

Property Perfect Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month period ended 31 March 2008

## **Review report of independent auditor**

To the shareholders of Property Perfect Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Property Perfect Public Company Limited and its subsidiaries as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2008; and the separate financial statements of Property Perfect Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

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

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

The consolidated financial statements of Property Perfect Public Company Limited and its subsidiaries, and the separate financial statements of Property Perfect Public Company Limited for the year ended 31 December 2007 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements but drew attention to change in accounting policy for recording investments in subsidiaries and associate in the separate financial statements from the equity method to the cost method, under his report dated 28 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 of Property Perfect Public Company Limited and its subsidiaries and the separate financial statements of Property Perfect Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under his report dated 9 May 2007, that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles, but drew attention to advances for purchase of land and transfer of ownership of land.

Siraporn Ouaanunkun  
Certified Public Accountant (Thailand) No.3844

Ernst & Young Office Limited  
Bangkok: 12 May 2008

**Property Perfect Public Company Limited and its subsidiaries**

**Balance sheets**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	265,681	424,056	222,880	397,596
Trade accounts receivable, net	2 17,176	33,452	15,881	32,531
Project development costs, net	3 8,271,799	7,991,847	6,728,631	6,425,477
Other current assets				
Advances to contractors, net	36,191	32,917	36,191	32,917
Prepaid expenses	10,050	5,440	10,050	5,440
Others	40,052	14,449	27,606	11,388
<b>Total current assets</b>	<b>8,640,949</b>	<b>8,502,161</b>	<b>7,041,239</b>	<b>6,905,349</b>
<b>Non-current assets</b>				
Restricted deposits	43,355	226,123	43,355	226,123
Advances to related company	17 -	-	81,500	81,500
Loans to related companies and interest receivable	17 -	-	327,934	247,074
Account receivable - land	35,358	35,358	35,358	35,358
Investments in subsidiaries	4 -	-	541,057	541,057
Investment in associate	5 397,395	401,446	360,000	360,000
Other long-term investments, net	6 36,318	4,986	36,318	4,986
Land held for development, net	7 2,295,677	2,979,837	2,295,677	2,979,837
Advances for purchases of land	8 290,605	151,463	152,142	22,000
Property, plant and equipment, net	9 394,047	401,000	337,580	346,395
Leasehold rights, net	60,181	60,630	60,181	60,630
Leasehold rights awaiting sale, net	10 60,718	60,718	60,718	60,718
Other non-current assets				
Withholding tax deducted at source	79,680	61,287	76,221	57,330
Others	26,355	26,025	22,621	22,151
<b>Total non-current assets</b>	<b>3,719,689</b>	<b>4,408,873</b>	<b>4,430,662</b>	<b>5,045,159</b>
<b>Total assets</b>	<b>12,360,638</b>	<b>12,911,034</b>	<b>11,471,901</b>	<b>11,950,508</b>

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

**Property Perfect Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>31 March 2008</u>	<u>31 December 2007</u>	<u>31 March 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	11	221,406	321,641	221,406	306,641
Trade accounts payable		507,431	420,036	468,427	374,911
Debentures	12	-	450,000	-	450,000
Loan from other company		-	10,000	-	-
Creditors per rehabilitation plan	13	648,410	648,410	648,410	648,410
Current portion of long-term loans	14	367,233	462,996	353,899	458,126
Amounts due to related companies	17	-	-	82,397	80,977
Advance from director	17	80,000	80,000	-	-
Deposits and cash received in advance		179,129	218,593	176,602	216,462
Other current liabilities					
Current portion of liabilities under financial lease					
agreements		3,711	4,686	3,711	4,686
Accrued interest		19,955	33,717	19,855	33,146
Accrued expenses		84,182	116,819	76,399	104,665
Provision for loss arising from minimum					
revenue guarantee	6	35,500	-	35,500	-
Others		52,310	50,052	40,163	43,331
<b>Total current liabilities</b>		<u>2,199,267</u>	<u>2,816,950</u>	<u>2,126,769</u>	<u>2,721,355</u>
<b>Non-current liabilities</b>					
Unsubordinated convertible debentures -					
liability component		806,687	805,881	806,687	805,881
Long-term loans, net of current portion	14	2,942,034	3,044,557	2,502,847	2,548,833
Other non-current liabilities					
Liabilities under financial lease agreements, net					
of current portion		1,241	1,507	1,241	1,507
Deposits and cash received in advance					
for sublease agreement		59,814	61,076	59,814	61,076
Provision for unconverted debentures		106,407	93,865	106,407	93,865
<b>Total non-current liabilities</b>		<u>3,916,183</u>	<u>4,006,886</u>	<u>3,476,996</u>	<u>3,511,162</u>
<b>Total liabilities</b>		<u>6,115,450</u>	<u>6,823,836</u>	<u>5,603,765</u>	<u>6,232,517</u>

