

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the 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 2007 and 2006, 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 and its subsidiaries 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 2007 and 2006, 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 above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, in 2007, the Company changed its accounting policy for recording investments in subsidiaries and associate in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 28 February 2008

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		424,055,579	312,742,938	397,595,597	271,119,989
Trade accounts receivable, net	6	33,452,438	33,779,857	32,530,838	31,923,101
Project development costs, net	7	7,991,847,276	8,016,191,069	6,425,477,543	6,531,990,915
Other current assets					
Advances to contractors, net		32,916,874	70,393,200	32,916,874	70,393,200
Prepaid expenses		5,440,132	9,244,664	5,440,132	9,244,664
Others		14,448,799	9,404,544	11,387,981	5,211,319
TOTAL CURRENT ASSETS		8,502,161,098	8,451,756,272	6,905,348,965	6,919,883,188
NON-CURRENT ASSETS					
Restricted deposits	8	226,123,159	840,659	226,123,159	840,659
Advances to related company	28	-	-	81,500,000	-
Loans to related companies and interest receivable, net	28	-	67,415,253	247,074,412	166,442,291
Account receivable - land	9	35,358,000	-	35,358,000	-
Investments in subsidiaries	10	-	-	541,057,356	539,458,456
Investment in associate	11	401,445,870	329,694,862	359,999,240	299,999,300
Other long-term investments, net		4,985,944	4,802,024	4,985,944	4,802,024
Land held for development, net	12	2,979,837,101	3,042,351,674	2,979,837,101	3,042,351,674
Advances for purchases of land	13	151,462,635	730,081,570	22,000,000	629,118,935
Property, plant and equipment, net	14	400,999,621	364,229,267	346,394,876	339,629,000
Leasehold rights, net	15	60,630,512	62,523,935	60,630,512	62,523,935
Leasehold rights awaiting sale, net	16	60,717,672	60,717,672	60,717,672	60,717,672
Other non-current assets					
Withholding tax deducted at source		61,287,159	39,027,390	57,329,685	38,658,509
Others		26,025,297	22,692,258	22,151,078	22,252,403
TOTAL NON-CURRENT ASSETS		4,408,872,970	4,724,376,564	5,045,159,035	5,206,794,858
TOTAL ASSETS		12,911,034,068	13,176,132,836	11,950,508,000	12,126,678,046

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 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	17	321,640,578	280,405,548	306,640,578	280,405,548
Loan from other company	18	10,000,000	-	-	-
Trade accounts payable		420,035,595	290,128,748	374,910,923	244,995,542
Amounts due to related companies	28	-	-	80,977,279	1,738,380
Advance from director	28	80,000,000	-	-	-
Deposits and cash received in advance	6	218,593,293	280,634,844	216,462,138	265,999,802
Creditors per rehabilitation plan	19	648,410,232	-	648,410,232	-
Current portion of debentures	20	450,000,000	350,000,000	450,000,000	350,000,000
Current portion of long-term loans	22	462,996,251	940,891,581	458,126,231	940,891,581
Other current liabilities					
Current portion of liabilities under financial lease agreements		4,686,147	5,254,476	4,686,147	5,254,476
Accrued interest		33,716,874	43,071,532	33,145,704	42,716,886
Accrued expenses		116,819,145	69,643,170	104,665,102	59,292,517
Others		50,051,663	55,497,701	43,330,291	41,583,465
TOTAL CURRENT LIABILITIES		2,816,949,778	2,315,527,600	2,721,354,625	2,232,878,197
NON-CURRENT LIABILITIES					
Creditors per rehabilitation plan	19	-	648,410,232	-	648,410,232
Debentures, net of current portion	20	-	450,000,000	-	450,000,000
Unsubordinated convertible debentures - liability component	21	805,881,396	802,735,788	805,881,396	802,735,788
Long-term loans, net of current portion	22	3,044,557,322	3,168,021,930	2,548,833,016	2,527,597,078
Other non-current liabilities					
Liabilities under financial lease agreements, net of current portion		1,506,534	6,238,792	1,506,534	6,238,792
Deposits and cash received in advance for sublease agreement		61,076,419	63,077,400	61,076,419	63,077,400
Provision for unconverted debentures	21	93,864,720	46,532,744	93,864,720	46,532,744
TOTAL NON-CURRENT LIABILITIES		4,006,886,391	5,185,016,886	3,511,162,085	4,544,592,034
TOTAL LIABILITIES		6,823,836,169	7,500,544,486	6,232,516,710	6,777,470,231

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 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
SHAREHOLDERS' EQUITY					
Share capital	23				
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					
787,491,194 ordinary shares of Baht 6 each (2006: 782,555,715 ordinary shares of Baht 6 each)		4,724,947,164	4,695,334,290	4,724,947,164	4,695,334,290
Share discount	24	(42,713,192)	(13,149,673)	(42,713,192)	(13,149,673)
Share subscriptions received in advance	24	1,938	48,563	1,938	48,563
Unsubordinated convertible debentures - equity component	21	23,535,270	23,535,270	23,535,270	23,535,270
Retained earnings					
Appropriated - statutory reserve	25	119,100,000	100,600,000	119,100,000	100,600,000
Unappropriated		1,262,326,719	869,219,900	893,120,110	542,839,365
TOTAL SHAREHOLDERS' EQUITY		6,087,197,899	5,675,588,350	5,717,991,290	5,349,207,815
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,911,034,068	13,176,132,836	11,950,508,000	12,126,678,046
		-	-	-	-

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

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DIRECTORS

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
REVENUES					
Revenues from sales of land and houses		4,697,134,755	4,477,287,835	4,144,223,090	3,815,290,328
Revenues from sales of residential condominium units		1,469,487,994	-	1,469,487,994	-
Revenues from sales of land		99,307,500	-	99,307,500	-
Other income					
Interest income		1,416,397	4,986,643	14,422,223	19,184,352
Revenues from forfeiture of down payments		11,569,861	7,858,840	10,831,098	7,219,925
Share of income from investment in associate	11	11,751,068	-	-	-
Others		42,574,214	43,677,400	39,840,560	35,363,171
TOTAL REVENUES		6,333,241,789	4,533,810,718	5,778,112,465	3,877,057,776
EXPENSES					
Costs of sales of land and houses		3,297,303,001	3,093,994,393	2,925,647,867	2,649,707,305
Costs of sales of residential condominium units		1,041,594,307	-	1,041,594,307	-
Costs of sales of land		56,578,584	-	56,578,584	-
Selling and administrative expenses		1,286,329,040	1,087,757,637	1,167,957,082	965,142,984
Share of loss from investment in associate	11	-	23,371,114	-	-
TOTAL EXPENSES		5,681,804,932	4,205,123,144	5,191,777,840	3,614,850,289
INCOME BEFORE INTEREST EXPENSES AND					
CORPORATE INCOME TAX		651,436,857	328,687,574	586,334,625	262,207,487
INTEREST EXPENSES		(225,442,622)	(293,228,680)	(217,553,880)	(272,159,359)
CORPORATE INCOME TAX	29	(14,387,416)	(23,465,991)	-	-
NET INCOME (LOSS) FOR THE YEAR		411,606,819	11,992,903	368,780,745	(9,951,872)
EARNINGS PER SHARE					
30					
Basic earnings per share					
Net income (loss)		0.523	0.015	0.468	(0.013)
Diluted earnings per share					
Net income		0.517	0.015	0.463	

