

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2006 AND 2005

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of Property Perfect Public Company Limited and its subsidiaries as at 31 December 2006 and 2005, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Property Perfect Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Property Perfect Public Company Limited and its subsidiaries and of Property Perfect Public Company Limited as at 31 December 2006 and 2005, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the financial statements, I draw attention to advances for purchase of land and transfer of ownership of land within the second quarter of the year 2007 as discussed in Note 11 to the financial statements.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok : 26 February 2007

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		312,742,938	502,800,855	271,119,989	482,967,943
Trade accounts receivable, net	6	33,779,857	31,488,781	31,923,101	27,813,400
Amounts due from related companies	23	-	-	-	1,278,344
Project development costs, net	7	8,016,191,069	7,625,469,486	6,531,990,915	6,442,293,337
Other current assets					
Advances to contractors, net		70,393,200	18,855,113	70,393,200	18,855,113
Prepaid expenses		9,244,664	5,387,495	9,244,664	5,387,495
Others		9,404,544	39,177,274	5,211,319	34,573,252
TOTAL CURRENT ASSETS		8,451,756,272	8,223,179,004	6,919,883,188	7,013,168,884
NON-CURRENT ASSETS					
Restricted deposits		840,659	340,659	840,659	340,659
Loans to related companies and interest receivable, net	23	67,415,253	90,891,359	166,442,291	399,613,931
Advances to other company	8	-	183,500,566	-	183,500,566
Investments accounted for under equity method - subsidiary companies	9	-	-	836,143,429	790,827,540
Investments accounted for under equity method - associated company	9	329,694,862	353,065,976	329,694,862	353,065,976
Other long-term investments, net		4,802,024	4,827,046	4,802,024	4,827,046
Land held for development, net	10	3,042,351,674	3,659,572,350	3,042,351,674	3,389,872,349
Advances for purchase of land	11	730,081,570	851,104,101	629,118,935	800,441,466
Property, plant and equipment, net	12	364,229,267	305,679,243	339,629,000	292,671,391
Leasehold rights, net	13	62,523,935	125,135,029	62,523,935	125,135,029
Leasehold rights awaiting sale, net	13	60,717,672	-	60,717,672	-
Other non-current assets					
Withholding tax deducted at source		39,027,390	45,441,439	38,658,509	42,963,702
Others		22,692,258	18,427,371	22,252,403	17,423,046
TOTAL NON-CURRENT ASSETS		4,724,376,564	5,637,985,139	5,533,175,393	6,400,682,701
TOTAL ASSETS		13,176,132,836	13,861,164,143	12,453,058,581	13,413,851,585

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	14	280,405,548	225,008,141	280,405,548	225,008,141
Trade accounts payable		290,128,748	243,357,727	244,995,542	211,164,939
Amounts due to related company	23	-	-	1,738,380	1,116,786
Deposits and cash received in advance	6	280,634,844	104,640,059	265,999,802	97,563,820
Current portion of debentures	15	350,000,000	1,200,000,000	350,000,000	1,200,000,000
Current portion of long-term loans	18	940,891,581	52,390,200	940,891,581	52,390,200
Other current liabilities					
Current portion of deferred gain on debt restructuring		-	8,543,379	-	8,543,379
Current portion of liabilities under financial lease agreements		5,254,476	5,254,476	5,254,476	5,254,476
Accrued interest		43,071,532	49,014,919	42,716,886	48,884,560
Accrued expenses		69,643,170	117,367,124	59,292,517	108,507,663
Others		55,497,701	56,882,018	41,583,465	42,899,480
TOTAL CURRENT LIABILITIES		2,315,527,600	2,062,458,043	2,232,878,197	2,001,333,444
NON-CURRENT LIABILITIES					
Debentures, net of current portion	15	450,000,000	350,000,000	450,000,000	350,000,000
Creditors per rehabilitation plan	16	648,410,232	648,410,232	648,410,232	648,410,232
Unsubordinated convertible debentures - liability component	17	802,735,788	799,712,156	802,735,788	799,712,156
Long-term loans, net of current portion	18	3,168,021,930	3,982,522,976	2,527,597,078	3,596,335,017
Other non-current liabilities					
Liabilities under financial lease agreements, net of current portion		6,238,792	11,532,267	6,238,792	11,532,267
Deposits and cash received in advance for sublease agreement		63,077,400	65,656,046	63,077,400	65,656,046
Provision for unconverted debentures	17	46,532,744	3,438,487	46,532,744	3,438,487
TOTAL NON-CURRENT LIABILITIES		5,185,016,886	5,861,272,164	4,544,592,034	5,475,084,205
TOTAL LIABILITIES		7,500,544,486	7,923,730,207	6,777,470,231	7,476,417,649

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
SHAREHOLDERS' EQUITY					
Share capital	19				
Registered					
1,035,594,196 ordinary shares of Baht 6 each		6,213,565,176	6,213,565,176	6,213,565,176	6,213,565,176
Issued and fully paid					
782,555,715 ordinary shares of Baht 6 each					
(31 December 2005: 782,535,025 ordinary shares of Baht 6 each)		4,695,334,290	4,695,210,150	4,695,334,290	4,695,210,150
Share discount	20	(13,149,673)	(13,025,740)	(13,149,673)	(13,025,740)
Share subscriptions received in advance	20	48,563	-	48,563	-
Unsubordinated convertible debentures - equity component	17	23,535,270	23,535,270	23,535,270	23,535,270
Retained earnings					
Appropriated - statutory reserve	28	100,600,000	100,000,000	100,600,000	100,000,000
Unappropriated		869,219,900	1,131,714,256	869,219,900	1,131,714,256
TOTAL SHAREHOLDERS' EQUITY		5,675,588,350	5,937,433,936	5,675,588,350	5,937,433,936
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,176,132,836	13,861,164,143	12,453,058,581	13,413,851,585
		0	0	0	0

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

DIRECTORS

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
REVENUES					
Revenues from sales of land and houses		4,477,287,835	4,931,890,254	3,815,290,328	4,149,295,470
Revenues from sales of land held for development	10	-	120,000,000	-	120,000,000
Other income					
Interest income		4,986,643	6,807,811	19,184,352	25,579,665
Revenues from forfeiture of down payments		7,858,840	5,824,914	7,219,925	5,404,271
Share of income from investments accounted					
for under equity method - subsidiaries	9	-	-	45,315,889	279,276,075
Share of income from investments accounted					
for under equity method - associated company	9	-	3,991,786	-	3,991,786
Reversal of allowance for loss on diminution in value of projects	7	-	467,405,239	-	340,279,077
Reversal of allowance for loss on impairment of land held					
for development	10	-	171,577,982	-	181,435,706
Reversal of deferred gain on debt restructuring		-	49,107,586	-	49,107,586
Others		43,677,400	31,982,443	35,363,171	30,830,540
TOTAL REVENUES		4,533,810,718	5,788,588,015	3,922,373,665	5,185,200,176
EXPENSES					
Costs of sales of land and houses		3,093,994,393	3,227,825,652	2,649,707,305	2,734,975,687
Cost of sales of land held for development	10	-	120,000,000	-	120,000,000
Selling and administrative expenses		1,087,757,637	1,043,388,170	965,142,984	968,667,974
Share of loss from investments accounted					
for under equity method - associated company	9	23,371,114	-	23,371,114	-
Loss on impairment of assets	13	-	32,903,416	-	32,903,416
TOTAL EXPENSES		4,205,123,144	4,424,117,238	3,638,221,403	3,856,547,077
INCOME BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		328,687,574	1,364,470,777	284,152,262	1,328,653,099
INTEREST EXPENSES		(293,228,680)	(255,976,791)	(272,159,359)	(236,016,659)
CORPORATE INCOME TAX	24	(23,465,991)	(15,857,546)	-	-
NET INCOME FOR THE YEAR		11,992,903	1,092,636,440	11,992,903	1,092,636,440
EARNINGS PER SHARE					
Basic earnings per share					
Net income		0.02	1.40	0.02	1.40
Diluted earnings per share					
Net income		0.02	1.36	0.02	1.36

