

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 September 2005, the related consolidated earnings statements for the three-month and nine-month periods ended 30 September 2005 and 2004, and the statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 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 : 31 October 2005

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated		The Company Only	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		459,869	351,705	431,986	322,753
Short-term investment		50,000	-	50,000	-
Trade accounts receivable, net	2	38,225	23,373	36,734	21,939
Amounts due from related company	14	-	-	456	-
Project development costs, net	3	6,926,285	6,239,284	5,841,698	5,070,527
Other current assets					
Advances to contractors, net		17,401	25,272	17,401	24,846
Prepaid expenses		13,477	6,283	13,477	6,283
Others		38,049	27,803	32,955	26,019
TOTAL CURRENT ASSETS		7,543,306	6,673,720	6,424,707	5,472,367
NON-CURRENT ASSETS					
Restricted deposits		340	3,180	340	3,180
Loans to related companies and interest receivable, net	14	115,891	120,891	420,685	322,278
Advances to other company	4	183,501	183,501	183,501	183,501
Investments accounted for under equity method - subsidiary companies	5	-	-	634,090	461,551
Investments accounted for under equity method - associated company	5	365,350	349,074	365,350	349,074
Other long-term investments, net		4,834	4,867	4,834	4,867
Land held for development, net	6	3,925,326	3,776,176	3,660,391	3,776,176
Advances for purchase of land	7	777,322	722,137	720,167	702,137
Property, plant and equipment, net		434,870	379,788	423,159	368,371
Other non-current assets					
Withholding tax deducted at source		133,732	97,323	124,891	95,214
Others		18,538	16,241	18,103	16,129
TOTAL NON-CURRENT ASSETS		5,959,704	5,653,178	6,555,511	6,282,478
TOTAL ASSETS		13,503,010	12,326,898	12,980,218	11,754,845

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 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	8	1,725,008	402,951	1,725,008	402,950
Trade accounts payable		308,965	231,941	274,350	202,418
Amounts due to related company	14	-	-	1,063	805
Deposits payable and cash received in advance		114,490	42,121	97,106	33,840
Current portion of debentures	9	1,200,000	-	1,200,000	-
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		19,074	38,825	19,000	38,469
Accrued expenses		58,567	74,629	53,541	70,579
Others		50,414	52,202	43,429	45,408
TOTAL CURRENT LIABILITIES		3,491,021	1,018,066	3,428,000	969,866
NON-CURRENT LIABILITIES					
Debentures, net of current portion	9	350,000	1,550,000	350,000	1,550,000
Long-term loans, net of current portion	10	3,614,743	3,263,406	3,154,972	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	1,756	52,804	1,756	52,804
Liabilities under financial lease agreements, net of current portion		12,856	7,799	12,856	7,799
Deposits and cash received in advance for sublease agreement		66,044	68,585	66,044	68,585
TOTAL NON-CURRENT LIABILITIES		4,693,665	6,174,876	4,233,894	5,651,023
TOTAL LIABILITIES		8,184,686	7,192,942	7,661,894	6,620,889

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 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(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					
782,535,025 ordinary shares of Baht 6 each					
(31 December 2004 : 780,360,444 ordinary shares of Baht 6 each)		4,695,210	4,682,162	4,695,210	4,682,162
Share discount	13	(359,609)	(346,583)	(359,609)	(346,583)
Share subscriptions received in advance	13	-	14	-	14
Retained earnings					
Appropriated - statutory reserve		40,000	40,000	40,000	40,000
Unappropriated		942,723	758,363	942,723	758,363
TOTAL SHAREHOLDERS' EQUITY		5,318,324	5,133,956	5,318,324	5,133,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,503,010	12,326,898	12,980,218	11,754,845
		0	0	0	0