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

**Property Perfect Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2008	31 December 2007	31 March 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital	15				
Registered					
1,035,594,196 ordinary shares of Baht 6 each		<u>6,213,565</u>	<u>6,213,565</u>	<u>6,213,565</u>	<u>6,213,565</u>
Issued and fully paid					
787,685,020 ordinary shares of Baht 6 each					
(31 December 2007: 787,491,194 ordinary shares of Baht 6 each)		4,726,110	4,724,947	4,726,110	4,724,947
Share discount	16	(43,874)	(42,713)	(43,874)	(42,713)
Share subscriptions received in advance		-	2	-	2
Unsubordinated convertible debentures - equity component		23,535	23,535	23,535	23,535
Unrealised gain on change in value of investment in available-for-sale security		289	-	289	-
Retained earnings					
Appropriated - statutory reserve		119,100	119,100	119,100	119,100
Unappropriated		<u>1,420,028</u>	<u>1,262,327</u>	<u>1,042,976</u>	<u>893,120</u>
<b>Total shareholders' equity</b>		<u>6,245,188</u>	<u>6,087,198</u>	<u>5,868,136</u>	<u>5,717,991</u>
<b>Total liabilities and shareholders' equity</b>		<u>12,360,638</u>	<u>12,911,034</u>	<u>11,471,901</u>	<u>11,950,508</u>
		-	0	-	-

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

..... Directors

(Unaudited but reviewed)

**Property Perfect Public Company Limited and its subsidiaries**

**Income statements**

**For the three-month periods ended 31 March 2008 and 2007**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>					
Revenues from sales of land and houses		1,542,204	820,411	1,391,782	734,948
Revenues from sales of residential condominium units		494,783	145,369	494,783	145,369
Revenue from sale of land		-	10,913	-	10,913
Other income					
Interest income		796	448	6,466	2,529
Revenues from forfeiture of down payments		3,517	1,934	3,257	1,865
Share of income from investment in associate		-	14,361	-	-
Others		17,104	8,754	15,396	7,646
<b>Total revenues</b>		<b>2,058,404</b>	<b>1,002,190</b>	<b>1,911,684</b>	<b>903,270</b>
<b>Expenses</b>					
Costs of sales of land and houses		1,168,480	588,717	1,067,065	529,509
Costs of sales of residential condominium units		328,816	104,684	328,816	104,684
Cost of sale of land		-	9,821	-	9,821
Selling and administrative expenses		306,957	236,647	280,071	216,488
Loss arising from minimum revenue guarantee	6	35,500	-	35,500	-
Share of loss from investment in associate		4,051	-	-	-
<b>Total expenses</b>		<b>1,843,804</b>	<b>939,869</b>	<b>1,711,452</b>	<b>860,502</b>
<b>Income before interest expenses and corporate income tax</b>					
<b>corporate income tax</b>		214,600	62,321	200,232	42,768
Interest expenses		(51,024)	(55,572)	(50,376)	(52,636)
Corporate income tax	18	(5,875)	(816)	-	-
<b>Net income (loss) for the period</b>		<b>157,701</b>	<b>5,933</b>	<b>149,856</b>	<b>(9,868)</b>
<b>Earnings per share</b>					
19					
Basic earnings per share (Baht)					
Net income (loss)		<u>0.200</u>	<u>0.008</u>	<u>0.190</u>	<u>(0.013)</u>
Diluted earnings per share (Baht)					
Net income		<u>0.192</u>	<u>0.007</u>	<u>0.184</u>	

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

(Unaudited but reviewed)

