdrafts and short-term loans				
from financial institutions	1,322,057	453,398	1,322,058	453,398
Increase in long-term loans	416,919	1,559,961	505,130	1,526,961
Decrease in creditors per rehabilitation plan	(700,889)	(223,035)	(700,889)	(223,035)
Decrease in liabilities under financial lease agreements	(4,343)	-	(4,343)	-
Dividend paid	(312,702)	-	(312,702)	-
Net cash provided from financing activities	<u>721,042</u>	<u>1,790,324</u>	<u>809,254</u>	<u>1,757,324</u>
Net increase in cash and cash equivalents	181,562	42,315	179,098	850
Cash and cash equivalents as at beginning of period	351,705	244,177	322,753	244,177
Cash and cash equivalents as at end of period	<u>533,267</u>	<u>286,492</u>	<u>501,851</u>	<u>245,027</u>
	-	-	-	-
<b>Supplement cash flows information :</b>				
Cash paid during the period for				
Interest expenses (included interest expenses				
which capitalised to land cost)	194,152	101,233	181,161	94,779
Corporate income tax and withholding tax deducted at source	21,659	15,825	18,712	15,825
Non-cash transactions				
Recorded interest on secured and unsecured creditors and unsecured debt				
awaiting conversion to equity	17,908	24,428	17,908	24,428
Recorded loan to subsidiary company to investment				
in subsidiary company	-	143,405	-	143,405
Reversal of unsecured debt awaiting conversion to equity	-	476,193	-	476,193
Transfer advances for purchase of land to advances to other company	-	35,356	-	35,356
Transfer advances for purchase of land to project				
development costs and land held for development	22,571	120,854	22,571	120,854
Transfer land held for development to project development cost	823,120	619,503	823,120	619,503
Fixed assets increase from financial lease agreements	13,423	-	13,423	-

The accompanying notes are an integral part of the financial statements

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004  
 (Unit : Thousand Baht)

	<b>Consolidated</b>							
	Issued and paid-up		Share subscriptions received in advance	Unsecured debt awaiting conversion to equity	Debt in excess of collateral value awaiting conversion to equity	Retained earnings (deficit)		Total
						Statutory reserve	Unappropriated (deficit)	
	share capital	Share discount						
<b>Balance - as at 1 January 2004</b>	6,024,162	(61,617)	276	1,509,005	461,378	-	(3,812,616)	4,120,588
Additional ordinary shares as a result of warrants exercised	275,589	(275,313)	(276)	-	-	-	-	-
Additional ordinary shares as a result of conversion of unsecured debt to equity	1,032,812	-	-	(1,032,812)	-	-	-	-
Additional ordinary shares as a result of conversion of debt in excess of collateral value to equity	461,378	-	-	-	(461,378)	-	-	-
Adjust unsecured debt awaiting conversion to equity	-	-	-	(476,193)	-	-	476,193	-
Record accrued interest of unsecured debt awaiting conversion to equity	-	-	-	-	-	-	(2,173)	(2,173)
Share subscriptions received in advance	-	-	10	-	-	-	-	10
Net earnings for the period	-	-	-	-	-	-	597,902	597,902
<b>Balance - as at 30 June 2004</b>	<u>7,793,941</u>	<u>(336,930)</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,740,694)</u>	<u>4,716,327</u>
<b>Balance - as at 1 January 2005</b>	4,682,162	(346,583)	14	-	-	40,000	758,363	5,133,956
Additional ordinary shares as a result of warrants exercised	8,366	(8,352)	(14)	-	-	-	-	-
Share subscriptions received in advance	-	-	8	-	-	-	-	8
Dividend paid (Note 17)	-	-	-	-	-	-	(312,702)	(312,702)
Net earnings for the period	-	-	-	-	-	-	316,733	316,733
<b>Balance - as at 30 June 2005</b>	<u>4,690,528</u>	<u>(354,935)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>762,394</u>	<u>5,137,995</u>