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

DIRECTORS

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PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
REVENUES					
Revenues from sales of land and houses		1,363,338	1,066,423	1,101,391	1,056,453
Other income					
Interest income		2,659	3,746	6,897	3,746
Revenues from forfeiture of down payments		1,461	1,136	1,256	1,071
Share of profit from investments accounted for under equity method - subsidiary companies	5	-	-	57,876	-
Share of profit from investments accounted for under equity method - associated company	5	3,366	18,523	3,366	18,523
Reversal of deferred gain on debt restructuring		-	7,759	-	7,759
Others		6,981	8,906	6,049	5,249
TOTAL REVENUES		1,377,805	1,106,493	1,176,835	1,092,801
EXPENSES					
Costs of sales of land and houses		877,948	669,909	707,940	659,940
Selling and administrative expenses		248,579	238,396	224,387	231,435
Share of loss from investments accounted for under equity method - subsidiary company	5	-	-	-	3,453
TOTAL EXPENSES		1,126,527	908,305	932,327	894,828
EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAXES					
		251,278	198,188	244,508	197,973
INTEREST EXPENSES		(69,591)	(33,546)	(64,179)	(33,331)
CORPORATE INCOME TAXES	16	(1,358)	-	-	-
NET EARNINGS FOR THE PERIOD		180,329	164,642	180,329	164,642
EARNINGS PER SHARE					
Basic earnings per share (Baht)					
Net earnings	18	0.23	0.21	0.23	0.21
Weighted average number of ordinary shares (Thousand shares)					
		782,535	780,360	782,535	780,360
Diluted earnings per share (Baht)					
Net earnings	18	0.22	0.21	0.22	0.21
Weighted average number of ordinary shares (Thousand shares)					
		796,570	798,638	796,570	798,638

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
REVENUES					
Revenues from sales of land and houses		3,390,979	2,639,962	2,834,658	2,629,992
Revenues from sales of land held for development	6	120,000	-	120,000	-
Other income					
Interest income		8,495	10,586	19,115	10,576
Revenues from forfeiture of down payments		4,296	1,912	3,877	1,847
Reversal of cost of investment written-off	5	-	139,485	-	139,485
Share of profit from investment accounted for under equity method - subsidiary companies	5	-	-	122,539	-
Share of profit from investments accounted for under equity method - associated company	5	16,276	31,695	16,276	31,695
Gain from surrender of rights of claim	5	-	40,111	-	40,111
Reversal of provision of 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	7,759	49,108	7,759
Others		23,535	19,009	24,077	15,155
TOTAL REVENUES		3,683,589	3,033,924	3,260,550	3,020,025
EXPENSES					
Costs of sales of land and houses		2,206,533	1,623,773	1,853,154	1,613,804
Cost of sales of land held for development	6	120,000	-	120,000	-
Selling and administrative expenses		677,618	569,170	627,729	559,570
Share of loss from investments accounted for under equity method - subsidiary company	5	-	-	-	6,166
Amortisation goodwill	5	-	21,581	-	21,581
TOTAL EXPENSES		3,004,151	2,214,524	2,600,883	2,201,121
EARNINGS BEFORE INTEREST EXPENSES AND					
CORPORATE INCOME TAXES		679,438	819,400	659,667	818,904
INTEREST EXPENSES		(180,725)	(56,856)	(162,605)	(56,360)
CORPORATE INCOME TAXES	16	(1,651)	-	-	-
NET EARNINGS FOR THE PERIOD		497,062	762,544	497,062	762,544
EARNINGS PER SHARE					
Basic earnings per share (Baht)					
Net earnings	18	0.64	1.00	0.64	1.00
Weighted average number of ordinary shares (Thousand shares)					
		782,026	760,159	782,026	760,159
Diluted earnings per share (Baht)					
Net earnings	18	0.62	0.98	0.62	0.98
Weighted average number of ordinary shares (Thousand shares)					
		797,300	779,087	797,300	779,087