**Property Perfect Public Company Limited and its subsidiaries**

**Cash flow statements**

**For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Net income (loss) before tax	163,576	6,749	149,856	(9,868)
Adjustments to reconcile net income (loss) to net cash provided by (paid from) operating activities				
Share of loss (income) from investment in associate	4,051	(14,361)	-	-
Depreciation and amortisation	15,183	11,584	14,546	11,052
Amortisation of prepaid expenses	3,841	3,348	3,699	3,348
Amortisation of premium on debentures	806	775	806	775
Provision for unconverted debentures	12,542	11,420	12,542	11,420
Rental received in advance recognition	(1,033)	(1,222)	(1,033)	(1,222)
Allowance for loss on impairment of investments (reversal)	68	(2)	68	(2)
Loss arising from minimum revenue guarantee	35,500	-	35,500	-
Loss on sales of property, plant and equipment	219	-	219	-
Interest expenses	51,024	55,572	50,376	52,636
Income from operating activities before changes in operating assets and liabilities	285,777	73,863	266,579	68,139
Decrease (increase) in operating assets				
Trade accounts receivable	15,936	(1,327)	16,649	(3,099)
Project development costs	492,736	(11,009)	461,737	31,485
Advances to contractors	(3,274)	12,250	(3,274)	12,250
Prepaid expenses	(8,451)	(3,587)	(8,309)	(3,587)
Other current assets	(25,264)	6,303	(21,886)	5,823
Other non-current assets	(330)	37	(470)	(53)
Increase (decrease) in operating liabilities				
Trade accounts payable	87,395	138,000	93,517	140,505
Amounts due to related companies	-	-	1,420	(760)
Deposits and cash received in advance	(39,464)	21,749	(39,860)	36,084
Other current liabilities	(34,089)	(14,637)	(32,520)	(8,345)
Cash from operating activities	770,972	221,642	733,583	278,442
Cash paid for interest expenses	(103,168)	(133,778)	(94,252)	(121,264)
Cash paid for corporate income tax	(20,431)	(9,909)	(18,891)	(8,972)
<b>Net cash provided from operating activities</b>	<b>647,373</b>	<b>77,955</b>	<b>620,440</b>	<b>148,206</b>

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

(Unaudited but reviewed)

**Property Perfect Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from investing activities</b>				
Decrease in restricted deposits	182,768	-	182,768	-
Decrease (increase) in loans to related companies	-	56,491	(75,190)	50,491
Increase in investment in associate	-	(60,000)	-	(60,000)
Increase in other long-term investments	(31,111)	-	(31,111)	-
Decrease (increase) in land held for development	(41,299)	93	(41,299)	93
Increase in advances for purchases of land	(143,534)	(1,000)	(134,534)	-
Increase in property, plant and equipment	(12,812)	(11,918)	(9,104)	(8,002)
Proceeds from sales of property, plant and equipment	2	-	2	-
<b>Net cash used in investing activities</b>	<b>(45,986)</b>	<b>(16,334)</b>	<b>(108,468)</b>	<b>(17,418)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(100,235)	280,000	(85,234)	250,000
Decrease in loan from other company	(10,000)	-	-	-
Decrease in long-term loans	(198,286)	(122,719)	(150,213)	(127,719)
Decrease in debentures	(450,000)	(350,000)	(450,000)	(350,000)
Decrease in liabilities under financial lease agreements	(1,241)	(1,324)	(1,241)	(1,324)
<b>Net cash used in financing activities</b>	<b>(759,762)</b>	<b>(194,043)</b>	<b>(686,688)</b>	<b>(229,043)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(158,375)</b>	<b>(132,422)</b>	<b>(174,716)</b>	<b>(98,255)</b>
Cash and cash equivalents at beginning of period	424,056	312,743	397,596	271,120
<b>Cash and cash equivalents at end of period</b>	<b>265,681</b>	<b>180,321</b>	<b>222,880</b>	<b>172,865</b>
	-		-	
<b>Supplemental cash flow information</b>				
Non-cash transactions				
Transfer advances for purchases of land to				
project development costs	4,392	835	4,392	835
Transfer land held for development to				
project development costs	729,851	-	729,851	-
Transfer project development costs to				
land held for development	-	377,754	-	377,754

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

(Unaudited but reviewed)