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

## PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Thousand Baht)

	<b>The Company Only</b>							
	Issued and paid-up		Share subscriptions received in advance	Unsecured debt awaiting conversion to equity	Debt in excess of collateral value awaiting conversion to equity	Retained earnings (deficit)		Total
						Share discount	Statutory reserve	
	share capital	Share discount	in advance	to equity	to equity			Statutory reserve
<b>Balance - as at 1 January 2004</b>	6,024,162	(61,617)	276	1,509,005	461,378	-	(3,812,616)	4,120,588
Additional ordinary shares as a result of warrants exercised	275,589	(275,313)	(276)	-	-	-	-	-
Additional ordinary shares as a result of conversion of unsecured debt to equity	1,032,812	-	-	(1,032,812)	-	-	-	-
Additional ordinary shares as a result of conversion of debt in excess of collateral value to equity	461,378	-	-	-	(461,378)	-	-	-
Adjust unsecured debt awaiting conversion to equity	-	-	-	(476,193)	-	-	476,193	-
Record accrued interest of unsecured debt awaiting conversion to equity	-	-	-	-	-	-	(2,173)	(2,173)
Share subscriptions received in advance	-	-	10	-	-	-	-	10
Net earnings for the period	-	-	-	-	-	-	597,902	597,902
<b>Balance - as at 30 June 2004</b>	<u>7,793,941</u>	<u>(336,930)</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,740,694)</u>	<u>4,716,327</u>
<b>Balance - as at 1 January 2005</b>	4,682,162	(346,583)	14	-	-	40,000	758,363	5,133,956
Additional ordinary shares as a result of warrants exercised	8,366	(8,352)	(14)	-	-	-	-	-
Share subscriptions received in advance	-	-	8	-	-	-	-	8
Dividend paid (Note 17)	-	-	-	-	-	-	(312,702)	(312,702)
Net earnings for the period	-	-	-	-	-	-	316,733	316,733
<b>Balance - as at 30 June 2005</b>	<u>4,690,528</u>	<u>(354,935)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>762,394</u>	<u>5,137,995</u>

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

(UNAUDITED BUT REVIEWED)

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**1. GENERAL INFORMATION**

**1.1 Basis for preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, the statements of earnings, changes in shareholders’ equity and cash flows, to bring them into line with the full format used in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.2 Basis of consolidation**

These consolidated financial statement included the financial statements of Property Perfect Public Company Limited (hereinafter called as “the Company”) and its subsidiaries as follows :-

Nature of business	Paid up capital		Percentage of shares held by the Company		Total assets of subsidiaries which included in consolidated balance sheets		
	30 June	31 December	30 June	31 December	30 June	31 December	
	2005	2004	2005	2004	2005	2004	
	Million	Million	Percent	Percent	Percent	Percent	
	Baht	Baht					
		(Audited)		(Audited)		(Audited)	
<b><u>Increase of investment in subsidiary from debt and capital restructuring</u></b>							
Estate Perfect Company Limited <sup>(1)</sup>	Property development	1,000	950	100.00	100.00	10.79	10.00
<b><u>A newly established subsidiary company</u></b>							
Perfect Satellite Services Company Limited	Club house management	1	1	99.94	99.94	0.30	0.02

<sup>(1)</sup> Change status from an associated company to a subsidiary company in the first quarter 2004.

**1.3 Significant accounting policies**

(UNAUDITED BUT REVIEWED)

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2004.

## 2. TRADE ACCOUNTS RECEIVABLE

As at 30 June 2005 and 31 December 2004, trade accounts receivable were classified by aging as follows:

-

(Unit : Thousand Baht)

	Consolidated				Total
	As at 30 June 2005				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	
Accounts receivable - installments	10,764	2,084	271	-	13,119
Accounts receivable at transfer date	5,545	-	6,722	10,081	22,348
Total	16,309	2,084	6,993	10,081	35,467
Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	16,309	2,084	6,993	-	25,386

(Unit : Thousand Baht)

	Consolidated				Total
	As at 31 December 2004 (Audited)				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	
Accounts receivable - installments	13,986	50	-	-	14,036
Accounts receivable at transfer date	8,055	1,213	69	10,081	19,418
Total	22,041	1,263	69	10,081	33,454
Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	22,041	1,263	69	-	23,373

(Unit : Thousand Baht)

	The Company Only				Total
	As at 30 June 2005				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	
Accounts receivable - installments	9,749	2,084	271	-	12,104
Accounts receivable at transfer date	5,545	-	6,722	10,081	22,348
Total	15,294	2,084	6,993	10,081	34,452

## (UNAUDITED BUT REVIEWED)

Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	15,294	2,084	6,993	-	24,371

(Unit : Thousand Baht)

## The Company Only

As at 31 December 2004 (Audited)

	Less than 3 months	3 – 6 months	6 – 12 months	Over 12 months	Total
Accounts receivable - installments	13,410	36	-	-	13,446
Accounts receivable at transfer date	7,210	1,214	69	10,081	18,574
Total	20,620	1,250	69	10,081	32,020
Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	20,620	1,250	69	-	21,939

The Company believes that the allowance for doubtful debts as set up in the accounts is adequate at this stage.