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash flows provided from (used in) operating activities :				
Net earnings for the period	497,062	762,544	497,062	762,544
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	-	-	(122,539)	6,166
Share of profit from investments accounted for under equity method - associated company	(16,276)	(31,695)	(16,276)	(31,695)
Amortisation goodwill	-	21,581	-	21,581
Depreciation and amortisation	63,598	16,568	62,625	16,202
Reversal of deferred gain on debt restructuring	(49,108)	(7,759)	(49,108)	(7,759)
Reversal of provision for loss on diminution in value	(70,900)	-	(70,900)	-
Rental received in advance recognition	(2,540)	(1,768)	(2,540)	(1,768)
Provision for loss on diminution in value of investments	33	611	33	611
Reversal of provision for doubtful account	-	(143,405)	-	(143,405)
Gain from surrender of rights of claim	-	(40,111)	-	(40,111)
Gain on sales of fixed assets	(400)	(3)	(400)	(3)
	<u>421,469</u>	<u>437,078</u>	<u>297,957</u>	<u>442,878</u>
Decrease (increase) in operating assets				
Trade accounts receivable	(14,852)	(4,415)	(14,795)	(4,415)
Amounts due from related company	-	-	(456)	-
Project development costs	167,030	(707,917)	69,539	(546,973)
Advances to contractors	7,871	7,298	7,445	7,298
Withholding tax deducted at source	(36,409)	(26,431)	(29,677)	(26,431)
Prepaid expenses	(46,605)	-	(46,605)	-
Interest receivable	(7,892)	(7,654)	(18,512)	(9,913)
Other current assets	(2,354)	(22,240)	956	(18,773)
Other non-current assets	(2,297)	(573)	(1,973)	(2,263)
Increase (decrease) in operating liabilities				
Trade accounts payable	77,024	(61,927)	71,932	(105,114)
Amounts due to related company	(805)	-	258	-
Deposits payable and cash received in advance	72,369	21,886	63,265	16,293
Accrued interest	(40,967)	(29,428)	(40,684)	(29,433)
Other current liabilities	(17,037)	(34,032)	(19,008)	(38,788)
Net cash provided from (used in) operating activities	<u>576,545</u>	<u>(428,355)</u>	<u>339,642</u>	<u>(315,634)</u>

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash flows provided from (used in) investing activities :				
Increase in short-term investment	(50,000)	-	(50,000)	-
Decrease in restricted deposits	2,840	-	2,840	-
Decrease (increase) in loans to related companies	5,000	(60,103)	(87,787)	(169,143)
Increase in advance to other company	-	(2,297)	-	(2,297)
Increase in land held for development	(781,444)	(914,245)	(516,509)	(914,245)
Increase in advances for purchase of land	(206,022)	(511,157)	(155,547)	(511,157)
Increase in property, plant and equipment, net	(65,850)	(56,884)	(64,584)	(51,623)
Cash paid for acquisition of investments in associated company	-	(150,000)	-	(150,000)
Net cash paid for acquisition of investments in subsidiaries (Note 5)	-	(50,486)	(50,000)	(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	(1,095,072)	(1,835,223)	(921,183)	(1,949,515)
Cash flows provided from (used in) financing activities :				
Increase in bank overdrafts and short-term loans				
from financial institutions	1,322,057	115,521	1,322,058	115,521
Cash received from issuance of bonds	-	1,550,000	-	1,550,000
Increase in long-term loans	323,775	1,312,320	387,857	1,272,320
Decrease in creditors per rehabilitation plan	(700,889)	(369,779)	(700,889)	(369,779)
Decrease in liabilities under financial lease agreements	(5,550)	-	(5,550)	-
Dividend paid	(312,702)	-	(312,702)	-
Net cash provided from financing activities	626,691	2,608,062	690,774	2,568,062
Net increase in cash and cash equivalents	108,164	344,484	109,233	302,913
Cash and cash equivalents at beginning of period	351,705	244,177	322,753	244,177
Cash and cash equivalents at end of period	459,869	588,661	431,986	547,090
Supplement cash flows information :				
Cash paid during the period for				
Interest expenses (included interest expenses				
which capitalised to land cost)	281,921	157,860	263,519	144,043
Corporate income tax and withholding tax deducted at source	37,880	26,431	29,677	26,431
Non-cash transactions				
Recorded interest on secured and unsecured creditors and unsecured debt				
awaiting conversion to equity	20,692	32,962	20,692	32,962
Recorded loan to subsidiary company to investment				
in subsidiary company	-	143,405	-	143,405
Reversal of unsecured debt awaiting conversion to equity	-	476,192	-	476,192
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	150,837	333,484	137,517	333,484
Transfer land held for development to project development cost	823,120	572,156	823,120	572,156
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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