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from operating activities :				
Net income for the year	11,992,903	1,092,636,440	11,992,903	1,092,636,440
Adjustments to reconcile net income to net cash provided by (paid from) operating activities :				
Share of income from investments accounted for under equity method - subsidiaries	-	-	(45,315,889)	(279,276,075)
Share of income from investments accounted for under equity method - associated company	23,371,114	(3,991,786)	23,371,114	(3,991,786)
Depreciation and amortisation	42,819,181	34,557,978	40,718,852	33,052,340
Amortisation of prepaid expense	10,732,356	7,156,931	10,732,356	7,156,931
Amortisation of premium on debentures	3,023,633	247,425	3,023,633	247,425
Provision for unconverted debentures	43,094,256	3,438,487	43,094,256	3,438,487
Reversal of deferred gain on debt restructuring	-	(49,107,586)	-	(49,107,586)
Reversal of allowance for loss on diminution in value of projects	-	(467,405,239)	-	(340,279,077)
Reversal of allowance for loss on impairment of land held for development	-	(171,577,982)	-	(181,435,706)
Rental received in advance recognition	(3,778,646)	(3,278,646)	(3,778,646)	(3,278,646)
Reversal of liabilities	(8,727,575)	-	(8,727,575)	-
Loss on impairment of assets	-	32,903,416	-	32,903,416
Loss on impairment of investments	25,022	40,136	25,022	40,136
Doubtful debts	3,430,650	-	1,930,650	-
Loss (gain) on sales of property, plant and equipment	711,927	(400,226)	711,927	(400,226)
	126,694,821	475,219,348	77,778,603	311,706,073
Decrease (increase) in operating assets				
Trade accounts receivable	(3,281,076)	(8,115,901)	(5,099,701)	(5,874,543)
Amounts due from related companies	-	-	1,278,344	(1,278,344)
Project development costs	792,287,636	427,337,499	823,611,642	314,624,958
Advances to contractors	(51,538,087)	6,416,998	(51,538,087)	5,991,195
Withholding tax deducted at source	6,414,049	51,881,543	4,305,194	52,250,424
Prepaid expenses	(14,589,526)	(6,261,839)	(14,589,526)	(6,261,839)
Interest receivable	(4,523,894)	(10,551,283)	9,682,751	(24,100,044)
Other current assets	9,168,662	(822,723)	8,283,610	1,997,544
Other non-current assets	(4,264,887)	(2,186,657)	(4,829,360)	(1,293,532)
Increase (decrease) in operating liabilities				
Trade accounts payable	49,975,008	11,416,344	37,034,591	8,746,824
Amounts due to related company	-	-	621,594	311,776
Deposits and cash received in advance	175,994,785	62,518,659	168,435,982	63,723,521
Accrued interest	(14,486,766)	(13,343,425)	(14,711,053)	(13,117,303)
Other current liabilities	(42,335,912)	47,777,200	(43,758,804)	35,779,195
Net cash provided from operating activities	1,025,514,813	1,041,285,763	996,505,780	743,205,905

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOWS STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Cash flows from investing activities :				
Decrease (increase) in restricted deposits	(500,000)	2,839,235	(500,000)	2,839,235
Decrease (increase) in loans to related companies	28,000,000	30,000,000	223,963,151	(63,787,250)
Increase in land held for development	(131,187,037)	(902,051,678)	(146,387,039)	(642,493,955)
Increase in advances for purchase of land	(111,915,000)	(308,175,039)	(44,915,000)	(257,512,403)
Acquisition of property, plant and equipment, net	(98,887,379)	(80,436,786)	(85,194,639)	(77,335,937)
Increase in leasehold rights awaiting sale	(1,317,672)	(1,307,688)	(1,317,672)	(1,307,688)
Increase in investment in subsidiary	-	-	-	(50,000,000)
Proceed from sales of property, plant and equipment	17,350	403,645	17,350	403,645
Net cash used in investing activities	(315,789,738)	(1,258,728,311)	(54,333,849)	(1,089,194,353)
Cash flows from financing activities :				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	55,397,407	(177,942,347)	55,397,407	(177,942,347)
Cash received from issuance of unsubordinated convertible debentures	-	823,000,000	-	823,000,000
Increase (decrease) in long-term loans	74,000,335	743,945,285	(180,236,558)	881,609,968
Decrease in debentures	(750,000,000)	-	(750,000,000)	-
Decrease in creditors per rehabilitation plan	-	(700,889,319)	-	(700,889,319)
Decrease in liabilities under financial lease agreements	(5,293,475)	(6,873,136)	(5,293,475)	(6,873,136)
Dividend paid	(273,887,259)	(312,701,876)	(273,887,259)	(312,701,876)
Net cash provided from (used in) financing activities	(899,782,992)	368,538,607	(1,154,019,885)	506,203,290
Net increase (decrease) in cash and cash equivalents	(190,057,917)	151,096,059	(211,847,954)	160,214,842
Cash and cash equivalents at beginning of year	502,800,855	351,704,796	482,967,943	322,753,101
Cash and cash equivalents at end of year	312,742,938	502,800,855	271,119,989	482,967,943
	-	-	-	-
Supplemental cash flows information :				
Cash paid during the years for				
Interest expenses (included interest expenses which capitalised to land cost)	457,112,556	338,007,629	414,376,810	312,512,635
Corporate income tax and withholding tax deducted at source	59,273,495	53,762,053	38,658,508	42,963,702
Non-cash transactions				
Transfer advances for purchase of land to project development costs and land held for development	231,437,531	179,207,987	216,237,531	159,207,987
Transfer land held for development to project development costs	1,023,934,892	1,349,795,537	754,234,892	1,349,795,537
Transfer advances to other company to land held for development	183,500,566	-	183,500,566	-

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 YEARS ENDED 31 DECEMBER 2006 AND 2005
(Unit : Baht)