**3. PROJECT DEVELOPMENT COSTS**

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004 (Audited)	30 June 2005	31 December 2004 (Audited)
Land costs	9,529,306	8,835,277	8,737,641	8,043,612
Development costs	4,723,358	4,327,776	4,425,245	4,055,334
Construction costs	10,389,150	9,430,501	10,055,061	9,236,447
Capitalised interest	3,500,966	3,315,195	3,304,881	3,119,111
Total	28,142,780	25,908,749	26,522,828	24,454,504
Less : Transferred to cost of sales	(18,999,816)	(17,586,327)	(18,676,175)	(17,455,386)
Land transferred to settle debt under rehabilitation plan	(1,453,236)	(1,453,236)	(1,453,236)	(1,453,236)
	7,689,728	6,869,186	6,393,417	5,545,882
Less : Provision for loss on diminution in value	(613,814)	(629,902)	(468,597)	(475,355)
Project development costs, net	7,075,914	6,239,284	5,924,820	5,070,527

(UNAUDITED BUT REVIEWED)

As stipulated in the business rehabilitation plan, the Company hired an independent appraiser to appraise the value of “Project development costs” so that ownership of collateral could be transferred to the secured creditors at the reappraised value. In December 2003, the Company transferred plots of land which had been placed as collateral for certain secured creditors, in settlement of outstanding debts stipulated in the business rehabilitation plan. However, some overseas creditors with debts amounting to Baht 476.5 million, are unable to receive ownership of land, and land amounting to Baht 336.6 million is consequently awaiting transfer. The Company has appointed a local bank to hold the land in trust for these creditors until ownership of the land can be transferred.

The Company and its subsidiary’s project land and construction thereon with a net book value of Baht 3,661.4 million as at 30 June 2005 (31 December 2004 : Baht 4,941.0 million), have been mortgaged with banks and financial institutions as collateral for short-term loans, long-term loans and creditors per rehabilitation plan.

#### 4. ADVANCES TO OTHER COMPANY

The outstanding balance represents land costs which the Company paid in advance on behalf of a company, the counter party to an agreement with the Company, concerning the future project development. That company has mortgaged the land to secure the Company’s debentures.

#### 5. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

##### Subsidiary Companies

(Unit : Thousand Baht)

	The Company Only			
	As at 30 June 2005			
<u>Companies</u>	<u>Percentage owned by the Company</u>	<u>Cost</u>	<u>Investment accounted for under equity method</u>	<u>Dividend</u>
- Estate Perfect Company Limited <sup>(1)</sup> (hereinafter called “Estate”)	100.00	538,459	573,059	-
- Perfect Satellite Services Company Limited	99.94	999	3,156	-
		<u>539,458</u>	<u>576,215</u>	<u>-</u>

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Company Only				
As at 31 December 2004 (Audited)				
<u>Companies</u>	Percentage owned by the Company	Cost	Investment accounted for under equity method	Dividend
- Estate Perfect Company Limited <sup>(1)</sup>	100.00	488,459	459,669	-
- Perfect Satellite Services Company Limited	99.94	999	1,882	-
		<u>489,458</u>	<u>461,551</u>	<u>-</u>

**Associated Company**

(Unit : Thousand Baht)

Consolidated and the Company Only				
As at 30 June 2005				
<u>Company</u>	Percentage owned by the Company	Cost	Investment accounted for under equity method	Dividend
- Krungthep Land Company Limited	30.00	299,999	361,984	-
(hereinafter called "Krungthep Land")		<u>299,999</u>	<u>361,984</u>	<u>-</u>

(Unit : Thousand Baht)

Consolidated and the Company Only				
As at 31 December 2004 (Audited)				
<u>Company</u>	Percentage owned by the Company	Cost	Investment accounted for under equity method	Dividend
- Krungthep Land Company Limited	30.00	299,999	349,074	-
		<u>299,999</u>	<u>349,074</u>	<u>-</u>

<sup>(1)</sup> Change status from an associated company to a subsidiary company in the first quarter 2004.

The Company has guaranteed loan facilities of an associated and a subsidiary companies from banks and financial institutions of Baht 1,005 million.

(UNAUDITED BUT REVIEWED)

However, this associated company (Krungthep Land) had guaranteed part of the Company's debt and in December 2003, Krungthep Land (as the guarantor of the Company's debt) repaid such debt to the creditor financial institution per the Company's rehabilitation plan and redeemed the collateral. As a result of this transaction, Krungthep Land surrendered its rights as a creditor under the Company's rehabilitation plan. On 23 January 2004, the Company registered a share capital increase with the Ministry of Commerce. This represented the 9,200,000 ordinary shares with a par value of Baht 10 issued in order to convert the unsecured debt of Krungthep Land to equity.

On 19 July 2004, an Extraordinary General Meeting of the Shareholders of Krungthep Land approved that company's increasing its registered and paid up share capital from Baht 500 million to Baht 1,000 million to be offered to its existing shareholders. A meeting of the Company's directors approved the purchase of Baht 150 million of this additional capital (15,000,000 ordinary shares with a par value of Baht 10 each) in order to maintain the Company's existing shareholding structure in Krungthep Land.

A creditor financial institution of another associated company (Estate) sued Estate and the Company, as the guarantor of loan. The Company set aside provision totalling Baht 1,367 million for loss on its investment in Estate and subsequently adjusted such balance in accordance with the amounts notified by the Comptroller in Bankruptcy, recording the net balances as unsecured creditors and unsecured debt awaiting conversion to equity in accordance with the rehabilitation plan.