Consolidated

	Issued and paid-up share capital		Share subscriptions received in advance	Unsecured debt awaiting conversion to equity	Debt in excess of collateral value awaiting conversion to equity	Retained earnings		Total
						Statutory reserve	Unappropriated (Deficit)	
Balance - as at 1 January 2004	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 exercise	285,252	(284,966)	(276)	-	-	-	-	10
Additional ordinary shares as a result of conversion of unsecured debt to equity	1,032,813	-	-	(1,032,813)	-	-	-	-
Additional ordinary shares as a result of conversion of debt in excess of collateral value to equity	461,378	-	-	-	(461,378)	-	-	-
Decrease in share capital	(3,121,442)	-	-	-	-	-	3,121,442	-
Adjust unsecured debt awaiting conversion to equity	-	-	-	(476,192)	-	-	476,192	-
Record interest of unsecured debt awaiting conversion to equity	-	-	-	-	-	-	(2,172)	(2,172)
Net earnings for the period	-	-	-	-	-	-	762,544	762,544
Balance - as at 30 September 2004	4,682,163	(346,583)	-	-	-	-	545,390	4,880,970
Balance - as at 1 January 2005	4,682,162	(346,583)	14	-	-	40,000	758,363	5,133,956
Additional ordinary shares as a result of warrants exercise	13,048	(13,026)	(14)	-	-	-	-	8
Dividend paid (Note 17)	-	-	-	-	-	-	(312,702)	(312,702)
Net earnings for the period	-	-	-	-	-	-	497,062	497,062
Balance - as at 30 September 2005	4,695,210	(359,609)	-	-	-	40,000	942,723	5,318,324

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004
(Unit : Thousand Baht)

	The Company Only							Total
	Issued and paid-up share capital	Share discount	Share subscriptions received in advance	Unsecured debt awaiting conversion to equity	Debt in excess of collateral value awaiting conversion to equity	Retained earnings		
						Statutory reserve	Unappropriated (Deficit)	
Balance - as at 1 January 2004	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 exercise	285,252	(284,966)	(276)	-	-	-	-	10
Additional ordinary shares as a result of conversion of unsecured debt to equity	1,032,813	-	-	(1,032,813)	-	-	-	-
Additional ordinary shares as a result of conversion of debt in excess of collateral value to equity	461,378	-	-	-	(461,378)	-	-	-
Decrease in share capital	(3,121,442)	-	-	-	-	-	3,121,442	-
Adjust unsecured debt awaiting conversion to equity	-	-	-	(476,192)	-	-	476,192	-
Record interest of unsecured debt awaiting conversion to equity	-	-	-	-	-	-	(2,172)	(2,172)
Net earnings for the period	-	-	-	-	-	-	762,544	762,544
Balance - as at 30 September 2004	4,682,163	(346,583)	-	-	-	-	545,390	4,880,970
Balance - as at 1 January 2005	4,682,162	(346,583)	14	-	-	40,000	758,363	5,133,956
Additional ordinary shares as a result of warrants exercise	13,048	(13,026)	(14)	-	-	-	-	8
Dividend paid (Note 17)	-	-	-	-	-	-	(312,702)	(312,702)
Net earnings for the period	-	-	-	-	-	-	497,062	497,062
Balance - as at 30 September 2005	4,695,210	(359,609)	-	-	-	40,000	942,723	5,318,324

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

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 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	
	Million Baht	Million Baht	Percent	Percent	Percent	Percent	
<u>Increase of investment in subsidiary from debt and capital restructuring</u>							
Estate Perfect Company Limited ⁽¹⁾	Property development	1,000	950	100.00	100.00	10.79	10.00
<u>A newly established subsidiary company</u>							
Perfect Satellite Services Company Limited	Club house management	1	1	99.94	99.94	0.04	0.02

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

1.3 Significant accounting policies

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 September 2005 and 31 December 2004, trade accounts receivable were classified by aging as follows: -

(Unit : Thousand Baht)

	Consolidated				
	As at 30 September 2005				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	Total
Accounts receivable - installments	19,028	8,257	2,355	-	29,640
Accounts receivable at transfer date	4,813	507	2,233	11,113	18,666
Total	23,841	8,764	4,588	11,113	48,306
Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	23,841	8,764	4,588	1,032	38,225

(Unit : Thousand Baht)