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 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income (loss) for the year	411,606,819	11,992,903	368,780,745	(9,951,872)
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Share of loss (income) from investment in associate	(11,751,068)	23,371,114	-	-
Depreciation and amortisation	48,074,143	42,819,181	45,000,227	40,718,852
Amortisation of prepaid expense	15,439,378	10,732,356	14,988,262	10,732,356
Amortisation of premium on debentures	3,145,608	3,023,633	3,145,608	3,023,633
Provision for unconverted debentures	47,331,977	43,094,256	47,331,977	43,094,256
Rental received in advance recognition	(3,431,112)	(3,778,646)	(3,431,112)	(3,778,646)
Reversal of liabilities	-	(8,727,575)	-	(8,727,575)
Allowance for loss on impairment of assets	4,080,000	-	4,080,000	-
Allowance for loss on impairment of investments (reversal)	(183,920)	25,022	(183,920)	25,022
Doubtful debts	1,803,299	3,430,650	1,803,299	1,930,650
Loss on disposals of property, plant and equipment	6,707,888	711,927	6,618,373	711,927
Income from operating activities before changes in operating assets and liabilities	522,823,012	126,694,821	488,133,459	77,778,603
Decrease (increase) in operating assets				
Trade accounts receivable	(1,475,880)	(3,281,076)	(2,411,036)	(5,099,701)
Account receivable - land	(35,358,000)	-	(35,358,000)	-
Project development costs	732,298,717	792,287,636	750,468,296	823,611,642
Advances to contractors	37,476,326	(51,538,087)	37,476,326	(51,538,087)
Withholding tax deducted at source	(22,259,769)	6,414,049	(18,671,178)	4,305,194
Prepaid expenses	(11,634,846)	(14,589,526)	(11,183,729)	(14,589,526)
Interest receivable	9,025,933	(4,523,894)	12,417,850	9,682,751
Other current assets	(5,044,255)	9,168,662	(6,176,662)	8,283,610
Other non-current assets	(3,333,040)	(4,264,887)	101,323	(4,829,360)
Increase (decrease) in operating liabilities				
Trade accounts payable	129,906,847	49,975,008	129,915,380	37,034,591
Amounts due to related companies	-	-	79,238,899	621,594
Deposits and cash received in advance	(62,041,551)	175,994,785	(49,537,664)	168,435,982
Accrued interest	(9,354,658)	(14,486,766)	(9,571,181)	(14,711,053)
Other current liabilities	41,845,126	(43,653,584)	47,234,599	(45,076,476)
Net cash provided from operating activities	1,322,873,962	1,024,197,141	1,412,076,682	993,909,764

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

PROPERTY PERFECT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from investing activities				
Increase in restricted deposits	(225,282,500)	(500,000)	(225,282,500)	(500,000)
Decrease (increase) in advances to related company	-	-	(41,500,000)	1,278,344
Decrease (increase) in loans to related companies	58,389,320	28,000,000	(93,049,970)	223,963,151
Increase in investments in subsidiaries	-	-	(1,598,900)	-
Increase in investment in associate	(59,999,940)	-	(59,999,940)	-
Increase in land held for development	(26,368,888)	(131,187,037)	(26,368,888)	(146,387,039)
Increase in advances for purchases of land	(62,500,000)	(111,915,000)	(10,000,000)	(44,915,000)
Increase in property, plant and equipment	(71,578,306)	(98,887,379)	(38,410,396)	(85,194,639)
Proceed from disposals of property, plant and equipment	1,204,487	17,350	1,204,487	17,350
Net cash used in investing activities	(386,135,827)	(314,472,066)	(495,006,107)	(51,737,833)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(208,764,970)	55,397,407	(223,764,970)	55,397,407
Increase in loan from other company	10,000,000	-	-	-
Increase in advance from director	80,000,000	-	-	-
Increase (decrease) in long-term loans	(351,359,938)	74,000,335	(211,529,411)	(180,236,558)
Decrease in debentures	(350,000,000)	(750,000,000)	(350,000,000)	(750,000,000)
Decrease in liabilities under financial lease agreements	(5,300,586)	(5,293,475)	(5,300,586)	(5,293,475)
Dividend paid	-	(273,887,259)	-	(273,887,259)
Net cash used in financing activities	(825,425,494)	(899,782,992)	(790,594,967)	(1,154,019,885)
Net increase (decrease) in cash and cash equivalents	111,312,641	(190,057,917)	126,475,608	(211,847,954)
Cash and cash equivalents at beginning of year	312,742,938	502,800,855	271,119,989	482,967,943
Cash and cash equivalents at end of year	424,055,579	312,742,938	397,595,597	271,119,989
	-	-	-	-
Supplemental cash flow information				
Cash paid during the year for				
Interest expenses (including capitalised interest)	433,678,576	457,112,556	389,820,080	414,376,810
Corporate income tax and withholding tax deducted at source	83,565,525	59,273,495	57,331,130	38,658,508
Non-cash transactions				
Transfer advances for purchases of land to project development costs and land held for development	637,038,935	232,937,531	573,038,935	216,237,531
Transfer land held for development to project development costs	89,718,461	1,023,934,892	89,718,461	754,234,892
Transfer project development costs to property, plant and equipment	17,967,472	-	17,967,472	-
Transfer advances for purchases of land to advances to related company	40,000,000	-	40,000,000	-
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 2007 AND 2006

(Unit: Baht)

Consolidated financial statements

	Issued and paid		Share subscriptions	Unsubordinated	Retained earnings		Total
	share capital	Share discount	received in advance	convertible debentures - equity component	Statutory reserve	Unappropriated	
Balance as at 31 December 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 exercised warrants	124,140	(123,933)	(207)	-	-	-	-
Dividend paid (Note 31)	-	-	-	-	-	(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 as at 31 December 2006	4,695,334,290	(13,149,673)	48,563	23,535,270	100,600,000	869,219,900	5,675,588,350
Balance as at 31 December 2006	4,695,334,290	(13,149,673)	48,563	23,535,270	100,600,000	869,219,900	5,675,588,350
Share subscriptions received in advance	-	-	2,730	-	-	-	2,730
Additional ordinary shares as a result of exercised warrants	29,612,874	(29,563,519)	(49,355)	-	-	-	-
Increase in statutory reserve	-	-	-	-	18,500,000	(18,500,000)	-
Net income for the year	-	-	-	-	-	411,606,819	411,606,819
Balance as at 31 December 2007	4,724,947,164	(42,713,192)	1,938	23,535,270	119,100,000	1,262,326,719	6,087,197,899

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 (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Unit : Baht)