On 30 December 2003, Estate entered into debt restructuring agreement with the creditor financial institution. Under the agreement, the Company is still the guarantor of Estate's loan and the financial institution is granted the option receive repayment of debt from the Company under the rehabilitation plan or under the debt restructuring agreement between it and Estate.

In March 2004, Estate repaid its debt in accordance with the debt restructuring agreement made with such financial institution, resulting in a surrender of rights of claim between such financial institution and the Company. The Company recorded the gain on the above balances, amounting to Baht 40.1 million, under the caption of "Creditors per rehabilitation plan" as "Gain from surrender of rights of claim" and presented it as a separate item in the earnings statement for the first quarter 2004. The outstanding balances, amounting to approximately Baht 476.2 million, which are presented as "Unsecured debt awaiting conversion to equity", were adjusted against the deficit.

(UNAUDITED BUT REVIEWED)

On 25 December 2003, an Extraordinary General Meeting of the Shareholders of Estate approved an increase in its registered and paid up share capital from Baht 450 million (45,000,000 ordinary shares at a par value of Baht 10 each) to Baht 950 million (95,000,000 ordinary shares at a par value of Baht 10 each) in order to achieve the debt and capital restructuring which will be discussed as follows.

On 27 February 2004, a meeting of the Company's directors approved Estate's debt and capital restructuring, described below:-

1. According to a memorandum between the Company and another company dated 18 October 2002, under which that company agreed to surrender its right to claim settlement of Baht 236.46 million from the Company (formerly presented under "Creditors per rehabilitation plan" and "Unsecured debt awaiting conversion to equity"), with such surrender to be treated as settlement of an advance of Baht 195 million with the Company (the Company recorded the gain on such transaction, amounting to Baht 41.46 million, as "Gain from surrender of rights of claim", presenting it as an extraordinary item in the earnings statement of the year 2002). In addition, that company is to pass on to the Company all the benefits it receives, with 23,646,000 ordinary shares in Estate with a par value of Baht 10 each to be transferred to the Company, as stipulated in the memorandum. The Company therefore recorded the effect of these transactions, amounting to approximately Baht 139.5 million, under "Reversal of cost of investment written-off" as a separate item in the earnings statement for the first quarter 2004.
2. In accordance with a letter of intent to covert debt to equity dated 3 March 2004, the Company has recorded loans to a related company amounting to approximately Baht 143.4 million as an investment in Estate, with the Company receiving 14,340,520 ordinary shares with a par value of Baht 10 each. The Company thus had goodwill of Baht 58.8 million as a result of such transaction.
3. The Company purchased ordinary shares of Estate from another Estate's shareholder for Baht 60.0 million (15,000,000 ordinary shares with a par value of Baht 10 each). The Company thus had Baht 28.5 million of negative goodwill as a result of such transaction.

As a result of the above debt and capital restructuring, the percentage holding of the Company in Estate increased to 76.30 percent, resulting in a change in its status from an associated company to a subsidiary company. Therefore, Estate's financial statement has been included in the consolidated financial statements of the first quarter 2004. For circumspectness, the Company considered to amortise goodwill which described above in 2 and 3, totaling Baht 30.3 million, to be expense, under the caption of "Amortisation goodwill" as a separate item in the earnings statement for the first quarter 2004.

(UNAUDITED BUT REVIEWED)

Valuation of acquired assets and liabilities as at the acquisition date of investment in subsidiary can be summarized below :-

	(Unit : Thousand Baht)
Cash and cash equivalents	9,514
Project development costs	1,044,245
Property, plant, and equipment, net	5,685
Other current assets	266
Trade accounts payable	(12,523)
Deposits payable and cash received in advance	(783)
Other current liabilities	(2,274)
Loans from related companies and interest payable	(89,457)
Long-term loan	(545,000)
Total net assets	409,673
Less : Minority interests	(97,093)
Less : Convertible debt to equity	(143,405)
Less : Reversal of cost of investment written-off	(139,485)
Add : Goodwill	30,310
Cash payments for purchase of investment in subsidiary	60,000
Less : Cash and cash equivalents of subsidiary	(9,514)
Net cash paid for acquisition of investment in subsidiary	50,486

On 18 June 2004, a meeting of the Company's directors approved the purchase of ordinary shares from Estate's remaining shareholder for Baht 90.1 million. The Company received 22,513,479 ordinary shares with a par value of Baht 10 each and the transaction thus resulted in negative goodwill amounting to Baht 8.7 million. As a result of such transaction, the percentage of holding of the Company in Estate increased to 100.00 percent and the Company considered to recognize the negative goodwill together with goodwill arising from the debt and capital restructuring of Estate. Amortization of goodwill thus amounted to Baht 21.6 million, and this was presented under the caption of "Amortisation goodwill" as a separate item in the earnings statement for the year 2004.