	Consolidated				
	As at 31 December 2004 (Audited)				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	Total
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				
	As at 30 September 2005				
	Less than 3 months	3 – 6 months	6 –12 months	Over 12 months	Total
Accounts receivable - installments	17,537	8,257	2,355	-	28,149
Accounts receivable at transfer date	4,813	507	2,233	11,113	18,666
Total	22,350	8,764	4,588	11,113	46,815

Less : Allowance for doubtful debts	-	-	-	(10,081)	(10,081)
Trade accounts receivable, net	22,350	8,764	4,588	1,032	36,734

(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 September 2005	31 December 2004 (Audited)	30 September 2005	31 December 2004 (Audited)
Land costs	9,568,508	8,835,277	8,751,654	8,043,612
Development costs	4,870,554	4,327,776	4,564,263	4,055,334
Construction costs	10,922,070	9,430,501	10,517,846	9,236,447
Capitalised interest	3,509,967	3,315,195	3,313,883	3,119,111
Total	28,871,099	25,908,749	27,147,646	24,454,504
Less : Transferred to cost of sales	(19,915,284)	(17,586,327)	(19,411,338)	(17,455,386)
Land transferred to settle debt under rehabilitation plan	(1,453,236)	(1,453,236)	(1,453,236)	(1,453,236)
	7,502,579	6,869,186	6,283,072	5,545,882
Less : Provision for loss on diminution in value	(576,294)	(629,902)	(441,374)	(475,355)
Project development costs, net	6,926,285	6,239,284	5,841,698	5,070,527

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 3,562.8 million as at 30 September 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 which is counterparty to an agreement with the Company concerning the future development of a project, with such company then mortgaging the land as security for the Company’s debentures.

Subsequently, on 11 August 2005, a meeting of the Company’s Board of Directors passed a resolution approving the cancellation of the agreement to jointly develop land with the above company, and subsequent to the end of the mortgage of the land, in February 2006, the ownership of such land is to be transferred to the Company.

5. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

Subsidiary Companies

(Unit : Thousand Baht)

	The Company Only			
	As at 30 September 2005			
	Percentage owned by the Company	Cost	Investment accounted for under equity method	Dividend
<u>Companies</u>				
- Estate Perfect Company Limited ⁽¹⁾ (hereinafter called “Estate”)	100.00	538,459	631,337	-
- Perfect Satellite Services Company Limited	99.94	999	2,753	-
		<u>539,458</u>	<u>634,090</u>	<u>-</u>

(Unit : Thousand Baht)

The Company Only				
As at 31 December 2004 (Audited)				
<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 ⁽¹⁾	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 September 2005				
<u>Company</u>	<u>Percentage owned by the Company</u>	<u>Cost</u>	<u>Investment accounted for under equity method</u>	<u>Dividend</u>
- Krungthep Land Company Limited	30.00	299,999	365,350	-
(hereinafter called "Krungthep Land")		<u>299,999</u>	<u>365,350</u>	<u>-</u>

(Unit : Thousand Baht)

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

⁽¹⁾ 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 1,439 million.

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.

On 22 June 2005, an Extraordinary General Meeting of the Shareholders No. 3/2005 of Krungthep Land approved that company's increasing its share capital from Baht 1,000 million (100,000,000 ordinary shares at a par value of Baht 10 each) to Baht 1,550 million (155,000,000 ordinary shares at a par value of Baht 10 each) by issuing 55,000,000 ordinary shares at a par value of Baht 10 each to be allocated and offered to public. Any shares remaining after this allocation are to be allocated, in whole or in part, by means of private placement and/or to institutional investors.

Subsequently on 30 September 2005, an Extraordinary General Meeting of the Shareholders No. 4/2005 of Krungthep Land approved a reduction in that company's share capital from Baht 1,550 million (155,000,000 ordinary shares of Baht 10 each) to Baht 1,000 million (100,000,000 ordinary shares of Baht 10 each) and increase its share capital from Baht 1,000 million (100,000,000 ordinary shares of Baht 10 each) to Baht 1,700 million (170,000,000 ordinary shares of Baht 10 each) through the issue of 50,000,000 ordinary shares of Baht 10 each by private placement and/or to institutional investors and the remaining 20,000,000 ordinary shares of Baht 10 each allocated to a share swap with the shareholders of another company.

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.