Separate financial statements

	Issued and paid share capital	Share discount	Share subscriptions received in advance	Unsubordinated convertible debentures - equity component	Retained earnings		Total (Restated)
					Statutory reserve	Unappropriated (Restated)	
Balance as at 31 December 2005 - as previously reported	4,695,210,150	(13,025,740)	-	23,535,270	100,000,000	1,131,714,256	5,937,433,936
Cumulative effect of the change in accounting policy for investments in subsidiaries and associate (Note 4)	-	-	-	-	-	(304,435,760)	(304,435,760)
Balance as at 31 December 2005 - as restated	4,695,210,150	(13,025,740)	-	23,535,270	100,000,000	827,278,496	5,632,998,176
Share subscriptions received in advance	-	-	48,770	-	-	-	48,770
Additional ordinary shares as a result of exercised warrants	124,140	(123,933)	(207)	-	-	-	-
Dividend paid (Note 31)	-	-	-	-	-	(273,887,259)	(273,887,259)
Increase in statutory reserve	-	-	-	-	600,000	(600,000)	-
Net income for the year (restated)	-	-	-	-	-	(9,951,872)	(9,951,872)
Balance as at 31 December 2006 - as restated	<u>4,695,334,290</u>	<u>(13,149,673)</u>	<u>48,563</u>	<u>23,535,270</u>	<u>100,600,000</u>	<u>542,839,365</u>	<u>5,349,207,815</u>
Balance as at 31 December 2006 - as previously reported	4,695,334,290	(13,149,673)	48,563	23,535,270	100,600,000	869,219,900	5,675,588,350
Cumulative effect of the change in accounting policy for investments in subsidiaries and associate (Note 4)	-	-	-	-	-	(326,380,535)	(326,380,535)
Balance as at 31 December 2006 - as restated	4,695,334,290	(13,149,673)	48,563	23,535,270	100,600,000	542,839,365	5,349,207,815
Share subscriptions received in advance	-	-	2,730	-	-	-	2,730
Additional ordinary shares as a result of exercised warrants	29,612,874	(29,563,519)	(49,355)	-	-	-	-
Increase in statutory reserve	-	-	-	-	18,500,000	(18,500,000)	-
Net income for the year	-	-	-	-	-	368,780,745	368,780,745
Balance as at 31 December 2007	<u>4,724,947,164</u>	<u>(42,713,192)</u>	<u>1,938</u>	<u>23,535,270</u>	<u>119,100,000</u>	<u>893,120,110</u>	<u>5,717,991,290</u>

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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 2007 AND 2006

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

2.1 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.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2007	2006
			Percent	Percent
Estate Perfect Company Limited	Property development	Thailand	100.00	100.00
Perfect Satellite Services Company Limited	Clubhouse management	Thailand	99.94	99.94
Bright Development Bangkok Company Limited	Property development	Thailand	99.94	-
Centrepoint Shopping Mall Company Limited	Property development	Thailand	59.95	-

Company's name	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
	2007	2006	2007	2006
	Percent	Percent	Percent	Percent
Estate Perfect Company Limited	13.08	12.56	8.78	14.67
Perfect Satellite Services Company Limited	0.04	0.04	0.01	0.13
Bright Development Bangkok Company Limited	0.73	-	-	-
Centrepoint Shopping Mall Company Limited	-	-	-	-

- b) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- c) Investments in subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries.
- d) On 30 April 2007, a meeting of the Company's Board of Directors passed a resolution to establish a new subsidiary, Bright Development Bangkok Company Limited, engaged in the property development business, with a share capital of Baht 1 million (10,000 ordinary shares with a par value of Baht 100 each).
- e) On 24 September 2007, a meeting of the Company's Board of Directors passed a resolution to establish a new subsidiary, Centrepoint Shopping Mall Company Limited, engaged in the property development business, with a share capital of Baht 1 million (10,000 ordinary shares with a per value of Baht 100 each).

2.3 The separate financial statements, which present investments in subsidiaries and associate presented under the cost method, have been prepared solely for the benefit of the public.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Thai Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current year, the Company changed its accounting policy for recording investments in subsidiaries and associate in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, 45 and 46 as discussed in Note 4 to the financial statements.

b) Thai Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE IN THE SEPARATE FINANCIAL STATEMENTS

During the current year, the Company changed its accounting policy for recording investments in subsidiaries and associate in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous year’s separate financial statements as though the investments in the subsidiaries and associate had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the year ended 31 December 2007 and 2006 by Baht 42.8 million (Baht 0.05 per share) and Baht 21.9 million (Baht 0.03 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries and associate” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries and associate in the Company’s separate financial statements, with no effect to the consolidated financial statements.

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.

Revenues from sales of residential condominium units

Revenues from sales of residential condominium units are recognised as revenue when the ownership has been transferred to the buyer.

Revenues from sales of land

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

5.2 Costs of sales of land and houses and residential condominium units

In determining the costs of sales of land and houses and residential condominium units, 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 hands, cash at banks, 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. Capitalisation ceases when the projects are ready for sale or 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 Advances for purchases of land

Advances for purchases of land will be recognised as part of land costs when the title to the related land is transferred to the Company and its subsidiary.

5.8 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.

5.9 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.

5.10 Investments

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.
- c) 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).

5.11 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 associate 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.

5.12 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 useful life of the assets.

5.13 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.

5.14 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.

5.15 Employee benefits

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

5.16 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.

5.17 Income Tax

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

5.18 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 2007 and 2006 are detailed below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Total value of contracts signed	43,029,830,434	36,981,949,458	40,745,527,612	35,259,727,701
Percentage of total project sale value	75.94	67.06	78.47	66.18
Installments due	39,763,341,634	33,658,760,436	37,562,946,793	31,998,773,373
Less: Cash received	(39,720,095,897)	(33,613,939,463)	(37,520,622,656)	(31,955,809,156)
Installments receivable	43,245,737	44,820,973	42,324,137	42,964,217
Less: Allowance for doubtful debts	(9,793,299)	(11,041,116)	(9,793,299)	(11,041,116)
Installments receivable, net	33,452,438	33,779,857	32,530,838	31,923,101

Deposits and cash received in advance as at 31 December 2007 and 2006 are detailed below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Installments due	39,763,341,634	33,658,760,436	37,562,946,793	31,998,773,373
Less: Accumulated sale recognition	(39,544,748,341)	(33,378,125,592)	(37,346,484,655)	(31,732,773,571)
Deposits and cash received in advance	218,593,293	280,634,844	216,462,138	265,999,802

As at 31 December 2007 and 2006, trade accounts receivable were classified by aging as follows.