Consolidated and the Company Only

	Issued and paid		Share subscriptions	Unsubordinated	Retained earnings		Total
	share capital	Share discount	received in advance	convertible debentures - equity component	Statutory reserve	Unappropriated	
Balance - end of year 2004	4,682,162,664	-	13,942	-	40,000,000	411,779,692	5,133,956,298
Share subscriptions received in advance	-	-	7,804	-	-	-	7,804
Additional ordinary shares as a result of warrants exercise	13,047,486	(13,025,740)	(21,746)	-	-	-	-
Unsubordinated convertible debentures - equity component	-	-	-	23,535,270	-	-	23,535,270
Dividend paid (Note 25)	-	-	-	-	-	(312,701,876)	(312,701,876)
Increase in statutory reserve	-	-	-	-	60,000,000	(60,000,000)	-
Net income for the year	-	-	-	-	-	1,092,636,440	1,092,636,440
Balance - end of year 2005	4,695,210,150	(13,025,740)	-	23,535,270	100,000,000	1,131,714,256	5,937,433,936
Share subscriptions received in advance	-	-	48,770	-	-	-	48,770
Additional ordinary shares as a result of warrants exercise	124,140	(123,933)	(207)	-	-	-	-
Dividend paid (Note 25)	-	-	-	-	-	(273,887,259)	(273,887,259)
Increase in statutory reserve	-	-	-	-	600,000	(600,000)	-
Net income for the year	-	-	-	-	-	11,992,903	11,992,903
Balance - end of year 2006	4,695,334,290	(13,149,673)	48,563	23,535,270	100,600,000	869,219,900	5,675,588,350

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

1. GENERAL INFORMATION

Property Perfect Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development and its registered address is 100/1 Vorasombat Building, 17th Floor, Rama 9 Road, Huaykwang, Bangkok.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. BASIS OF CONSOLIDATION

3.1 The consolidated financial statements include the financial statements of the Company and the following subsidiaries.

	Nature of business	Paid capital	Percentage of shares held by the Company	Total assets of subsidiaries which are included in consolidated balance sheets		Total revenues as a percentage to the consolidated income statements for the years ended 31 December	
				2006	2005	2006	2005
				Percent	Percent	Percent	Percent
		Million Baht	Percent	Percent	Percent	Percent	Percent
Estate Perfect Company Limited	Property development	1,000	100.00	12.56	11.14	14.67	15.58
Perfect Satellite Services Company Limited	Property management	1	99.94	0.04	0.04	0.37	0.25

3.2 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

3.3 Investments in subsidiaries as recorded in the Company’s books of account are eliminated against the equity of the subsidiaries.

4. ADOPTION OF NEW ACCOUNTING STANDARD

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has elected to adopt the change in 2007. Adoption of the change in 2007 will necessitate the restatement of the Company’s 2006 separate financial statements to be presented for comparative purposes along with the financial statements for 2007. The restatement will have the effect of decreasing the net income in the separate income statement for 2006 by approximately Baht 21.9 million (Baht 0.03 per share) and decreasing net worth in the balance sheet at 31 December 2006 by approximately Baht 326.4 million.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenues recognition

Revenues from sales of land and houses

Revenues from sales of land and houses are recognised as revenue when the ownership has been transferred to the buyer.

5.2 Costs of sales of land and houses

In determining the costs of sales of land and houses, the anticipated total development costs (after recognizing the costs incurred to date) are attributed to units already sold on the basis of the salable area and then recognised as costs in the income statements.

5.3 Project development costs

Project development costs are stated at cost less allowance for loss on diminution in value of projects.

Project development costs consist of the costs of land, land development, construction and related interest.

5.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.5 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

5.6 Capitalisation of interest costs

The interest costs of borrowings for use in the construction of the projects are capitalised as part of the costs of those assets, with capitalisation ceasing when the projects are started to transfer the ownership to the buyer, or when the construction is suspended and until active development resumes.

5.7 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives:

Office buildings and clubhouses	20	years
Furniture and equipment for offices and clubhouses	5	years
Motor vehicles	5	years
Others	5	years

Depreciation is included in determining income.

No depreciation has been provided on land and construction in progress.

5.8 Leasehold rights and amortisation / Leasehold rights awaiting sale

Leasehold right is stated at cost less accumulated amortisation. Amortisation of leasehold right is calculated by reference to its cost on a straight-line basis over the leasehold period.

Amortisation is included in determining income.

Leasehold rights awaiting sale is stated at the lower of cost and net realisable value.

5.9 Investments

Investments in subsidiary (in the financial statements of the Company Only) and associated companies are accounted for under the equity method.

Investments in non-marketable equity securities, which the Company classified as other investments, are stated at cost net of allowance for loss on impairment (if any).

5.10 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.11 Financial lease agreements

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

5.12 Unsubordinated convertible debentures

Unsubordinated convertible debentures are classified into liability and equity components and these are presented separately in the balance sheets. In separately presenting such components, the Company determines the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate, while the carrying amount of the equity component is determined by deducting the liability component from the total face value of the unsubordinated convertible debentures and amortising the difference over the life of the debentures.

5.13 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.14 Employee benefits

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

5.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, they are probable that outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation.

5.16 Income Tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

5.17 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. TRADE ACCOUNTS RECEIVABLE / DEPOSITS AND CASH RECEIVED IN ADVANCE

Trade accounts receivable balances as at 31 December 2006 and 2005 comprise :-

	Consolidated		The Company Only	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Total value of contracts signed	<u>36,981,949,458</u>	<u>30,745,126,425</u>	<u>35,259,727,701</u>	<u>29,683,330,676</u>
Installments due	33,658,760,436	29,005,477,816	31,998,773,373	28,015,047,063
Less : Cash received	<u>(33,613,939,463)</u>	<u>(28,963,748,319)</u>	<u>(31,955,809,156)</u>	<u>(27,976,992,947)</u>
Installments receivable	44,820,973	41,729,497	42,964,217	38,054,116
Less : Allowance for doubtful debts	<u>(11,041,116)</u>	<u>(10,240,716)</u>	<u>(11,041,116)</u>	<u>(10,240,716)</u>
Installments receivable, net	<u>33,779,857</u>	<u>31,488,781</u>	<u>31,923,101</u>	<u>27,813,400</u>

Deposits and cash received in advance comprise the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Installments due	33,658,760,436	29,005,477,816	31,998,773,373	28,015,047,063
Less : Accumulated sales recognition	(33,378,125,592)	(28,900,837,757)	(31,732,773,571)	(27,917,483,243)
Deposits and cash received in advance	<u>280,634,844</u>	<u>104,640,059</u>	<u>265,999,802</u>	<u>97,563,820</u>

As at 31 December 2006 and 2005, trade accounts receivable were classified by aging as follows :-

(Unit : Baht)

	Consolidated				
	As at 31 December 2006				
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	13,301,730	2,837,126	6,985,502	2,769,600	25,893,958
Accounts receivable at transfer date	3,930,000	-	1,600,000	13,397,015	18,927,015
Total	17,231,730	2,837,126	8,585,502	16,166,615	44,820,973
Less : Allowance for doubtful debts	-	-	-	(11,041,116)	(11,041,116)
Trade accounts receivable, net	<u>17,231,730</u>	<u>2,837,126</u>	<u>8,585,502</u>	<u>5,125,499</u>	<u>33,779,857</u>

(Unit : Baht)