Property Perfect Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	Consolidated financial statements							
	Issued and paid share capital	Share discount	Share subscriptions received in advance	Unsubordinated convertible debentures - equity component	Unrealised gain on change in value of investment in available-for-sale security	Retained earnings		Total
						Statutory reserve	Unappropriated	
<b>Balance - as at 31 December 2006</b>	4,695,334	(13,150)	49	23,535	-	100,600	869,220	5,675,588
Additional ordinary shares as a result of warrants exercised	29,138	(29,089)	(49)	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	5,933	5,933
<b>Balance - as at 31 March 2007</b>	<u>4,724,472</u>	<u>(42,239)</u>	<u>-</u>	<u>23,535</u>	<u>-</u>	<u>100,600</u>	<u>875,153</u>	<u>5,681,521</u>
<b>Balance - as at 31 December 2007</b>	4,724,947	(42,713)	2	23,535	-	119,100	1,262,327	6,087,198
Additional ordinary shares as a result of warrants exercised	1,163	(1,161)	(2)	-	-	-	-	-
Unrealised gain of investment	-	-	-	-	289	-	-	289
Net income for the period	-	-	-	-	-	-	157,701	157,701
<b>Balance - as at 31 March 2008</b>	<u>4,726,110</u>	<u>(43,874)</u>	<u>-</u>	<u>23,535</u>	<u>289</u>	<u>119,100</u>	<u>1,420,028</u>	<u>6,245,188</u>

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

(Unaudited but reviewed)

Property Perfect Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid		Share subscriptions received in advance	Unsubordinated convertible debentures - equity component	Unrealised gain on change in value of investment in available-for-sale security	Retained earnings		Total
	share capital	Share discount				Statutory reserve	Unappropriated	
<b>Balance - as at 31 December 2006</b>	4,695,334	(13,150)	49	23,535	-	100,600	542,839	5,349,207
Additional ordinary shares as a result of warrants exercised	29,138	(29,089)	(49)	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(9,868)	(9,868)
<b>Balance - as at 31 March 2007</b>	<u>4,724,472</u>	<u>(42,239)</u>	<u>-</u>	<u>23,535</u>	<u>-</u>	<u>100,600</u>	<u>532,971</u>	<u>5,339,339</u>
<b>Balance - as at 31 December 2007</b>	4,724,947	(42,713)	2	23,535	-	119,100	893,120	5,717,991
Additional ordinary shares as a result of warrants exercised	1,163	(1,161)	(2)	-	-	-	-	-
Unrealised gain of investment	-	-	-	-	289	-	-	289
Net income for the period	-	-	-	-	-	-	149,856	149,856
<b>Balance - as at 31 March 2008</b>	<u>4,726,110</u>	<u>(43,874)</u>	<u>-</u>	<u>23,535</u>	<u>289</u>	<u>119,100</u>	<u>1,042,976</u>	<u>5,868,136</u>

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

## **Property Perfect Public Company Limited and its subsidiaries**

### **Notes to consolidated interim financial statements**

#### **For the three-month periods ended 31 March 2008 and 2007**

#### **1. General information**

##### **1.1 Corporate 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.

##### **1.2 Basis for preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 41 (revised 2007) “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the income statements, the statements of changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

##### **1.3 Basis of consolidation**

These consolidated financial statements included the financial statements of Property Perfect Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007. There have been no changes in the composition of the Group during the current period.

#### **1.4 Accounting standards which are 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 become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 43 and TAS 49 are not relevant to the business of the Company, whereas TAS 25, TAS 29, TAS 31, TAS 33, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current period.

#### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007. However, there are additional accounting policies as follows:

- a) Investment in available-for-sale security is stated at fair value. Change in the carrying amount of security is recorded as a separate item in shareholders' equity until the security is sold, when the change is then included in determining income.
- b) There are changes in the estimate useful lives of clubhouses as discussed in Note 9 to the interim financial statements.

## 2. Trade accounts receivable

As at 31 March 2008 and 31 December 2007, trade accounts receivable were classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 March 2008				
	Less than 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
Accounts receivable - installments	5,838	1,610	2,726	1,735	11,909
Accounts receivable at transfer date	1,234	251	1,106	12,469	15,060
Total	7,072	1,861	3,832	14,204	26,969
Less: Allowance for doubtful debts	-	-	-	(9,793)	(9,793)
Trade accounts receivable, net	<u>7,072</u>	<u>1,861</u>	<u>3,832</u>	<u>4,411</u>	<u>17,176</u>

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2007 (Audited)				
	Less than 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
Accounts receivable - installments	14,296	2,786	6,632	1,706	25,420
Accounts receivable at transfer date	250	3,306	900	13,369	17,825
Total	14,546	6,092	7,532	15,075	43,245
Less: Allowance for doubtful debts	-	-	-	(9,793)	(9,793)
Trade accounts receivable, net	<u>14,546</u>	<u>6,092</u>	<u>7,532</u>	<u>5,282</u>	<u>33,452</u>