(Unit: Baht)

	Consolidated financial statements				
	As at 31 December 2007				
	Less than 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
Accounts receivable-installments	14,295,874	2,785,974	6,632,500	1,706,200	25,420,548
Accounts receivable at transfer date	250,000	3,306,250	900,000	13,368,939	17,825,189
Total	14,545,874	6,092,224	7,532,500	15,075,139	43,245,737
Less: Allowance for doubtful debts	-	-	-	(9,793,299)	(9,793,299)
Trade accounts receivable, net	14,545,874	6,092,224	7,532,500	5,281,840	33,452,438

(Unit: Baht)

Consolidated financial statements

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	17,231,730	2,837,126	8,585,502	5,125,499	33,779,857

(Unit: Baht)

Separate financial statements

As at 31 December 2007					
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable-installments	13,574,274	2,585,974	6,632,500	1,706,200	24,498,948
Accounts receivable at transfer date	250,000	3,306,250	900,000	13,368,939	17,825,189
Total	13,824,274	5,892,224	7,532,500	15,075,139	42,324,137
Less: Allowance for doubtful debts	-	-	-	(9,793,299)	(9,793,299)
Trade accounts receivable, net	13,824,274	5,892,224	7,532,500	5,281,840	32,530,838

(Unit: Baht)

Separate financial statements

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

7. PROJECT DEVELOPMENT COSTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Land costs	12,234,645,693	11,386,760,898	10,876,038,709	10,189,758,528
Development costs	6,039,730,810	5,513,646,475	5,546,654,222	5,114,206,251
Construction costs	15,707,542,60	12,989,927,926	14,771,007,34	12,214,790,120
Capitalised interest	4,049,126,282	3,816,335,330	3,794,964,591	3,598,359,916
Total	38,031,045,393	33,706,670,629	34,987,664,867	31,117,114,815
Less: Transferred to costs of sales	(28,444,569,946)	(24,087,392,160)	(26,977,416,877)	(22,991,894,223)
Transferred to settle debt under rehabilitation plan	(1,524,192,396)	(1,524,192,396)	(1,524,192,396)	(1,524,192,396)
	8,062,283,051	8,095,086,073	6,486,055,594	6,601,028,196
Less: Allowance for loss on diminution in value of projects	(70,435,775)	(78,895,004)	(60,578,051)	(69,037,281)
Project development costs, net	<u>7,991,847,276</u>	<u>8,016,191,069</u>	<u>6,425,477,543</u>	<u>6,531,990,915</u>

The Company and its subsidiary's project land and construction thereon with a net book value of Baht 6,537.8 million as at 31 December 2007 (2006: Baht 6,569.8 million), have been mortgaged with financial institutions as collateral for short-term loans and long-term loans and as bank guarantees for public utilities.

8. RESTRICTED DEPOSITS

These represent fixed deposits pledged with the banks to secure credit facilities.

9. ACCOUNT RECEIVABLE - LAND

During the current year, the Company sold land to a company, at a value of Baht 88.4 million, and received the payment for only Baht 53.0 million. The remaining is to be paid in installments and is due in full within June 2009.

10. INVESTMENTS IN SUBSIDIARIES

(Unit: Baht)

Company's name	Separate financial statements			
	Paid-up capital		Cost	
	2007	2006	2007	2006
	Baht million			
Estate Perfect Company Limited	1,000	1,000	538,459,056	538,459,056
Perfect Satellite Services Company Limited	1	1	999,400	999,400
Bright Development Bangkok Company Limited	1	-	999,400	-
Centrepoint Shopping Mall Company Limited	1	-	599,500	-
Total			<u>541,057,356</u>	<u>539,458,456</u>

11. INVESTMENT IN ASSOCIATE

11.1 Details of associate:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Carrying amounts based on equity method		Share of income (loss) from investment in associate during the year	
			<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
			(%)	(%)				
Krungthep Land Public Company Limited	Property development	Thailand	20.22	20.00	11,751,068	(23,371,114)	11,751,068	(23,371,114)
Total					<u>11,751,068</u>	<u>(23,371,114)</u>	<u>11,751,068</u>	<u>(23,371,114)</u>

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
			(%)	(%)		
Krungthep Land Public Company Limited	Property development	Thailand	20.22	20.00	359,999,240	299,999,300
Total					<u>359,999,240</u>	<u>299,999,300</u>

11.2 Summarised financial information of associate

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income (loss) for the year ended 31 December	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Krungthep Land Public Company Limited	1,780	1,500	5,871	5,311	3,043	3,460	1,035	660	57

The Company recorded share of income from investment in associate after adjusting the associate's income, since there are differences in accounting policies in relation to the recognition of revenue from residential condominium units.

On 18 January 2007, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of additional ordinary shares of the associate amounting to Baht 60 million (6,000,000 ordinary shares with a par value of Baht 10 each).

On 16 November 2007, the Extraordinary General Meeting of Shareholders of the associate approved a reduction in the associate's registered capital through the cancellation of 32,000,000 authorised but unissued shares, with a par value of Baht 10 per share, or Baht 320,000,000, reducing the existing registered capital of Baht 2,100,000,000 to Baht 1,780,000,000.

In addition, the meeting approved a Baht 450,000,000 increase in the associate's registered capital comprising 45,000,000 ordinary shares with a par value of Baht 10 each, to raise registered capital from Baht 1,780,000,000 to Baht 2,230,000,000. The new ordinary shares are to be reserved for conversion of convertible debentures as discussed in Note 35 to the financial statements.

12. LAND HELD FOR DEVELOPMENT

	(Unit: Baht)	
	Consolidated and separate financial statements	
	<u>2007</u>	<u>2006</u>
Land costs	4,520,242,787	4,565,869,911
Development costs	182,667,940	118,647,838
Construction costs	17,449,523	17,449,523
Capitalised interest	<u>627,467,380</u>	<u>661,617,598</u>
Total	5,347,827,630	5,363,584,870
Less : Transferred to costs of sales	(548,576,325)	(501,818,992)
Transferred to restructure debt	(1,540,946,166)	(1,540,946,166)
Transferred to settle debt under rehabilitation plan	<u>(151,117,368)</u>	<u>(151,117,368)</u>
	3,107,187,771	3,169,702,344
Less : Allowance for loss on impairment	<u>(127,350,670)</u>	<u>(127,350,670)</u>
Land held for development, net	<u><u>2,979,837,101</u></u>	<u><u>3,042,351,674</u></u>

The above land and construction, of which the net book value as at 31 December 2007 was Baht 2,057.9 million (2006: Baht 1,910.8 million), have been mortgaged with financial institutions as collateral for short-term loans, debentures, long-term loans and as bank guarantees for public utilities.

13. ADVANCES FOR PURCHASES OF LAND

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Balance as at 31 December 2006	730,081,570	851,104,101	629,118,935	800,441,466
Increase during the year	62,500,000	111,915,000	10,000,000	44,915,000
Title of plots of land transferred during the year	(637,038,935)	(232,937,531)	(573,038,935)	(216,237,531)
	155,542,635	730,081,570	66,080,000	629,118,935
Less: Forfeiture of advance	(4,080,000)	-	(4,080,000)	-
	151,462,635	730,081,570	62,000,000	629,118,935
Adjust to advances to subsidiary	-	-	(40,000,000)	-
Balance as at 31 December 2007	<u>151,462,635</u>	<u>730,081,570</u>	<u>22,000,000</u>	<u>629,118,935</u>

As at 31 December 2007, the Company and its subsidiary were contracted to purchase and to sell land amounting to Baht 637.0 million (Separate financial statements: Baht 74.5 million).

Approximately Baht 135.4 million (Separate financial statements: Baht 9.4 million) of the above balance represents advances paid to landowners by the Company and its subsidiary under agreements to purchase and to sell land already signed with the landowners by agents on behalf of the Company and its subsidiary.