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 convert 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.

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.

6. LAND HELD FOR DEVELOPMENT

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Audited)		(Audited)
Land costs	5,434,120	5,194,130	5,169,185	5,194,130
Development costs	182,015	148,069	182,015	148,069
Construction costs	17,450	18,930	17,450	18,930
Capitalised interest	809,559	952,581	809,559	952,581
Total	6,443,144	6,313,710	6,178,209	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)
	4,234,100	4,224,666	3,969,165	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>3,925,326</u>	<u>3,776,176</u>	<u>3,660,391</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 September 2005 was Baht 2,363.9 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.

During the current second quarter, 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 second quarter (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

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Audited)		(Audited)
Balance-beginning of year	722,137	543,978	702,137	543,978
Cash paid during the period	1,012,913	1,801,163	689,834	1,781,163
Title of plots of land transferred during the period	(957,728)	(1,623,004)	(671,804)	(1,623,004)
Balance-end of period	<u>777,322</u>	<u>722,137</u>	<u>720,167</u>	<u>702,137</u>

Approximately Baht 49.4 million (The Company Only : Baht 35.4 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 611.2 million (The Company Only : Baht 611.2 million) were paid to a landowner who is the Company's shareholder. The land purchases were approved by the rehabilitation plan administrator.

As at 30 September 2005, the Company and its subsidiary are contracted to purchase and to sell land amounting to Baht 1,066.8 million (The Company Only : Baht 1,022.9 million).

The remaining advance, amounting to approximately Baht 116.7 million (The Company Only : Baht 73.6 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 nine-month period ended 30 September 2005, the Company and its subsidiary had filed to transfer land ownership with the Land Department. Ownership to a part of the land worth Baht 957.7 million (The Company Only : Baht 671.8 million) was transferred to the Company and its subsidiary, Baht 114.9 million of which was originally owned by the Company's shareholder. Nevertheless, part of advance for purchase of land is still in the process of being transferred ownership with the Land Department.

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)	
	Consolidated and the Company Only	
	<u>30 September 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	350,000	350,000
Total	<u>1,550,000</u>	<u>1,550,000</u>
Less : Current portion of debentures	<u>(1,200,000)</u>	-
Debentures, net of current portion	<u><u>350,000</u></u>	<u><u>1,550,000</u></u>

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

During the nine-month period ended 30 September 2005, the Company and its subsidiary has loaned from a financial institution under the following credit facilities.

The Company

- (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 September 2005, the Company had drawn down Baht 169.9 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 September 2005, the Company had drawn down Baht 697.9 million of such facility.

Subsidiary Company

- (a) A facility of Baht 434 million subject to interest at a rate tied to the minimum loan rate (MLR) per annum and secured by the parent company and the guarantee of the subsidiary company's directors and the mortgage of parts of the subsidiary 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 60 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 September 2009. As at 30 September 2005, the Company had drawn down Baht 166.0 million of such facility.

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

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 September 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	(700,889)	(144)	648,266
Less : Current portion	(117,017)			
Creditors per rehabilitation plan, net of current portion	1,232,282			

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.

As at 30 September 2005, the Company's issued and paid up share capital has increased to Baht 4,695,210,150 (782,535,025 ordinary shares of Baht 6 each), with totaling Baht 13,047,486 (2,174,581 ordinary shares of Baht 6 each) being the result of the exercise of warrants in December 2004 and June 2005. The Company registered increases in its capital with the Ministry of Commerce on 12 January 2005 and 7 July 2005.

Subsequently on 19 September 2005, a resolution of an extraordinary general meeting of the Company's shareholders approved an increase in its registered capital from Baht 5,013,565,176 (835,594,196 ordinary shares of Baht 6 each) to Baht 6,213,565,176 (1,035,594,196 ordinary shares of Baht 6 each) which are reserved for the exercise of rights to convert debentures to ordinary shares as discussed in Note 19. The Company registered increase in its capital with the Ministry of Commerce on 7 October 2005.

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, resulting in a share discount totaling Baht 359,609,000. As at 30 September 2005, there were a total of 14,059,171 outstanding unexercised warrants.