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 March 2008				
	Less than 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
Accounts receivable - installments	5,778	1,610	2,726	1,735	11,849
Accounts receivable at transfer date	-	250	1,106	12,469	13,825
Total	5,778	1,860	3,832	14,204	25,674
Less: Allowance for doubtful debts	-	-	-	(9,793)	(9,793)
Trade accounts receivable, net	<u>5,778</u>	<u>1,860</u>	<u>3,832</u>	<u>4,411</u>	<u>15,881</u>

(Unit: Thousand Baht)

	Separate financial statements				Total
	As at 31 December 2007 (Audited)				
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	
Accounts receivable - installments	13,575	2,586	6,632	1,706	24,499
Accounts receivable at transfer date	250	3,306	900	13,369	17,825
Total	13,825	5,892	7,532	15,075	42,324
Less: Allowance for doubtful debts	-	-	-	(9,793)	(9,793)
Trade accounts receivable, net	13,825	5,892	7,532	5,282	32,531

### 3. Project development costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
Land costs	19,133,590	18,274,376	17,256,046	16,421,693
Construction costs	16,515,618	15,707,543	15,533,528	14,771,007
Capitalised interest	4,145,185	4,049,126	3,883,225	3,794,964
Total	39,794,393	38,031,045	36,672,799	34,987,664
Less: Transferred to costs of sales	(29,929,855)	(28,444,570)	(28,361,287)	(26,977,417)
Transferred to settle debt under rehabilitation plan	(1,524,192)	(1,524,192)	(1,524,192)	(1,524,192)
	8,340,346	8,062,283	6,787,320	6,486,055
Less: Allowance for loss on diminution in value of projects	(68,547)	(70,436)	(58,689)	(60,578)
Project development costs, net	8,271,799	7,991,847	6,728,631	6,425,477

Movements in the allowance for loss on diminution in value of projects during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2007	(70,436)	(60,578)
Less: Allowance reversed during the period upon revenue recognition	1,889	1,889
Balance as at 31 March 2008	(68,547)	(58,689)

The Company and its subsidiary's project land and construction thereon with a net book value of Baht 7,192.8 million as at 31 March 2008 (31 December 2007: Baht 6,537.8 million), have been mortgaged with financial institutions as collateral for short-term loans and long-term loans and as guarantees for public utilities.

During the current period, the Company transferred land held for development to project development costs amounting to Baht 729.9 million.

During the current period, the Company and its subsidiary included borrowing costs of Baht 38.9 million as cost of "Project development costs" (Separate financial statements: Baht 31.1 million). Interest is charged at rate of 5.9 - 7.4 percent per annum.

#### 4. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

	(Unit: Thousand Baht)	
Company's name	Separate financial statements	
	Cost	
	31 March 2008	31 December 2007
		(Audited)
Estate Perfect Company Limited	538,459	538,459
Perfect Satellite Services Company Limited	999	999
Bright Development Bangkok Company Limited	999	999
Centrepoint Shopping Mall Company Limited	600	600
Total	541,057	541,057

## 5. Investment in associate

This represents investment in ordinary shares in the following associate.

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Equity method		Cost method	
	31 March 2008	31 December 2007 (Audited)	31 March 2008	31 December 2007 (Audited)
Krungthep Land Public Company Limited	397,395	401,446	360,000	360,000
Total	<u>397,395</u>	<u>401,446</u>	<u>360,000</u>	<u>360,000</u>

In accordance with a resolution of the Extraordinary General Meeting of Shareholders No. 1/2551 held on 14 January 2008, on 31 January 2008 Krungthep Land Public Company Limited ("Krungthep Land") 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. In accordance with the conditions of the convertible debentures, Krungthep Land is to pay interest semi-annually at a rate of not exceeding 3% per annum or a dividend yield (whichever is higher) only in years in which Krungthep Land declares a dividend based on the conditions of the convertible debentures and mature on 31 January 2013. They are convertible upon the listing of Krungthep Land'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, Krungthep Land 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.