	Consolidated				
	As at 31 December 2005				
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	15,723,887	5,176,902	-	271,000	21,171,789
Accounts receivable at transfer date	3,441,100	3,370,000	1,965,000	11,633,916	20,410,016
Accounts receivable	147,692	-	-	-	147,692
Total	19,312,679	8,546,902	1,965,000	11,904,916	41,729,497
Less : Allowance for doubtful debts	-	-	-	(10,240,716)	(10,240,716)
Trade accounts receivable, net	<u>19,312,679</u>	<u>8,546,902</u>	<u>1,965,000</u>	<u>1,664,200</u>	<u>31,488,781</u>

(Unit : Baht)

The Company Only					
As at 31 December 2006					
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	12,058,600	2,753,500	6,985,502	2,769,600	24,567,202
Accounts receivable at transfer date	3,400,000	-	1,600,000	13,397,015	18,397,015
Total	15,458,600	2,753,500	8,585,502	16,166,615	42,964,217
Less : Allowance for doubtful debts	-	-	-	(11,041,116)	(11,041,116)
Trade accounts receivable, net	15,458,600	2,753,500	8,585,502	5,125,499	31,923,101

(Unit : Baht)

The Company Only					
As at 31 December 2005					
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	13,700,000	4,176,600	-	271,000	18,147,600
Accounts receivable at transfer date	2,937,600	3,370,000	1,965,000	11,633,916	19,906,516
Total	16,637,600	7,546,600	1,965,000	11,904,916	38,054,116
Less : Allowance for doubtful debts	-	-	-	(10,240,716)	(10,240,716)
Trade accounts receivable, net	16,637,600	7,546,600	1,965,000	1,664,200	27,813,400

7. PROJECT DEVELOPMENT COSTS

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Land costs	11,386,760,898	10,147,152,451	10,189,758,528	9,306,190,086
Development costs	5,513,646,475	5,030,710,894	5,114,206,251	4,719,172,754
Construction costs	12,989,927,926	11,418,634,616	12,214,790,120	10,932,832,715
Capitalised interest	3,816,335,330	3,527,672,890	3,598,359,916	3,331,588,301
Total	33,706,670,629	30,124,170,851	31,117,114,815	28,289,783,856
Less : Transferred to cost of sales	(24,087,392,160)	(20,975,485,459)	(22,991,894,223)	(20,324,274,612)
Land transferred to settle debt under rehabilitation plan	(1,524,192,396)	(1,453,236,255)	(1,524,192,396)	(1,453,236,255)
	8,095,086,073	7,695,449,137	6,601,028,196	6,512,272,989
Less : Allowance for loss on diminution in value of projects	(78,895,004)	(69,979,651)	(69,037,281)	(69,979,652)
Project development costs, net	8,016,191,069	7,625,469,486	6,531,990,915	6,442,293,337

During the year 2005, the Company and its subsidiary hired an independent appraiser to appraise the value of the Company and its subsidiary's assets in various projects. According to the appraisal report dated 1 February 2006, the aggregate fair market value of "Project development costs" as at 31 December 2005 was approximately Baht 467.4 million (The Company Only : Baht 340.3 million) higher than its net book value. The Company and its subsidiary reversed part of allowance for loss on diminution in value of these projects in its accounts, presenting it in the income statement for the year 2005.

The Company and its subsidiary's project land and construction thereon with a net book value of Baht 6,569.8 million as at 31 December 2006 (2005 : Baht 4,062.7 million), have been mortgaged with banks and financial institutions as collateral for short-term loans, debentures and long-term loans.

8. ADVANCES TO OTHER COMPANY

The outstanding balance as at 31 December 2005 represented costs of approximately 39 rai of land which the Company paid in advance on behalf of a company which was 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.

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 and August 2006, for the Company to cease calculation of interest to that company and arrange for ownership of the land to be transferred to the Company.

During the current year, the above company transferred the whole land (appraisal value higher than value of advances to other company) to the Company, and the Company recorded it as a settlement of advances to other company and interest receivable.

9. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

These represent investments in ordinary shares in the following subsidiary and associated companies.

(Unit : Baht)

Company's name	The Company Only			
	Investments			
	Cost method		Equity method	
	2006	2005	2006	2005
Subsidiaries				
Estate Perfect Company Limited	538,459,056	538,459,056	832,331,411	789,946,933
Perfect Sattelite Services Company Limited	999,400	999,400	3,812,018	880,607
	<u>539,458,456</u>	<u>539,458,456</u>	<u>836,143,429</u>	<u>790,827,540</u>

(Unit : Baht)

Company's name	Consolidated and the Company Only			
	Investments			
	Cost method		Equity method	
	2006	2005	2006	2005
Associated company				
Krungthep Land Public Company Limited	299,999,300	299,999,300	329,694,862	353,065,976
	<u>299,999,300</u>	<u>299,999,300</u>	<u>329,694,862</u>	<u>353,065,976</u>

Subsequently on 18 January 2007, a meeting of the Company's Board of Directors passed the resolution approving the purchase of additional ordinary shares of Krungthep Land Public Company Limited amounting to Baht 60 million (6,000,000 ordinary shares of Baht 10 each) in order to maintain the Company existing shareholding structure.

10. LAND HELD FOR DEVELOPMENT

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Land costs	4,565,869,911	5,119,223,992	4,565,869,911	4,841,698,097
Development costs	118,647,838	137,282,043	118,647,838	135,250,213
Construction costs	17,449,523	17,449,523	17,449,523	17,449,523
Capitalised interest	661,617,598	802,756,478	661,617,598	802,756,478
Total	5,363,584,870	6,076,712,036	5,363,584,870	5,797,154,311
Less : Transferred to cost of sales	(501,818,992)	(501,818,992)	(501,818,992)	(501,818,992)
Transferred of land for debt restructuring	(1,540,946,166)	(1,540,946,166)	(1,540,946,166)	(1,540,946,166)
Transferred of land to settle debt under rehabilitation plan	(151,117,368)	(222,073,509)	(151,117,368)	(222,073,509)
	3,169,702,344	3,811,873,369	3,169,702,344	3,532,315,644
Less : Allowance for loss on impairment	(127,350,670)	(152,301,019)	(127,350,670)	(142,443,295)
Land held for development, net	<u>3,042,351,674</u>	<u>3,659,572,350</u>	<u>3,042,351,674</u>	<u>3,389,872,349</u>

During the year 2005, the Company had a plot of land, which is part of the land held for 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 allowance for loss on impairment, shown as a separate item in the income statement for the year 2005 (as the Company previously recorded allowance for loss on impairment 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.

During the year 2005, the Company and its subsidiary hired an independent appraiser to appraise the value of the Company and its subsidiary's assets in various projects. According to the appraisal report dated 1 February 2006, the aggregate fair market value of "Land held for development" as at 31 December 2005 was approximately Baht 100.6 million (The Company Only : Baht 110.5 million) higher than its net book value. The Company and its subsidiary reversed part of allowance for loss on impairment of these projects in its accounts, presenting it in the income statement for the year 2005.

The above land and construction, of which the net book value as at 31 December 2006 was Baht 1,910.8 million (2005 : Baht 2,293.1 million), has been mortgaged with banks and financial institutions as collateral for debentures, long-term loans and as bank guarantees for public utilities works.