On 30 March 2005, an Extraordinary General Meeting of the shareholders of Estate approved that company's increasing its registered and paid up share capital from Baht 950 million to Baht 1,000 million to be offered to its existing shareholders. A meeting of the Company's directors approved the purchase of this additional ordinary shares of Baht 50 million (5,000,000 ordinary shares of Baht 10 each) in order to maintain the Company's existing shareholding structure in Estate.

(UNAUDITED BUT REVIEWED)

## 6. LAND HELD FOR DEVELOPMENT

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004 (Audited)	30 June 2005	31 December 2004 (Audited)
Land costs	4,745,167	5,194,130	4,628,423	5,194,130
Development costs	137,001	148,069	137,001	148,069
Construction costs	17,450	18,930	17,450	18,930
Capitalised interest	801,616	952,581	801,616	952,581
Total	5,701,234	6,313,710	5,584,490	6,313,710
Less : Transferred to cost of sales	(446,025)	(326,025)	(446,025)	(326,025)
Transferred of land for debt restructuring	(1,540,946)	(1,540,946)	(1,540,946)	(1,540,946)
Land transferred to settle debt under rehabilitation plan	(222,073)	(222,073)	(222,073)	(222,073)
	3,492,190	4,224,666	3,375,446	4,224,666
Less : Provision for loss on diminution in value	(308,774)	(448,490)	(308,774)	(448,490)
Land held for development, net	<u>3,183,416</u>	<u>3,776,176</u>	<u>3,066,672</u>	<u>3,776,176</u>

As stipulated in the business rehabilitation plan, the Company hired an independent appraiser to appraise the value of “Land held for development” so that ownership of collateral could be transferred to the secured creditors at the reappraised value. In December 2003, the Company transferred plots of land which had been placed as collateral for certain secured creditors, in settlement of outstanding debts stipulated in the business rehabilitation plan. However, some overseas creditors with debts amounting to Baht 73.3 million, are unable to receive ownership of land, and land amounting to Baht 51.8 million is consequently awaiting transfer. The Company has appointed a local bank to hold the land in trust for these creditors until ownership of the land can be transferred.

The above land held for development, of which the net book value as at 30 June 2005 was Baht 2,343.9 million (31 December 2004 : Baht 3,073.0 million), has been mortgaged with banks and financial institutions as collateral for short-term loans, debentures, long-term loans, creditors per rehabilitation plan and as bank guarantees for public utilities works.

(UNAUDITED BUT REVIEWED)

During the current period, the Company had a plot of land, which is part of the land awaiting development, appraised by an independent appraiser. According to the appraisal report, the fair value of that plot of land was approximately Baht 70 million higher than its book value. The Company therefore reversed the provision for loss on diminution in value, shown as a separate item in the earnings statement for the current period (as the Company previously recorded the provision for loss on diminution in value amounting to Baht 127 million).

Since the Company did not plan to develop this plot of land, with the approval of the Company's directors, the Company sold the land to a company whose major shareholder is a director of a related company. The abovementioned transaction is not classified by the Company as a related party transaction since the purchaser is independent from the Company and the transaction amount is based on the fair market value with no influence from any persons.

## **7. ADVANCES FOR PURCHASE OF LAND**

Approximately Baht 52.1million (The Company Only : Baht 24.9 million) of the above balance represents advance paid to landowners by the Company and its subsidiary under agreements to purchase and to sell land already signed with the landowners by an agent on behalf of the Company and approximately Baht 726.2 million (The Company Only : Baht 726.2 million) were paid to a landowner who is the Company's shareholder. The land purchases were approved by resolutions of the Company's executive committee.

As at 30 June 2005, the Company and its subsidiary are contracted to purchase and to sell land amounting to Baht 1,225.1 million (The Company Only : Baht 1,130.6).

The remaining advance, amounting to approximately Baht 484.3 million (The Company Only : Baht 385.9 million), have been paid to an agent in acquiring land and agreements to purchase and to sell land are still in the process of being signed with landowner.

The outstanding balance of such advances will be recognised as part of land costs when the title to the related land is transferred to the Company and its subsidiary.

During the current period, the Company and its subsidiary had filed to transfer land ownership with the Land Department. Subsequent to the financial statement date, ownership to a part of the land worth Baht 611.3 million was transferred to the Company and its subsidiary, Baht 114.9 million of which was originally owned by the Company's shareholder. The Company and its subsidiary therefore recorded Baht 552.9 million (The Company Only : Baht 492.5 million) of advance for purchase of land as land costs. Nevertheless, part of advance for purchase of land is still in the process of being transferred ownership with the Land Department amounting to Baht 663.4 million.

(UNAUDITED BUT REVIEWED)

#### 8. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

During the current period, the Company has loaned from financial institutions by issuing discounted bills of exchange of Baht 1,575 million, which carry interest at the discount rate, between 3.90 and 4.50 percent per annum, and mature in one year.