The remaining advances, amounting to approximately Baht 16.1 million (Separate financial statements: Baht 12.6 million), have been paid to agents in acquiring land and agreements to purchase and to sell land are still in the process of being signed with landowners.

In 2006, agreements to purchase and to sell land were signed with landowners by an agent on behalf of the Company, and the Company paid advances for purchases of land amounting to Baht 40 million to the landowners. During the current year, the Company established a new subsidiary which will conduct property development on such land. The Company therefore adjusted the advances for the purchases of land to record them as advances to subsidiary.

14. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

Consolidated financial statements							
	Land	Office buildings and clubhouses	Furniture and equipment for offices and clubhouses	Motor vehicles	Construction in progress	Others	Total
Cost							
31 December 2006	47,091,355	205,940,125	110,740,032	36,088,789	44,495,608	37,881,624	482,237,533
Additions	-	12,903	14,654,866	32,362	56,092,375	785,800	71,578,306
Transfer from project development costs	17,967,472	-	-	-	-	-	17,967,472
Disposals	-	(7,372,665)	(179,168)	(3,135,000)	-	-	(10,686,833)
Transfer in (out)	-	66,223,865	6,909,026	-	(75,774,746)	2,641,855	-
31 December 2007	<u>65,058,827</u>	<u>264,804,228</u>	<u>132,124,756</u>	<u>32,986,151</u>	<u>24,813,237</u>	<u>41,309,279</u>	<u>561,096,478</u>
Accumulated depreciation							
31 December 2006	-	26,925,302	50,278,651	17,079,136	-	23,725,177	118,008,266
Depreciation for the year	-	11,084,822	22,535,672	6,103,993	-	5,138,562	44,863,049
Depreciation on disposals	-	(1,086,341)	(58,040)	(1,630,077)	-	-	(2,774,458)
31 December 2007	<u>-</u>	<u>36,923,783</u>	<u>72,756,283</u>	<u>21,553,052</u>	<u>-</u>	<u>28,863,739</u>	<u>160,096,857</u>
Net book value							
31 December 2006	<u>47,091,355</u>	<u>179,014,823</u>	<u>60,461,381</u>	<u>19,009,653</u>	<u>44,495,608</u>	<u>14,156,447</u>	<u>364,229,267</u>
31 December 2007	<u>65,058,827</u>	<u>227,880,445</u>	<u>59,368,473</u>	<u>11,433,099</u>	<u>24,813,237</u>	<u>12,445,540</u>	<u>400,999,621</u>
Depreciation for the years as included in selling and administrative expenses							
2006							<u>39,608,087</u>
2007							<u>44,863,049</u>

(Unit : Baht)

Separate financial statements

	Land	Office buildings and clubhouses	Furniture and equipment for offices and clubhouses	Motor vehicles	Construction in progress	Others	Total
Cost							
31 December 2006	47,091,355	197,612,797	104,729,124	34,664,589	31,984,779	30,100,959	446,183,603
Additions	-	12,903	11,733,199	32,362	25,852,552	779,380	38,410,396
Transfer from project development costs	17,967,472	-	-	-	-	-	17,967,472
Disposals	-	(7,372,664)	(56,168)	(3,135,000)	-	-	(10,563,832)
Transfer in (out)	-	33,026,139	-	-	(35,667,995)	2,641,856	-
31 December 2007	65,058,827	223,279,175	116,406,155	31,561,951	22,169,336	33,522,195	491,997,639
Accumulated depreciation							
31 December 2006	-	25,617,669	47,101,291	16,745,874	-	17,089,769	106,554,603
Depreciation for the year	-	10,101,301	21,294,578	5,819,153	-	4,574,101	41,789,133
Depreciation on disposals	-	(1,086,341)	(24,555)	(1,630,077)	-	-	(2,740,973)
31 December 2007	-	34,632,629	68,371,314	20,934,950	-	21,663,870	145,602,763
Net book value							
31 December 2006	47,091,355	171,995,128	57,627,833	17,918,715	31,984,779	13,011,190	339,629,000
31 December 2007	65,058,827	188,646,546	48,034,841	10,627,001	22,169,336	11,858,325	346,394,876
Depreciation for the years as included in selling and administrative expenses							
2006							37,507,758
2007							41,789,133

As at 31 December 2007, certain plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 30.7 million (2006: Baht 16.2 million) (Separate financial statements: Baht 23.7 million (2006: Baht 9.2 million)).

The Company has mortgaged land thereon with a total net book value at 31 December 2007 of Baht 22.2 million (2006: Baht 22.2 million) as collateral against a credit facility received from a financial institution.

15. LEASEHOLD RIGHTS

	(Unit: Baht)	
	Consolidated and separate financial statements	
	2007	2006
Leasehold rights - cost	343,879,241	342,561,569
Less : Accumulated amortisation	(32,687,160)	(29,476,065)
	311,192,081	313,085,504
Less : Allowance for loss on impairment	(189,843,897)	(189,843,897)
	121,348,184	123,241,607
Transfer to leasehold rights awaiting sale, net	(60,717,672)	(60,717,672)
Net	60,630,512	62,523,935
Amortisation for the years as included in selling and administrative expenses	3,211,094	3,211,094

The outstanding balance comprises leasehold rights to approximately 4 rai of land, which the Company subleased 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 recognises the advance lease payment over the period of the sublease contract.

16. LEASEHOLD RIGHTS AWAITING SALE

On 25 December 2007, the Company entered into an agreement to transfer leasehold rights to a subsidiary, with a contract value of Baht 200 million, of which Baht 80 million was paid on the contract date. The remaining balances are to be paid by the subsidiary on the date the transfer of leasehold rights is registered, and no later than 28 February 2008.

Subsequently, on 29 January 2008, the Company entered into an amended agreement to transfer leasehold rights to the subsidiary, whereby it is to make the remaining payment to the Company on the date the transfer of leasehold rights is registered, and no later than 30 June 2008.

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

As at 31 December 2007 and 2006, the outstanding balance of bank overdrafts and short-term loans from financial institutions consist of the following:

	Interest rate (percent per annum)	(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
Bank overdrafts	MOR	30	30	30	30
Short-term loans from financial institutions	MMR, MLR, MLR-1	292	250	277	250
Total		322	280	307	280

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

The loan agreements contain normal covenants relating to various matters as required in the normal course of business.

18. LOAN FROM OTHER COMPANY

The loan is subject to the interest at a rate of 6.0 percent per annum and is due within January 2008.

19. CREDITORS PER REHABILITATION PLAN

	(Unit: Thousand Baht)	
	Consolidate and	
	separate financial statements	
	2007	2006
Down payments and deposits	144	144
Secured creditors	132,335	132,335
Unsecured creditors	515,931	515,931
	648,410	648,410
Less: Current portion	(648,410)	-
Net	-	648,410

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).

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.