11. ADVANCES FOR PURCHASE OF LAND

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Balance-beginning of year	851,104,101	722,137,050	800,441,466	702,137,050
Increase during the year	111,915,000	308,175,039	44,915,000	257,512,403
Title of plots of land transferred during the year	(232,937,531)	(179,207,988)	(216,237,531)	(159,207,987)
Balance-end of year	<u>730,081,570</u>	<u>851,104,101</u>	<u>629,118,935</u>	<u>800,441,466</u>

As at 31 December 2006, the Company and its subsidiary are contracted to purchase and to sell land amounting to Baht 1,285.9 million (The Company Only : Baht 1,050.6 million).

Approximately Baht 139.9 million (The Company Only : Baht 44.9 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 its subsidiary and approximately Baht 572.2 million (The Company Only : Baht 572.2 million) were paid to a landowner. The land purchases were approved by the rehabilitation plan administrator. The landowner has mortgaged the land to secure the Company's long-term loans from bank. During the current period, the Company received the title to part of the land, valued at approximately Baht 156.5 million. The Company will completely register the transfer of ownership of land within the second quarter of the year 2007.

The remaining advance, amounting to approximately Baht 18.0 million (The Company Only : Baht 12.0 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.

12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated						Total
	Land	Office buildings and clubhouses	Furniture and equipment for offices and clubhouses	Motor vehicles	Construction in progress	Others	
Cost							
31 December 2005	47,091,355	164,463,348	97,607,224	35,717,189	12,676,520	52,212,186	409,767,822
Addition	-	420,563	18,845,651	371,600	76,460,284	2,789,281	98,887,379
Disposals	-	-	(5,712,843)	-	-	(20,704,825)	(26,417,668)
Transfer in (out)	-	41,056,214	-	-	(44,641,196)	3,584,982	-
31 December 2006	47,091,355	205,940,125	110,740,032	36,088,789	44,495,608	37,881,624	482,237,533
Accumulated depreciation							
31 December 2005	-	18,236,293	35,953,512	10,772,862	-	39,125,912	104,088,579
Depreciation for the year	-	8,689,009	20,021,344	6,306,274	-	4,591,460	39,608,087
Depreciation on disposals	-	-	(5,696,205)	-	-	(19,992,195)	(25,688,400)
31 December 2006	-	26,925,302	50,278,651	17,079,136	-	23,725,177	118,008,266
Net book value							
31 December 2005	47,091,355	146,227,055	61,653,712	24,944,327	12,676,520	13,086,274	305,679,243
31 December 2006	47,091,355	179,014,823	60,461,381	19,009,653	44,495,608	14,156,447	364,229,267
Depreciation charges for the years as included in selling and administrative expenses							
2005							31,346,883
2006							39,608,087

(Unit : Baht)

The Company Only

	Land	Office buildings and clubhouses	Furniture and equipment for offices and clubhouses	Motor vehicles	Construction in progress	Others	Total
Cost							
31 December 2005	47,091,355	156,530,020	92,227,164	34,304,589	12,548,120	44,705,388	387,406,636
Addition	-	26,563	18,214,805	360,000	64,077,855	2,515,416	85,194,639
Disposals	-	-	(5,712,845)	-	-	(20,704,827)	(26,417,672)
Transfer in (out)	-	41,056,214	-	-	(44,641,196)	3,584,982	-
31 December 2006	47,091,355	197,612,797	104,729,124	34,664,589	31,984,779	30,100,959	446,183,603
Accumulated depreciation							
31 December 2005	-	17,391,817	33,663,194	10,724,220	-	32,956,014	94,735,245
Depreciation for the year	-	8,225,852	19,134,302	6,021,654	-	4,125,950	37,507,758
Depreciation on disposals	-	-	(5,696,205)	-	-	(19,992,195)	(25,688,400)
31 December 2006	-	25,617,669	47,101,291	16,745,874	-	17,089,769	106,554,603
Net book value							
31 December 2005	47,091,355	139,138,203	58,563,970	23,580,369	12,548,120	11,749,374	292,671,391
31 December 2006	47,091,355	171,995,128	57,627,833	17,918,715	31,984,779	13,011,190	339,629,000
Depreciation charges for the years as included in selling and administrative expenses							
2005							29,841,245
2006							37,507,758

The Company has mortgaged land thereon with a total net book value at 31 December 2006 of Baht 22.2 million (2005 : Baht 22.2 million) as collateral for long-term credit facilities granted by commercial banks.

As at 31 December 2006, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 16.2 million (2005: Baht 39.6 million) (The Company Only: Baht 9.2 million (2005: Baht 32.7 million)).

13. LEASEHOLD RIGHTS/LEASEHOLD RIGHTS AWAITING SALE

	(Unit: Baht)	
	Consolidated and the Company Only	
	2006	2005
Leasehold rights - cost	342,561,569	341,243,897
Less : Accumulated amortisation	(29,476,065)	(26,264,971)
	313,085,504	314,978,926
Less : Allowance for loss on impairment	(189,843,897)	(189,843,897)
	123,241,607	125,135,029
Transfer to leasehold rights awaiting sale, net	(60,717,672)	-
Net	62,523,935	125,135,029
Amortisation charges for the years as included in selling and administrative expenses	3,211,094	3,211,094

Leasehold rights consist of the payments and compensation provided to land owners, tenants and project consultants for the leasehold to approximately 11 rai of land for a period of 30 years.

The Company subleased its rights to approximately 4 rai of land for the remainder of the lease period. The sublessee made an advance payment and paid annual rental at rates stipulated in the contract. The Company recognised the advance lease payment over the period of the sublease contract.

During the year 2005, the Company hired an independent appraiser to appraise the value of the Company's assets in various projects. According to the appraisal report dated 1 February 2006, the aggregate fair market value of "Leasehold rights" as at 31 December 2005 was approximately Baht 32.9 million lower than its net book value. The Company recorded allowance for loss on impairment of assets, presenting it in the income statement for the year 2005.

On 13 November 2006, a meeting of the Company's Board of Directors passed a resolution approving the sale of leasehold rights to approximately 7 Rai of land with a net book value of Baht 60.7 million. The Company classified the leasehold rights as "Leasehold rights awaiting sale" and presented it as a separate item in the balance sheet.

14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at 31 December 2006 and 2005, the outstanding balance of bank overdrafts and short-term loans from financial institutions consist of the followings:-

	Interest rate (percent per annum)	(Unit : Million Baht)			
		Consolidated		The Company Only	
		2006	2005	2006	2005
Bank overdrafts	MOR	30	-	30	-
Short-term loans from financial institutions	MRR	150	150	150	150
Discounted bills of exchange	MLR	100	75	100	75
Total		280	225	280	225

Bank overdrafts and short-term loans from a financial institutions are secured by the guarantee of the Company's director and the mortgage of part of the Company's project land and construction.