#### 9. DEBENTURES/CURRENT PORTION OF DEBENTURES

	(Unit : Thousand Baht)	
	<u>Consolidated and the Company Only</u>	
	<u>30 June 2005</u>	<u>31 December 2004</u>
		(Audited)
Secured debentures 1/2004# 1	450,000	450,000
Secured debentures 1/2004# 2	750,000	750,000
Secured debentures 2/2004# 3	<u>350,000</u>	<u>350,000</u>
Total	1,550,000	1,550,000
Less : Current portion of debentures	<u>(450,000)</u>	<u>-</u>
Debentures, net of current portion	<u>1,100,000</u>	<u>1,550,000</u>

#### 10. LONG-TERM LOANS/CURRENT PORTION OF LONG-TERM LOANS

During the current period, the Company has loaned from a financial institution under the following credit facilities.

- (a) A facility of Baht 275 million subject to interest at a rate tied to the minimum loan rate (MLR) per annum and secured by the guarantee of the Company's directors and the mortgage of parts of the Company's project land and construction thereon. It is to be repaid each time a plot of land is redeemed from mortgage, at a rate of not less than 65 percent of the selling price, which is not to be less than the amount informed to the bank. Any remaining balance is to be repaid within March 2008. As at 30 June 2005, the Company had drawn down Baht 142.8 million of such facility.
- (b) A facility of Baht 742 million subject to interest at a rate tied to the minimum loan rate (MLR) per annum and secured by the guarantee of the Company's directors and the mortgage of parts of the Company's project land and construction thereon. It is to be repaid each time a plot of land is redeemed from mortgage, at a rate of not less than 65 percent of the selling price, which is not to be less than the amount informed to the bank. Any remaining balance is to be repaid within June 2009. As at 30 June 2005, the Company had drawn down Baht 624.0 million of such facility.

Under the loan agreements, there are normal covenants relating to various matters on behalf of the normal business.

(UNAUDITED BUT REVIEWED)

## 11. CREDITORS PER REHABILITATION PLAN / CURRENT PORTION OF CREDITORS PER REHABILITATION PLAN

Details and the movements of creditors per rehabilitation plan during the period are as follows :-

(Unit : Thousand Baht)

	Consolidated and the Company Only			
	31 December 2004	Repayment	Less current portion	30 June 2005
	(Audited)			
Down payments and deposits payable	144	-	(144)	-
Secured creditors	833,224	(700,889)	-	132,335
Unsecured creditors	515,931	-	-	515,931
Total	1,349,299	<u>(700,889)</u>	<u>(144)</u>	<u>648,266</u>
Less : Current portion	<u>(117,017)</u>			
Creditors per rehabilitation plan, net of current portion	<u>1,232,282</u>			

## 12. SHARE CAPITAL

A resolution of an extraordinary general meeting of the Company's shareholders on 24 May 2004 approved a reduction in registered capital. The Company is to reduce its registered capital from Baht 12,000 million to Baht 7,200 million, through a reduction in the par value of the Company's ordinary shares from Baht 10 to Baht 6, while paid up share capital will decrease from Baht 7,803,604,440 (780,360,444 ordinary shares of Baht 10 each) to Baht 4,682,162,664 (780,360,444 ordinary shares of Baht 6 each), in order to offset deficit of Baht 3,121,441,776. The Company registered decrease in its capital with the Ministry of commerce on 26 August 2004.

On 7 April 2005, a resolution of a general meeting of the Company's shareholders approved a reduction in its registered capital from Baht 7,200,000,000 (1,200,000,000 ordinary shares of Baht 6 each) to Baht 4,779,565,176 (796,594,196 ordinary shares of Baht 6 each) and an increase in its registered capital to Baht 5,013,565,176 (835,594,196 ordinary shares of Baht 6 each) which are reserved for the exercise of rights to purchase the Company's ordinary shares of the Company's directors and employees as discussed in Note 13. The Company registered decrease and increase in its capital with the Ministry of Commerce on 21 April 2005 and 22 April 2005, respectively.

(UNAUDITED BUT REVIEWED)

As at 30 June 2005, the Company's issued and paid up share capital has increased to Baht 4,690,528,140 (781,754,690 ordinary shares of Baht 6 each), with Baht 8,365,476 of such total (1,394,246 ordinary shares of Baht 6 each) being the result of the exercise of warrants in December 2004. The Company registered increases in its capital with the Ministry of Commerce on 12 January 2005.

Subsequently, the Company registered an increase in its capital of Baht 4,682,010 (780,335 ordinary shares of Baht 6 each) with the Ministry of Commerce on 7 July 2005, being the result of the exercise of the warrants discussed in Note 13.

### **13. WARRANTS**

In December 2004, the Company received advance subscription of Baht 0.01 per share to 1,394,246 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 13,942. The Company registered the resulting increase of Baht 8,365,476 in its capital with the Ministry of Commerce on 12 January 2005 (as discussed in Note 12), resulting in a share discount totaling Baht 354,934,794.