20. DEBENTURES

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2007</u>	<u>2006</u>
Secured debentures 2/2004# 3	-	350,000
Secured debentures 1/2006	450,000	450,000
Total	450,000	800,000
Less : Current portion of debentures	(450,000)	(350,000)
Debentures, net of current portion	<u>-</u>	<u>450,000</u>

On 24 May 2004, an extraordinary general meeting of the Company's shareholders passed a resolution to approve the issue and offer of secured debentures, which are detailed below.

(1) Secured debentures 2/2004 #3

The Company offered 350,000 units with a par value of Baht 1,000 each, secured debentures to the financial institutions and the public, with a total value of Baht 350 million. During the current year, the Company has redeemed such debentures.

(2) Secured debentures 1/2006

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. On 8 February 2008, the Company redeemed such debentures.

The Company has mortgaged parts of the Company's land as collateral for debentures as discussed in Note 12 to the financial statements.

On 21 June 2006, an extraordinary general meeting of the Company's shareholders No.1/2006 passed a resolution to approve 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 has not issued and offered the debentures.

On 30 April 2007, a meeting of the Company's Board of Directors No. 4/2007 passed a resolution to issue and offer not more than Baht 462,150,000 of 12-month secured debentures of a new subsidiary, Bright Development Bangkok Company Limited ("Bright") to an overseas investor. The debentures bear interest at a rate tied to the minimum loan rate (MLR) and are secured by a guarantee provided by the Company, the mortgage of parts of the Company and Bright's project land and construction, and the pledge of the ordinary shares of Bright.

The office of the Securities and Exchange Commission approved the offer to sell debentures of Bright. However, Bright has not issued and offered the debentures.

21. 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 as required in the normal course of business.

22. LONG-TERM LOANS

The Company

Long-term loans consist of loans granted by three financial institutions under the following credit facilities.

	Balance		Interest rate	Repayment period	Security
	<u>2007</u>	<u>2006</u>			
	(Million Baht)				
1) A facility of Baht 1,000 million	-	141.2	Interest at a rate tied to the minimum loan rate (MLR)	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 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	177.9	263.7	Interest at a rate tied to the minimum loan rate (MLR)	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 June 2008.	The mortgage of part of the Company's project land and construction thereon.
3) A facility of Baht 660 million	-	196.7	Interest at a rate tied to the minimum loan rate (MLR)	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 guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
4) A facility of Baht 515 million	365.5	331.8	Interest at a rate tied to the minimum loan rate (MLR)	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 2010.	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>2007</u>	<u>2006</u>			
	(Million Baht)				
5) A facility of Baht 1,200 million	464.1	638.9	Interest at a rate tied to the minimum loan rate (MLR)	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.
6) A facility of Baht 275 million	-	58.4	Interest at a rate tied to the minimum loan rate (MLR)	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's director and the mortgage of part of the Company's project land and construction thereon.
7) A facility of Baht 742 million	452.8	634.9	Interest at a rate tied to the minimum loan rate (MLR)	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.
8) A facility of Baht 1,070 million	95.2	663.6	Interest at a rate tied to the minimum loan rate (MLR)	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.
9) A facility of Baht 1,249 million	480.2	539.3	Interest at a rate tied to the minimum loan rate (MLR)	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 mortgage of part of the Company's project land and construction thereon.

	Balance		Interest rate	Repayment period	Security
	2007	2006			
	(Million Baht)				
10)A facility of Baht 130 million	15.8	-	Interest at a rate tied to the minimum loan rate (MLR)	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 April 2009.	The guarantee of the mortgage of part of the Company's project land and construction thereon.
11)A facility of Baht 1,280 million	583.1	-	Interest at a rate tied to the minimum loan rate (MLR)	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 July 2010.	The guarantee of the mortgage of part of the Company's project land and construction thereon.
12)A facility of Baht 628 million	212.7	-	Interest at a rate tied to the minimum loan rate (MLR)	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. Any remaining balance is to be repaid within May 2011.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction thereon.
13)A facility of Baht 430 million	159.6	-	Interest at a rate tied to the minimum loan rate (MLR)	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. Any remaining balance is to be repaid within April 2010.	The guarantee of the mortgage of part of the Company's project land and construction thereon.
Total	3,006.9	3,468.5			
Less: Current portion	(458.1)	(940.9)			
Long-term loans-net of current portion	<u>2,548.8</u>	<u>2,527.6</u>			

Its subsidiary

Long-term loans consist of loans granted by two financial institutions under the following credit facilities.

	Balance		Interest rate	Repayment period	Security
	<u>2007</u>	<u>2006</u>			
	(Million Baht)				
1) A facility of Baht 364 million	206.2	177.5	Interest at a rate tied to the minimum loan rate (MLR)	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 March 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.
2) A facility of Baht 887 million	284.8	462.9	Interest at a rate tied to the minimum loan rate (MLR)	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.
3) A facility of Baht 10 million	9.6	-	Interest at a rate tied to the minimum loan rate (MLR)	Repaying principal and interest is to be made in 24 installments of at least Baht 465,000 each, with full settlement to be made within December 2009.	The guarantee of the Company and its subsidiary's director and the mortgage of part of the Company's project land and construction thereon.
Total	<u>500.6</u>	<u>640.4</u>			
Less: Current portion	<u>(4.9)</u>	<u>-</u>			
Long-term loans-net of current portion	<u><u>495.7</u></u>	<u><u>640.4</u></u>			

The outstanding long-term loans are detailed as follow:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Long-term loans	3,507.5	4,108.9	3,006.9	3,468.5
Less: Current portion	(463.0)	(940.9)	(458.1)	(940.9)
Long-term loans - net of current portion	<u>3,044.5</u>	<u>3,168.0</u>	<u>2,548.8</u>	<u>2,527.6</u>

The loan agreements contain normal covenants relating to various matters as required in the normal course of business.

As at 31 December 2007, the long-term credit facilities of the Company and its subsidiary which have not been drawn down amounted to Baht 3,003.5 million.

23. SHARE CAPITAL

As at 31 December 2007, the Company's issued and paid share capital increased to Baht 4,724,947,164 (787,491,194 ordinary shares of Baht 6 each), with totaling Baht 29,612,874 (4,935,479 ordinary shares of Baht 6 each) being the result of the exercise of warrants in December 2006 and June 2007. The Company registered the increases in its capital with the Ministry of Commerce on 11 January 2007 and 11 July 2007, respectively.

Subsequently, the Company registered an increase in its capital of Baht 1,162,956 (193,826 ordinary shares of Baht 6 each) with the Ministry of Commerce on 8 January 2008, being the result of the exercise of the warrants as discussed in Note 24 to the financial statements.

24. WARRANTS

	Units
Outstanding as at 31 December 2006	9,182,202
Exercised during the year	(273,026)
Outstanding as at 31 December 2007	<u>8,909,176</u>

The warrants are to be exercisable in a ratio of 1 warrant to 1 new ordinary share at an exercise price of Baht 0.01 per share and have an exercise period of 10 years from the issue date, 7 November 2002, with stipulated exercise dates of the end of the second and the fourth quarter of each year.

During the year 2006 and 2007, a meeting of the Company's Board of Directors passed a resolution to consent to cancel 39,000,000 warrants issued to directors and/or employees of the Company (ESOP).