15. DEBENTURES

	(Unit : Thousand Baht)	
	Consolidated and the Company Only	
	2006	2005
Secured debentures 1/2004# 1	-	450,000
Secured debentures 1/2004# 2	-	750,000
Secured debentures 2/2004# 3	350,000	350,000
Secured debentures 1/2006	450,000	-
Total	800,000	1,550,000
Less : Current portion of debentures	(350,000)	(1,200,000)
Debentures, net of current portion	450,000	350,000

On 24 May 2004, an extraordinary general meeting of the Company's shareholders passed a resolution approving the issue and offer of secured debentures in an amount not exceeding Baht 2,000 million. The Company split the debentures into two offers as follows:-

(1) Secured debentures 1/2004 #1

The Company offered 450,000 Units with a par value of Baht 1,000 each, 1.5 years, secured debentures to the financial institutions and the public, with a total value of Baht 450 million. The debentures mature on 18 February 2006 and interest was payable semi-annual at the six-month fixed deposit rate of a commercial bank plus 3.4 percent per annum. Compliance with certain conditions related to the maintenance of a certain debt to equity ratio, the payment of dividends, and the maintenance of a certain collateral value to debentures ratio is required of the Company.

(2) Secured debentures 1/2004 #2

The Company offered 750,000 Units with a par value of Baht 1,000 each, 2 years, secured debentures to the financial institutions and the public, with a total value of Baht 750 million. The debentures mature on 18 August 2006 and interest was payable semi-annual at the six-month fixed rate deposit of a commercial bank plus 3.5 percent per annum. Compliance with certain conditions related to the maintenance of a certain debt to equity ratio, the payment of dividends, and the maintenance of a certain collateral value to debentures ratio is required of the Company.

(3) Secured debentures 2/2004 #3

The Company offered 350,000 Units with a par value of Baht 1,000 each, 2.5 years, secured debentures to the financial institutions and the public, with a total value of Baht 350 million. The debentures mature on 23 February 2007 and interest was payable semi-annual at the six-month fixed deposit rate of a commercial bank plus 3.65 percent per annum. Compliance with certain conditions related to the maintenance of a certain debt to equity ratio, the payment of dividends, and the maintenance of a certain collateral value to debentures ratio is required of the Company.

During the current year, the Company made payment totaling Baht 1,200 million under the secured debentures 1/2004#1 and 1/2004#2 and in February 2007, the Company has made payment totaling Baht 350 million under the secured debentures 2/2004#3 and has redeemed the collateral.

On 6 February 2006, the Company received approval for the issue and offer of the remaining debentures from the office of the Securities and Exchange Commission. As a result of the approval, the Company offered 450,000 Units with a par value of Baht 1,000 each, 2 years, secured debentures to the financial institutions and the public, with a total value of Baht 450 million. The debentures mature on 8 February 2008 and interest was payable semi-annual at 6.65 percent per annum. Compliance with certain conditions related to the maintenance of a certain debt to equity ratio, the payment of dividends, and the maintenance of a certain collateral value to debentures ratio are required of the Company.

The Company has mortgaged parts of the Company's land as collateral for debentures as discussed in Note 7 and 10 to the financial statements.

Subsequently on 21 June 2006, an extraordinary general meeting of the Company's shareholders No.1/2006 passed a resolution approving the issue and offer of secured debentures in an amount not exceeding Baht 1,200 million. Such debentures are to be subordinated, may be amortising or non-amortising, are to have a maturity of not more than 3 years and may be offered for sale to local investors by way of a public offering and/or offered to institutional investors. They may be offered in a single tranche or in various tranches, on a single date or on several occasions, as the Company deems appropriate. Currently, the Company does not issue and offer the debentures.

16. CREDITORS PER REHABILITATION PLAN

(Unit : Thousand Baht)

	Consolidated and the Company Only	
	<u>2006</u>	<u>2005</u>
Down payments and deposits payable	144	144
Secured creditors	132,335	132,335
Unsecured creditors	<u>515,931</u>	<u>515,931</u>
Total	<u><u>648,410</u></u>	<u><u>648,410</u></u>

As stipulated in the rehabilitation plan, the Company will be able to repay creditors per rehabilitation plan within October 2008, with interest being charged at a rate tied to the minimum loan rate (MLR) per annum.

Some creditors per rehabilitation of approximately Baht 422.4 million are shareholders of the Company and approximately Baht 8.9 million are shareholders who are directors of the Company.

17. UNSUBORDINATED CONVERTIBLE DEBENTURES

In accordance with a resolution of the Extraordinary General Meeting of shareholders held on 19 September 2005, on 25 November 2005 the Company issued and offered 200,000 unsubordinated convertible debentures with a par value of USD 100 each, or a total value of USD 20 million, to an overseas company. The debentures have been convertible since 25 May 2007, mature in 25 November 2010, and bear interest at a rate of 3.50 percent per annum. The conversion price is Baht 6.25 per ordinary share, and the debentures are convertible in a ratio of 1 debenture per 658.4 ordinary shares. Those debentures which are not converted will be redeemed at USD 131.60 per unit, using a stipulated exchange rate of Baht 41.15 per USD. The Company recorded the provision for debentures which are not converted over the life of debentures and presented it as a separate item in balance sheet.

Under the Company's debenture agreement, there are normal covenants relating to various matters on behalf of the normal business.

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

The Company

Long-term loans consist of loans granted by four local banks under the following credit facilities.

	Balance		Interest rate	Repayment period	Security
	2006	2005			
	(Million Baht)				
1) A facility of Baht 1,000 million	141.2	475.6	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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 June 2007.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
2) A facility of Baht 793 million	263.7	469.0	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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 April 2007.	The mortgage of part of the Company's project land and construction thereon.
3) A facility of Baht 250 million	-	29.2	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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.	The mortgage of part of the Company's project land and construction thereon.
4) A facility of Baht 660 million	196.7	294.5	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time a plot of land is redeemed from mortgage, at a rate of not less than 70 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 November 2007.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.

	Balance		Interest rate	Repayment period	Security
	<u>2006</u>	<u>2005</u>			
	(Million Baht)				
5) A facility of Baht 515 million	331.8	331.8	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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 February 2008.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
6) A facility of Baht 318 million	-	23.2	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time a plot of land is redeemed from mortgage, at a rate of not less than 75 percent of the selling price, which is not to be less than the amount informed to the bank.	The mortgage of part of the Company's project land and construction thereon.
7) A facility of Baht 1,200 million	638.9	640.0	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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 April 2011.	The guarantee of other company and the mortgage of part of land of other company and the Company's project land and construction thereon and the shares in the Company held by a shareholder.
8) A facility of Baht 780 million	-	378.0	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time a plot of land is redeemed from mortgage, at a rate of not less than 70 percent of the selling price, which is not to be less than the amount informed to the bank.	The mortgage of part of the Company's project land and construction thereon.
9) A facility of Baht 275 million	58.4	169.2	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.