On 7 April 2005, the general meeting of the Company's shareholders approved the cancellation of warrants issue to the Company's creditor per rehabilitation plan of 2,073,229 warrants and approved the issue of 39,000,000 warrants to directors and/or employees of the Company (ESOP), at no cost. The warrant entitled the holders to subscribe to the Company's ordinary shares in a ratio of 1 warrant per 1 ordinary share, a price of Baht 6 each, and are exercisable for 5 years from the issue date. Currently, the Company has not yet lodged an application to issue such warrants with the Office of the Securities and Exchange Commission.

Subsequently, in June 2005, the Company received advance subscription of Baht 0.01 per share to 780,335 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 7,803. The Company registered the resulting increase of Baht 4,682,010 in its capital with the Ministry of Commerce on 7 July 2005. As at 30 June 2005, there were a total of 14,059,171 outstanding unexercised warrants.

(UNAUDITED BUT REVIEWED)

**14. RELATED PARTY TRANSACTIONS**

During the periods, the Company had significant business transactions with its subsidiaries, associated and related companies (related by the way of common shareholders or common directors). These transactions were in the ordinary course of business of the Company and these financial statements therefore reflect the results of the transactions on the basis agreed between the parties. The significant transactions are summarised below :-

(Unit : Million Baht)

	The Company Only				Pricing policy
	For the three-month periods		For the six-month periods		
	ended 30 June		ended 30 June		
	2005	2004	2005	2004	
<b>Transactions with subsidiary company</b>					
Interest income	4.0	0.8	6.4	1.2	4 percent per annum
Project management income	3.7	-	3.7	-	By mutual agreement
Club house management expense	2.1	2.0	4.3	3.5	By mutual agreement

The outstanding balances of the above transactions are shown as separate items in the balance sheets as follows: -

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 June	31 December	30 June	31 December
	2005	2004	2005	2004
	(Audited)		(Audited)	
<u>Amounts due from related company</u>				
Estate Perfect Company Limited <sup>(1)</sup>	-	-	3,659	-
Amounts due from related company	-	-	3,659	-
<u>Loans to related companies and interest receivable</u>				
<b>Loans to subsidiary company</b>				
Estate Perfect Company Limited <sup>(1)</sup>	-	-	376,878	196,552
Less : Provision for doubtful debts	-	-	(474)	(474)
	-	-	376,404	196,078
<b>Interest receivable from subsidiary company</b>				
Estate Perfect Company Limited <sup>(1)</sup>	-	-	11,691	5,309
<b>Loans and interest receivable from subsidiary company, net</b>	-	-	<b>388,095</b>	<b>201,387</b>

<sup>(1)</sup> Change status from an associated company to a subsidiary company in the first quarter 2004.

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 June	31 December	30 June	31 December
	2005	2004	2005	2004
		(Audited)		(Audited)
<b>Loans to associated company</b>				
Krungthep Land Company Limited	114,091	114,091	114,091	114,091
<b>Interest receivable from associated company</b>				
Krungthep Land Company Limited	61,687	61,687	61,687	61,687
Less : Provision for doubtful debts	(57,303)	(57,303)	(57,303)	(57,303)
	4,384	4,384	4,384	4,384
<b>Loans and interest receivable form associated company, net</b>	<b>118,475</b>	<b>118,475</b>	<b>118,475</b>	<b>118,475</b>
<b>Loans to related company</b>				
Real Service Company Limited	2,298	2,298	2,298	2,298
<b>Interest receivable from related company</b>				
Real Service Company Limited	2,612	2,612	2,612	2,612
Less : Provision for doubtful debts	(2,494)	(2,494)	(2,494)	(2,494)
	118	118	118	118
<b>Loans and interest receivable from related company, net</b>	<b>2,416</b>	<b>2,416</b>	<b>2,416</b>	<b>2,416</b>
Loans to related companies and interest receivable, net	120,891	120,891	508,986	322,278
<u>Amounts due to related company</u>				
Perfect Satellite Services Company Limited	-	-	2,278	805
Amounts due to related company	-	-	2,278	805

<sup>(1)</sup> Change status from an associated company to a subsidiary company in the first quarter 2004.

On 27 February 2004, a meeting of the Company's directors passed a resolution approving the debt and capital restructuring of Estate Perfect Company Limited as discussed in Note 5. As a result, the Company has recorded reversal of provision for doubtful debts amounting to approximately Baht 143.4 million as a separate item in the earnings statements of the first quarter 2004 and recorded a loan as investment in the subsidiary company amounting to approximately Baht 143.4 million, with the Company receiving 14,340,520 ordinary shares with a par value of Baht 10 each in accordance with the letter of intent to convert debt to equity dated 3 March 2004.