In December 2006 and June 2007, the Company received advance subscription of Baht 0.01 per share to 4,935,479 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 49,355. The Company registered the resulting increase of Baht 29,612,874 in its capital with the Ministry of Commerce on 11 January 2007 and 11 July 2007, resulting in share discount totaling Baht 42,713,192.

In December 2007, the Company received advance subscription of Baht 0.01 per share to 193,826 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 1,938. The Company registered the resulting increase of Baht 1,162,956 in its capital with the Ministry of Commerce on 8 January 2008.

25. 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.

26. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (Persons)	532	497	439	411
Employee costs for the year (Million Baht)	320.9	240.9	270.6	208.8

27. PROVIDENT FUND

The Company, its subsidiary and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiary and their employees contributed to the fund monthly at the rate of 3 - 10 percent of basic salary. The fund, which is managed by Kasikorn Asset Management will be paid to employees upon termination in accordance with the fund rules. During the current year, the Company and its subsidiary contributed Baht 13.3 million (2006: Baht 12.0 million) (Separate financial statements: Baht 11.5 million (2006: Baht 10.9 million)) to the fund.

28. 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 business between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2007	2006	2007	2006	
Transactions with subsidiaries					
Interest income	-	-	13.1	14.3	7 to 9 percent per annum
Club house management expenses	-	-	8.4	10.8	Contract prices
Transactions with associate					
Interest income	0.5	4.5	0.5	4.5	15 percent per annum (defaulted rate)

The balances of the accounts as at 31 December 2007 and 2006 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Advances to related company				
Bright Development Bangkok Company Limited	-	-	81,500	-
Advances to related company	-	-	81,500	-
Loans to related companies and interest receivable				
Loans to subsidiaries				
Estate Perfect Company Limited	-	-	241,453	94,376
Bright Development Bangkok Company Limited	-	-	4,362	-
	-	-	245,815	94,376
Interest receivable from subsidiaries				
Estate Perfect Company Limited	-	-	1,250	4,651
Bright Development Bangkok Company Limited	-	-	9	-
	-	-	1,259	4,651
Loans and interest receivable from subsidiaries	-	-	247,074	99,027
Loans to associate				
Krungthep Land Public Company Limited	-	56,091	-	56,091
	-	56,091	-	56,091

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Interest receivable from associate				
Krungthep Land Public Company Limited	-	66,211	-	66,211
Less : Allowance for doubtful debts	-	(57,303)	-	(57,303)
	-	8,908	-	8,908
Loans and interest receivable form associate, net	-	64,999	-	64,999
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
Less : Allowance for doubtful debts	-	(2,494)	-	(2,494)
	-	118	-	118
Loans and interest receivable from related company, net	-	2,416	-	2,416
Loans to related companies and interest receivable, net	-	67,415	247,074	166,442
<u>Amounts due to related companies</u>				
Perfect Satellite Services Company Limited	-	-	977	1,738
Centrepont Shopping Mall Company Limited	-	-	80,000	-
Amounts due to related companies	-	-	80,977	1,738
<u>Advance from director</u>				
Director	80,000	-	-	-
Advance from director	80,000	-	-	-

During the year 2007, movements of loans to related companies were as follow:

	(Unit : Thousand Baht)			
	Balance as at	During the year		Balance as at
	1 January 2007	Increase	Decrease	31 December 2007
<i>Subsidiaries</i>				
Estate Perfect Company Limited	94,376	150,600	(3,523)	241,453
Bright Development Bangkok Company Limited	-	4,362	-	4,362
<i>Associate</i>				
Krungthep Land Public Company Limited	56,091	-	(56,091)	-
<i>Related company</i>				
Real Service Company Limited	2,298	-	(2,298)	-

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 32.3 to the financial statements.

29. CORPORATE INCOME TAX

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

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income (loss) 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 financial statements					
	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares (shares)		Earnings per share	
2007	2006	2007	2006	2007	2006	
Basic earnings per share						
Net income	411,606,819	11,992,903	787,454,478	782,585,426	0.523	0.015
Effect of dilutive potential ordinary shares						
Warrants 8,909,176 units (2006 : Warrants 9,182,202 units)	-	-	9,114,330	13,898,640		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>411,606,819</u>	<u>11,992,903</u>	<u>796,568,808</u>	<u>796,484,066</u>	0.517	0.015

(Unit: Baht)

		Separate financial statements					
		For the years ended 31 December					
		Net income (loss)		Weighted average number of ordinary shares (shares)		Earnings per share	
		2007	2006	2007	2006	2007	2006
			(Restated)				(Restated)
Basic earnings per share							
Net income (loss)		368,780,745	<u>(9,951,872)</u>	787,454,478	<u>782,585,426</u>	0.468	(0.013)
Effect of dilutive potential ordinary shares							
Warrants 8,909,176 units							
(2006 : Warrants 9,182,202 units)		-		9,114,330			
Diluted earnings per share							
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares		<u>368,780,745</u>		<u>796,568,808</u>		0.463	

Since the conversion to ordinary shares of the unsubordinated convertible debentures would increase earnings per share in the consolidated financial statements for the year ended 31 December 2007 and 2006 and the separate financial statements for the years ended 31 December 2007. Therefore, the Company has not assumed conversion of unsubordinated convertible debentures in calculation of diluted earnings per share in the consolidated financial statements for the years ended 31 December 2007 and 2006 and the separate financial statements for the year ended 31 December 2007.

In addition, the conversion to ordinary shares of the warrants and unsubordinated convertible debentures would decrease loss per share in the separate financial statements for the year ended 31 December 2006. Therefore, the Company has not assumed conversion of warrants and unsubordinated convertible debentures in calculation of diluted earnings per share in the separate financial statements for the year ended 31 December 2006.

31. DIVIDENDS

Dividends declared in 2006 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>

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Capital commitments

- a) The Company and its subsidiary had the outstanding commitments in respect of construction contracts of land and house projects and residential condominium units of which the Company and its subsidiary had already entered into contracts with subcontractors of approximately Baht 1,001.3 million.
- b) The Company and its subsidiary had the outstanding commitments in respect of purchases of land of approximately Baht 541.6 million.
- c) The Company had the outstanding commitment in respect of land lease for real estate development amounting to approximately Baht 17.1 million.
- d) 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.

32.2 Operating lease commitments

- a) The Company and its subsidiary had the outstanding commitments in respect of office and land rental contracts and various service contracts as detailed below.

Million Baht

Payable within:

1 year	19.8
Over 1 year	15.5

- b) The Company and its subsidiary had the outstanding commitments in respect of advertising board rental contracts as detailed below.

Million Baht

Payable within:

1 year	25.5
Over 1 year	1.5

33.3 Guarantees

- a) The Company has guaranteed bank credit facilities of its subsidiary and associate amounting to Baht 1,441 million and Baht 30 million, respectively.
- b) There were outstanding bank guarantees of approximately Baht 556.0 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. These included letters of guarantee amounting to Baht 331.0 million to guarantee the public utilities and Baht 225.0 million to guarantee the debentures.

33. FINANCIAL INFORMATION BY SEGMENT

The Company's 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.