	Balance		Interest rate	Repayment period	Security
	<u>2006</u>	<u>2005</u>			
	(Million Baht)				
10)A facility of Baht 742 million	634.9	713.4	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time a plot of land is redeemed from mortgage, at a rate of not less than 85 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.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
11)A facility of Baht 232 million	-	124.8	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time a plot of land is redeemed from mortgage, at a rate of not less than 75 percent of the selling price, which is not to be less than the amount informed to the bank.	The mortgage of part of the Company's project land and construction thereon.
12)A facility of Baht 1,070 million	663.6	-	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying each time condominium unit is redeemed from mortgage, at a rate of not less than 80 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 May 2009.	The mortgage of part of the Company's project land and construction thereon.
13)A facility of Baht 1,249 million	539.3	-	Interest at a rate tied to the minimum loan rate (MLR) per annum	The facility of Baht 400 million is to be repaid within August 2007 and the remaining facility of Baht 849 million is to be repaid each time a plot of land with townhouse is redeemed from mortgage, at a rate of not less than 70 percent of the selling price. Any remaining balance is to be repaid within August 2011.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
Total	<u>3,468.5</u>	<u>3,648.7</u>			
Less: Current portion	<u>(940.9)</u>	<u>(52.4)</u>			
Long-term loans-net		<u><u>3,596.3</u></u>			

	Balance		Interest rate	Repayment period	Security
	<u>2006</u>	<u>2005</u>			
	(Million Baht)				
of current portion	<u>2,527.6</u>				

Its subsidiary

Long-term loans consist of loans granted by a local bank under the following credit facilities.

	Balance		Interest rate	Repayment period	Security
	2006	2005			
	(Million Baht)				
1) A facility of Baht 925 million	-	220.2	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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.	The guarantee of the Company and the mortgage of part of its subsidiary's project land and construction thereon.
2) A facility of Baht 434 million	177.5	166.0	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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.	The guarantee of the Company and its subsidiary's director and the mortgage of part of its subsidiary's project land and construction thereon.
3) A facility of Baht 887 million	462.9	-	Interest at a rate tied to the minimum loan rate (MLR) per annum	Repaying 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 April 2010.	The guarantee of the Company and its subsidiary's director and the mortgage of part of its subsidiary's project land and construction thereon.
Total	640.4	386.2			
Less: Current portion	-	-			
Long-term loans-net of current portion	640.4	386.2			

The outstanding long-term loans are detailed as follow:-

	(Unit: Million Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Long-term loans	4,108.9	4,034.9	3,468.5	3,648.7
Less: Current portion	(940.9)	(52.4)	(940.9)	(52.4)
Long-term loans - net of current portion	<u>3,168.0</u>	<u>3,982.5</u>	<u>2,527.6</u>	<u>3,596.3</u>

The loan agreements contain normal covenants relating to various matters on behalf of the normal business.

As at 31 December 2006, the long-term credit facilities of the Company and its subsidiary which have not been drawn down amounted to Baht 2,748.4 million.

19. SHARE CAPITAL

As at 31 December 2006, the Company's issued and paid share capital has increased to Baht 4,695,334,290 (782,555,715 ordinary shares of Baht 6 each), with totaling Baht 124,140 (20,690 ordinary shares of Baht 6 each) being the result of the exercise of warrants in June 2006. The Company registered increases in its capital with the Ministry of Commerce on 7 July 2006.

Subsequently, the Company registered an increase in its capital of Baht 29,137,674 (4,856,279 ordinary shares of Baht 6 each) with the Ministry of Commerce on 11 January 2007, being the result of the exercise of the warrants as discussed in Note 20 to the financial statements.

20. WARRANTS

On 7 April 2005, the general meeting of the Company's shareholders passed a resolution approving the cancellation of warrants issue to the Company's creditors 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 does not issue the warrants.

On 25 September 2006, the meeting of the Company's Board of Directors passed a resolution approving the cancellation of 1,900,000 warrants issued to the directors and/or employees of the Company (ESOP).

In June 2006, the Company received advance subscription of Baht 0.01 per share to 20,690 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 207. The Company registered the resulting increase of Baht 124,140 in its capital with the Ministry of Commerce on 7 July 2006, resulting in share discount totaling Baht 13,149,673.

In December 2006, the Company received advance subscription of Baht 0.01 per share to 4,856,279 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 48,563. The Company registered the resulting increase of Baht 29,137,674 in its capital with the Ministry of Commerce on 11 January 2007. As at 31 December 2006, there were a total of 9,182,202 outstanding unexercised warrants.

Subsequently on 26 February 2007, a meeting of the Company's Board of Directors passed a resolution to consent to cancel 37,100,000 warrants issued to directors and/or employees of the Company (ESOP).

21. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Number of employees at end of year (Persons)	497	474	411	415
Employee costs for the year (Million Baht)	240.9	252.6	208.8	237.1

22. PROVIDENT FUND

The Company and its subsidiary and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by both employees and the Company and its subsidiary. The fund, which is managed by Kasikorn Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the current year, the Company and its subsidiary contributed Baht 12.0 million (2005: Baht 10.0 million) (The Company Only : Baht 10.9 million (2005 : Baht 9.9 million)) to the fund.

23. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit : Million Baht)

	Consolidated		The Company Only		Transfer pricing policy
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	14.3	13.5	4 to 8 percent per annum
Project management income	-	-	0.2	3.4	Contract prices
Club house management expense	-	-	10.8	10.2	Contract prices
<u>Transactions with associated company</u>					
Interest income	4.5	-	4.5	-	15 percent per annum (default rate)

The balances of the accounts as at 31 December 2006 and 2005 between the Company and those related companies are as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
<u>Amounts due from related companies</u>				
Estate Perfect Company Limited	-	-	-	1,101
Perfect Satellite Services Company Limited	-	-	-	177
Amounts due from related companies	-	-	-	1,278
<u>Loans to related companies and interest receivable</u>				
Loans to subsidiary company				
Estate Perfect Company Limited	-	-	94,376	290,339
Less : Allowance for doubtful debts	-	-	-	(474)
	-	-	94,376	289,865
Interest receivable from subsidiary company				
Estate Perfect Company Limited	-	-	4,651	18,858
Loans and interest receivable from subsidiary company, net	-	-	99,027	308,723
Loans to associated company				
Krungthep Land Public Company Limited	56,091	84,091	56,091	84,091
	56,091	84,091	56,091	84,091
Interest receivable from associated company				
Krungthep Land Public Company Limited	66,211	61,687	66,211	61,687
Less : Allowance for doubtful debts	(57,303)	(57,303)	(57,303)	(57,303)
	8,908	4,384	8,908	4,384
Loans and interest receivable form associated company, net	64,999	88,475	64,999	88,475
Loans to related company				
Real Service Company Limited	2,298	2,298	2,298	2,298
	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 : Allowance 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	67,415	90,891	166,442	399,614
<u>Amounts due to related company</u>				
Perfect Satellite Services Company Limited	-	-	1,738	1,117
Amounts due to related company	-	-	1,738	1,117

During the year 2006, movements of loans to related companies were as follow: -

	(Unit : Thousand Baht)			
	Balance as at	During the year		Balance as at
	1 January 2006	Increase	Decrease	31 December 2006
<i>Subsidiary</i>				
Estate Perfect Company Limited	290,339	75,500	(271,463)	94,376
<i>Associated company</i>				
Krungthep Land Public Company Limited	84,091	-	(28,000)	56,091

Loans to associated company are loans under debts restructuring agreement with no interest charged and are payable in installments in accordance with the condition stipulated in the agreement.

In January 2007, an associated company made loan and interest payments totaling Baht 60.5 million to the Company and in February 2007, it paid the remaining interest of Baht 4.5 million.