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		For the nine-month		
	periods ended 30 September		periods ended 30 September		
	2005	2004	2005	2004	
<u>Transactions with subsidiary company</u>					
Interest income	4.2	1.1	10.6	2.3	4 percent per annum
Project management income	-	-	3.4	-	By mutual agreement
Club house management expense	2.9	2.1	7.2	5.7	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 September	31 December	30 September	31 December
	2005	2004	2005	2004
		(Audited)		(Audited)
<u>Amounts due from related company</u>				
Perfect Satellite Services Company Limited	-	-	456	-
Amounts due from related company	-	-	456	-
<u>Loans to related companies and interest receivable</u>				
<u>Loans to subsidiary company</u>				
Estate Perfect Company Limited ⁽¹⁾	-	-	289,339	196,552
Less : Provision for doubtful debts	-	-	(474)	(474)
	-	-	288,865	196,078
<u>Interest receivable from subsidiary company</u>				
Estate Perfect Company Limited ⁽¹⁾	-	-	15,929	5,309
Loans and interest receivable from subsidiary company, net	-	-	304,794	201,387

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Audited)		(Audited)
Loans to associated company				
Krungthep Land Company Limited	109,091	114,091	109,091	114,091
Interest receivable from associated company				
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
Loans and interest receivable form associated company, net	113,475	118,475	113,475	118,475
Loans to related company				
Real Service Company Limited	2,298	2,298	2,298	2,298
Interest receivable from related company				
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
Loans and interest receivable from related company, net	2,416	2,416	2,416	2,416
Loans to related companies and interest receivable, net	115,891	120,891	420,685	322,278
<u>Amounts due to related company</u>				
Perfect Satellite Services Company Limited	-	-	1,063	805
Amounts due to related company	-	-	1,063	805

⁽¹⁾ 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.

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.

On 11 August 2005, a meeting of the Company's directors passed a resolution approving the debt restructuring agreement from Krungthep Land. 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, Kungthep land is conforming with the above agreement.

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 nine-month periods ended 30 September 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 nine-month periods ended 30 September 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.

18. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Consolidated and the Company Only						
For the three-month periods ended 30 September						
Net earnings		Weighted		Earnings per share		
		Average number of ordinary shares				
<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		180,329	164,642	782,535	780,360	0.23 0.21
Effect of dilutive potential ordinary shares						
Warrants 14,059,171 units						
(2004 : 18,306,981 units) Note 13						
-	-	14,035	18,278	-	-	
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>180,329</u>	<u>164,642</u>	<u>796,570</u>	<u>798,638</u>	<u>0.22</u>	<u>0.21</u>	

Consolidated and the Company Only						
For the nine-month periods ended 30 September						
Net earnings		Weighted		Earnings per share		
		Average number of ordinary shares				
<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		497,062	762,544	782,026	760,159	0.64 1.00
Effect of dilutive potential ordinary shares						
Warrants 14,059,171 units						
(2004 : 18,306,981 units) Note 13						
-	-	15,274	18,928	-	-	
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>497,062</u>	<u>762,544</u>	<u>797,300</u>	<u>779,087</u>	<u>0.62</u>	<u>0.98</u>	

19. CONVERTIBLE DEBENTURES

On 19 September 2005, an extraordinary general meeting of the Company's shareholders passed a resolution to approve the issue and offer of not more than USD 35 million convertible debentures, or equivalent to Baht 1,480 million, at a price of USD 100 per unit. Such debentures are to have a maturity of not more than 5 years and bear interest a rate of not over 4 percent per annum depending on a market environment, with the Company to stipulate the exact interest before the offer date. The debentures may be converted at a price of not less than 120 percent of the average closing price of the shares in the 7-15 days prior to the offer date. Such debentures may be offered to overseas or domestic institutional investors. Currently, the Company is preparing information in order to submit a request for approval to the office of the Securities and Exchange Commission.

20. BANK GUARANTEES

As at 30 September 2005, there were outstanding bank guarantees of Baht 400.2 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.

21. COMMITMENTS

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

21.1 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 462.3 million.

21.2 The Company and its subsidiary have commitments of approximately Baht 406.2 million in respect of the purchase of land under an agreement to purchase and to sell land.

22. 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.

23. RECLASSIFICATION

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

24. APPROVAL OF FINANCIAL STATEMENTS

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