(UNAUDITED BUT REVIEWED)

On 25 August 2004, a meeting of the Company's directors passed a resolution approving a memorandum of debt settlement with an associated company, Krungthep Land, dated 30 July 2004. Krungthep Land has debt to the Company totaling approximately Baht 164.2 million. The Company settled indebtedness of Krungthep Land which is a creditor of the Company totaling Baht 7.7 million. Under the memorandum the Company also received land amounting to approximately Baht 40.7 million in partial payment, with Krungthep Land responsible for the land transfer expenses, amounting to approximately Baht 2.7 million. As a result the outstanding balance of loans to and interest receivable from Krungthep Land amounts to approximately Baht 118.5 million.

Subsequently on 11 August 2005, a meeting of the Company's directors passed a resolution approving the proposal of debt restructuring from Krungthep Land, dated 10 August 2005. The outstanding balance of loans to and interest receivable from Krungthep Land amounts to approximately Baht 118.5 million. The repayment schedule was extended until August 2006 and divided into 5 installments, with the first installments of Baht 5 million to be made on the date of debt restructuring agreement. Subsequently, the following installments totaling Baht 113.5 million are to be made from November 2005 to August 2006. Currently, the Company is in process of sign on debt restructuring agreement with Krungthep Land.

**15. DEFERRED GAIN ON DEBT RESTRUCTURING / CURRENT PORTION OF DEFERED GAIN ON DEBT RESTRUCTURING / REVERSAL OF DEFERRED GAIN ON DEBT RESTRUCTURING**

During the current period, the Company made earlier than normal payment of debt under the rehabilitation plan to a secured creditor. The Company therefore reversed deferred gain on debt restructuring, presenting it as a separate item in the earnings statement of the current period.

**16. CORPORATE INCOME TAX**

The Company has no corporate income tax to be payable on earnings for the three-month and six-month periods ended 30 June 2005 since the losses brought forward from prior years exceeded net earnings for the periods.

Its subsidiary calculated corporate income tax for the three-month and six-month periods ended 30 June 2005 on net earnings after adding back certain expenses which are disallowable for tax computation purposes.

**17. DIVIDENDS**

A resolution of General Meeting of the Company's shareholders on 7 April 2005, it was resolved that the Company pay a dividend of Baht 0.40 per share (totaling Baht 312.7 million) in respect of the year 2004 earnings.

(UNAUDITED BUT REVIEWED)

**18. RECONCILIATION OF DILUTED EARNINGS PER SHARE**

Consolidated and the Company Only						
For the three-month periods ended 30 June						
Net earnings		Weighted Average number of ordinary shares		Earnings per share		
<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Thousand Baht		Thousand shares		Baht		
Basic earnings per share						
Net earnings	240,996	256,779	781,780	779,405	0.31	0.33
Effect of dilutive potential ordinary shares						
Warrants 14,059,171 units						
(2004 : 18,306,981 units) Note 13						
-	-	14,928	19,241	-	-	
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>240,996</u>	<u>256,779</u>	<u>796,708</u>	<u>798,646</u>	<u>0.30</u>	<u>0.32</u>	

  

Consolidated and the Company Only						
For the six-month periods ended 30 June						
Net earnings		Weighted Average number of ordinary shares		Earnings per share		
<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Thousand Baht		Thousand shares		Baht		
Basic earnings per share						
Net earnings	316,733	597,902	781,768	749,947	0.41	0.80
Effect of dilutive potential ordinary shares						
Warrants 14,059,171 units						
(2004 : 18,306,981 units) Note 13						
-	-	15,902	19,254	-	-	
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>316,733</u>	<u>597,902</u>	<u>797,670</u>	<u>769,201</u>	<u>0.40</u>	<u>0.78</u>	

(UNAUDITED BUT REVIEWED)

## **19. BANK GUARANTEES**

As at 30 June 2005, there were outstanding bank guarantees of Baht 283.7 million (31 December 2004 : Baht 203.9 million) issued by the banks on behalf of the Company and its subsidiary to the Land Allocation Controlling Committee and as securities for public utilities works, and electricity and water usage.

## **20. COMMITMENTS**

As at 30 June 2005, the Company and its subsidiary had the following outstanding commitments.

20.1 The Company and its subsidiary had the outstanding commitment in respect of construction contracts of land and houses projects of which the Company and its subsidiary had already entered into contract with subcontractors of approximately Baht 554.7 million.

20.2 The Company and its subsidiary have commitments of approximately Baht 446.8 million in respect of the purchase of land under an agreement to purchase and to sell land.

## **21. FINANCIAL INFORMATION BY SEGMENT**

The Company and its subsidiaries' operations involve principally a single industry segment, property development, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## **22. RECLASSIFICATION**

Certain amounts in the balance sheet as at 31 December 2004 and the earnings statements for the three-month and six-month periods ended 30 June 2004 have been reclassified to conform to current period classification, with no effect on previously reported net earnings or shareholders' equity.

## **23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's directors.