On 15 February 2007, Real Service Company Limited (“Real Service”) entered into a debt restructuring agreement with the Company. The balance of loan and interest receivable from Real Service amounted to Baht 2.4 million, of which Baht 0.4 million will be repaid on the date of the agreement while the remaining Baht 2.0 million is to be repaid in installments from April to October 2007.

Directors and management’s remuneration

In 2006 the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 38.8 million (2005 : Baht 40.8 million) (The Company Only: Baht 31.8 million (2005 : Baht 39.0 million))

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 27.3 to the financial statements.

24. CORPORATE INCOME TAX

The Company is not liable to corporate income tax for the year due to tax loss brought forward.

25. DIVIDENDS

Dividends declared in 2006 and 2005 consisted of the following:-

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividend from 2005 retained earnings	Annual General Meeting of the shareholders on 28 April 2006	<u>Baht 273.9 million</u>	<u>Baht 0.35</u>
Final dividend from 2004 retained earnings	Annual General Meeting of the shareholders on 7 April 2005	<u>Baht 312.7 million</u>	<u>Baht 0.40</u>

26. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

(Unit : Baht)

	Consolidated and the Company Only					
	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares (shares)		Earnings per share	
	2006	2005	2006	2005	2006	2005
Basic earnings per share						
Net income	11,992,903	1,092,636,440	782,585,426	782,154,478	0.02	1.40
Effect of dilutive potential ordinary shares						
Warrants 9,182,202 units (2005 : Warrants 14,059,171 units)	-	-	13,898,640	14,961,701		
Unsubordinated convertible debentures	-	6,605,870	-	13,348,384		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>11,992,903</u>	<u>1,099,242,310</u>	<u>796,484,066</u>	<u>810,464,563</u>	<u>0.02</u>	<u>1.36</u>

Since the conversion to ordinary shares of the above unsubordinated convertible debentures would increase earnings per share for the year 2006. Therefore the Company has not assumed conversion of unsubordinated convertible debentures in calculation of diluted earnings per share for the year 2006.

27. COMMITMENTS AND CONTINGENT LIABILITIES

27.1 Capital commitments

- a) The Company and its subsidiary had the outstanding commitments in respect of construction contracts of land and houses projects and residential condominium units of which the Company and its subsidiary had already entered into contracts with subcontractors of approximately Baht 1,787.4 million (2005 : Baht 401.5 million).
- b) The Company and its subsidiary had the outstanding capital commitments in respect of purchase of land of approximately Baht 573.8 million (2005 : Baht 229.2 million).
- c) The Company had the outstanding commitment in respect of a contract to construct no fewer than 300 residential units using a Prefabrication System, and if the Company assigns the contractor to build fewer than 300 units, it must pay compensation of an amount stipulated in contract.

27.2 Operating lease commitments

- a) The Company had the outstanding commitment in respect of office rental contracts and various service contracts of approximately Baht 23.3 million (2005 : Baht 22.7 million).
- b) The Company and its subsidiary had the outstanding commitments in respect of advertising board rental contracts of approximately Baht 27.0 million (2005 : Baht 14.3 million).

27.3 Guarantees

- a) The Company has guaranteed bank credit facilities of its subsidiaries and associated companies amounting to Baht 1,401 million and Baht 30 million, respectively (2005 : Baht 1,409 million and Baht 30 million, respectively).
- b) There were outstanding bank guarantees of approximately Baht 376.7 million (2005 : Baht 414.1 million) issued by the banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business.

28. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

29. 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 income and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

30. FINANCIAL INSTRUMENTS

30.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally consist of the following.

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Bank overdrafts and short-term loans from financial institutions
- Trade accounts receivable, net	- Trade accounts payable
- Advances to contractor, net	- Deposits and cash received in advance
- Loans to related companies, net	- Creditors per rehabilitation plan
- Advances for purchase land	- Debentures
	- Unsubordinated convertible debentures
	- Long-term loans

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and loans as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relating primarily to their cash at banks, bank overdrafts and short-term loans from financial institutions, debentures, unsubordinated convertible debentures and long-term loans. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2006 classified by type of interest rates are summarized in the table below on the maturity date or, the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within	Over					
	1 year	1 - 5 years	5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	308.8	3.9	312.7	0.12% - 0.50%
Trade accounts receivable, net	-	-	-	-	33.8	33.8	-
Advances to contractors, net	-	-	-	-	70.4	70.4	-
Loans to related companies, net	67.4	-	-	-	-	67.4	15.00%
Advances for purchase of land	-	-	-	-	730.0	730.0	-
	67.4	-	-	308.8	838.1	1,214.3	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	280.4	-	280.4	MOR, MMR, MLR
Trade accounts payable	-	-	-	-	290.1	290.1	-
Deposits and cash received in advance	-	-	-	-	280.6	280.6	-
Creditors per rehabilitation plan	-	-	-	648.4	-	648.4	MLR
Debentures	-	450.0	-	350.0	-	800.0	6.65%-7.40%
Unsubordinated convertible debentures	-	802.7	-	-	-	802.7	9.56%
Long-term loans	-	-	-	4,108.9	-	4,108.9	MLR
	-	1,252.7	-	5,387.7	570.7	7,211.1	

(Unit: Million Baht)

The Company Only							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	267.9	3.2	271.1	0.12% - 0.50%
Trade accounts receivable, net	-	-	-	-	31.9	31.9	-
Advances to contractors, net	-	-	-	-	70.4	70.4	-
Loans to related companies, net	67.4	-	-	99.0	-	166.4	7.16% - 15.00%
Advances for purchase of land	-	-	-	-	629.1	629.1	-
	<u>67.4</u>	<u>-</u>	<u>-</u>	<u>366.9</u>	<u>734.6</u>	<u>1,168.9</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	280.4	-	280.4	MOR, MMR, MLR
Trade accounts payable	-	-	-	-	245.0	245.0	-
Deposits and cash received in advance	-	-	-	-	266.0	266.0	-
Creditors per rehabilitation plan	-	-	-	648.4	-	648.4	MLR
Debentures	-	450.0	-	350.0	-	800.0	6.65%-7.40%
Unsubordinated convertible debentures	-	802.7	-	-	-	802.7	9.56%
Long-term loans	-	-	-	3,468.5	-	3,468.5	MLR
	<u>-</u>	<u>1,252.7</u>	<u>-</u>	<u>4,747.3</u>	<u>511.0</u>	<u>6,511.0</u>	

30.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and liabilities are short-term or have interest rates close to the market rates. The fair values of these financial assets and liabilities are not expected to differ materially from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

31. SUBSEQUENT EVENT

A meeting of the Company's Board of Directors No.1/2007 and No. 2/2007 held on 18 January 2007 and 26 February 2007 passed the following significant resolutions:-

- a) Approved the purchase of additional ordinary shares of an associated company amounting to Baht 60 million (6,000,000 ordinary shares of Baht 10 each) in order to maintain the Company existing shareholding structure.
- b) Consented to cancel 37,100,000 warrants issued to directors and/or employees of the Company (ESOP).

32. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2005 have been reclassified to conform to the current year's classifications, with no effect on previously reported net income or shareholders' equity.

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2007.