34. FINANCIAL INSTRUMENTS

34.1 Financial risk management

The Company's 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	- Loan from other company
- Advances to related company	- Trade accounts payable
- Advances to contractors, net	- Amounts due to related companies
- Restricted deposits	- Advance from director
- Loans to related companies, net	- Creditors per rehabilitation plan
- Account receivable - land	- Deposits and cash received in advance
- Investments in subsidiaries	- Debentures
- Investments in associate	- Unsubordinated convertible debentures
- Other long-term investment, net	- Long-term loans
- Advances for purchases of land	- Deposits and cash received in advance for sublease agreement

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, advances, loans and account receivable - land. 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 involved the real estate business since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, advances, loans and account receivable - land 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, loans, bank overdrafts and short-term loans from financial institutions, loan from other company, creditors per rehabilitation plan, debentures, unsubordinated convertible debentures and long-term loans. However, since most of the Company's 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 2007 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 financial statements						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	416.5	7.5	424.0	0.125% - 0.75%
Trade accounts receivable, net	-	-	-	-	33.5	33.5	-
Advances to contractors, net	-	-	-	-	32.9	32.9	-
Restricted deposits	226.1	-	-	-	-	226.1	0.125% - 2.25%
Account receivable - land	-	-	-	-	35.4	35.4	-
Investments in associate	-	-	-	-	401.4	401.4	-
Other long-term investments, net	-	-	-	-	5.0	5.0	-
Advances for purchases of land	-	-	-	-	151.5	151.5	-
	<u>226.1</u>	<u>-</u>	<u>-</u>	<u>416.5</u>	<u>667.2</u>	<u>1,309.8</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	321.6	-	321.6	MOR, MMR, MLR, MLR-1
Loan from other company	10.0	-	-	-	-	10.0	6.00%
Trade accounts payable	-	-	-	-	420.0	420.0	-
Advance from director	-	-	-	-	80.0	80.0	-
Deposits and cash received in advance	-	-	-	-	218.6	218.6	-
Creditors per rehabilitation plan	-	-	-	648.4	-	648.4	MLR
Debentures	450.0	-	-	-	-	450.0	6.65%
Unsubordinated convertible debentures	-	805.9	-	-	-	805.9	9.56%
Long-term loans	-	-	-	3,507.5	-	3,507.5	MLR
Deposits and cash received in advance for sublease agreement	-	-	-	-	61.1	61.1	-
	<u>460.0</u>	<u>805.9</u>	<u>-</u>	<u>4,477.5</u>	<u>779.7</u>	<u>6,523.1</u>	

(Unit: Million Baht)

Separate financial statement							
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							
	-	-	-	391.7	5.9	397.6	0.125% - 0.75%
Cash and cash equivalents							
Trade accounts receivable, net	-	-	-	-	32.5	32.5	-
Advances to related company	-	-	-	-	81.5	81.5	-
Advances to contractors, net	-	-	-	-	32.9	32.9	-
Restricted deposits	226.1	-	-	-	-	226.1	0.125% - 2.25%
Loans to related companies, net	-	-	-	247.1	-	247.1	8.03% - 8.69%
Account receivable - land	-	-	-	-	35.4	35.4	-
Investments in subsidiaries	-	-	-	-	541.1	541.1	-
Investments in associate	-	-	-	-	360.0	360.0	-
Other long-term investments, net	-	-	-	-	5.0	5.0	-
Advances for purchases of land	-	-	-	-	22.0	22.0	-
	<u>226.1</u>	<u>-</u>	<u>-</u>	<u>638.8</u>	<u>1,116.3</u>	<u>1,981.2</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	306.6	-	306.6	MOR, MMR, MLR
Trade accounts payable	-	-	-	-	374.9	374.9	-
Amounts due to related companies	-	-	-	-	81.0	81.0	-
Deposits and cash received in advance	-	-	-	-	216.5	216.5	-
Creditors per rehabilitation plan	-	-	-	648.4	-	648.4	MLR
Debentures	450.0	-	-	-	-	450.0	6.65%
Unsubordinated convertible debentures	-	805.9	-	-	-	805.9	9.56%
Long-term loans	-	-	-	3,006.9	-	3,006.9	MLR
Deposits and cash received in advance for sublease agreement	-	-	-	-	61.1	61.1	-
	<u>450.0</u>	<u>805.9</u>	<u>-</u>	<u>3,961.9</u>	<u>733.5</u>	<u>5,951.3</u>	

34.2 Fair value of financial instruments

Since the majority of the Company's 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.

35. SUBSEQUENT EVENTS

Significant subsequent events are as follows:

- 1) On 21 January 2008, Property Perfect Property fund (“The Fund”) was registered as a property fund with the Office of Securities and Exchange Commission, with a registered capital of Baht 520 million. The Company invested Baht 29.8 million in the Fund (2,980,000 units with a par value of Baht 10 each), representing 5.73 percent of its registered capital. The Company entered into an agreement to transfer the Company’s properties to the Fund on 28 February 2008, for a total consideration of Baht 510 million. Under the agreement, the Company agrees to guarantee the minimum revenue of the Fund (rental and service revenue before deducting expenses) at Baht 55 million for a period of five years, expiring on 31 December 2012. However, the amount of guaranteed revenue depends on the ratio of the value of the outstanding properties to the value of the properties in which the Fund initially invested, as determined by an appraisal company for the purpose of the initial investment. In addition, the Company will place a bank guarantee in the name of the Company as security with the Fund.

The Company agrees to be responsible for the public and common area service expenses of the Fund’s properties for a period of three years, and has been appointed as manager of the Fund’s properties for a period of five years, ending on 31 December 2012.

- 2) In accordance with a resolution of the Extraordinary General Meeting of shareholders held on 14 January 2008, on 31 January 2008, an associate issued and offered 188,806 units of 5-year, name-registered, unsecured convertible debentures with a face value of USD 100 or a total value of USD 18,880,600, to the overseas company. The convertible debentures bear interest at the higher of 3% per annum or a dividend yield based on the conditions of the convertible debentures and mature on 31 January 2013. They are convertible upon the listing of the associate’s shares on the Stock Exchange of Thailand or MAI, or one year from the issue date (whichever is earlier), at a conversion price of Baht 13.85 per ordinary share, on a quarterly basis. If no interest payment is made until the maturity date, the associate is to redeem the outstanding convertible debentures at a price equal to 1.311651 times the baht equivalent of the face value, with such redemption subject to change dependent upon the interest payment made during the life of the debentures. However, interest is payable only in years in which the associate declares a dividend, and then semi-annually.

- 3) On 28 February 2008, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.24 per share, totaling Baht 189.0 million in respect of the year 2007 income.
- 4) On 28 February 2008, a meeting of the Company's Board of Directors passed a resolution to approve the issue and offer of secured debentures, in an amount not exceeding Baht 2,000 million, having maturity of not more than 5 years. Currently, the Company's management is considering the details of the issue and offer of these debentures.

36. RECLASSIFICATION

In addition to the change in accounting policy as discussed in Note 4 to the financial statements, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2008.