## 6. Other long-term investments - available-for-sale security

On 28 February 2008, the Company entered into an agreement to transfer the Company's properties to Property Perfect Property fund ("The Fund"), for a total consideration of Baht 510 million. The Company invested Baht 31.1 million in the Fund (2,980,000 units at a price of Baht 10 each and 128,900 units at a price of Baht 10.17 each), representing 5.98 percent of its registered capital, and classified it as investment in available-for-sale security.

Under the agreement, the Company agrees to guarantee the minimum revenue of the Fund (rental and service revenues 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. The Company has estimated provision for loss from such guarantee at the present value of the cash flows which it expects to pay to the Fund, a total of Baht 35.5 million, and recorded it as a separate item under the heading of “Loss arising from minimum revenue guarantee” in the income statements for the current period.

## 7. Land held for development

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 March 2008	31 December 2007
		(Audited)
Land costs	4,029,167	4,702,911
Construction costs	17,449	17,449
Capitalised interest	570,294	627,467
Total	4,616,910	5,347,827
Less: Transferred to costs of sales	(501,819)	(548,576)
Transferred to restructure debt	(1,540,946)	(1,540,946)
Transferred to settle debt under rehabilitation plan	(151,117)	(151,117)
	2,423,028	3,107,188
Less: Allowance for loss on impairment	(127,351)	(127,351)
Land held for development, net	2,295,677	2,979,837

The above land held for development, of which the net book value as at 31 March 2008 was Baht 931.6 million (31 December 2007: Baht 2,057.9 million), has been mortgaged with financial institutions as collateral for short-term loans, long-term loans and as guarantees for public utilities.

During the current period, the Company transferred land held for development to project development costs amounting to Baht 729.9 million.

## 8. Advances for purchases of land

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2008	151,463	22,000
Increase during the period	143,534	134,534
Title of plots of land transferred during the period	(4,392)	(4,392)
Balance as at 31 March 2008	<u>290,605</u>	<u>152,142</u>

As at 31 March 2008, the Company and its subsidiary were contracted to purchase and to sell land amounting to Baht 1,832.7 million (Separate financial statements: Baht 1,270.1 million).

Approximately Baht 268.8 million (Separate financial statements: Baht 133.8 million) of the above balance represented 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 acting on behalf of the Company and its subsidiary.

The remaining advances, amounting to approximately Baht 21.8 million (Separate financial statements: Baht 18.3 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.

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2008</b>	401,000	346,395
Acquisitions during period - at cost	12,812	9,104
Disposals during period - net	(221)	(221)
Transfer to project development costs	(3,952)	(3,952)
Depreciation for period	<u>(15,592)</u>	<u>(13,746)</u>
<b>Net book value as at 31 March 2008</b>	<u>394,047</u>	<u>337,580</u>

During the current period, the Company and its subsidiary changed the estimate useful lives of clubhouses from 20 years to 10 years in order to reflect their estimated useful lives. The changes have the effect of decreasing net income in the consolidated financial statements for the current period by approximately Baht 3.6 million (Separate financial statements: Baht 3.2 million).

#### 10. 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.

#### 11. Bank overdrafts and short-term loans from financial institutions

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
	Interest rate	31 March	31 December	31 March	31 December
	(percent per annum)	2008	2007	2008	2007
		(Audited)		(Audited)	
Bank overdrafts	MOR	-	30	-	30
Short-term loans from					
financial institutions	MMR, MLR, MLR-1	221	292	221	277
Total		221	322	221	307

During the three-month period ended 31 March 2008, the Company entered into a short-term loan agreement with a financial institution. Detail of the loan is as follow.

- A facility of Baht 200 million, subject to interest at a rate tied to the minimum loan rate (MLR), is secured by guarantee provided by the Company's director and the mortgage of part of the Company's project land and construction thereon. It is to be repaid each time a plot of land is redeemed from mortgage, at a rate of not less than 65 percent of the selling price. Any remaining balance is to be repaid within February 2009.

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

## 12. Debentures

During the current period, the Company made payment of secured debentures amounting to Baht 450 million and redeemed land from mortgage.

## 13. Creditors per rehabilitation plan

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	31 March 2008	31 December 2007
		(Audited)
Down payments and deposits	144	144
Secured creditors	132,335	132,335
Unsecured creditors	515,931	515,931
Total	648,410	648,410

As stipulated in the rehabilitation plan, the Company has 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.

## 14. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
		(Audited)		(Audited)
Long-term loans	3,309.2	3,507.5	2,856.7	3,006.9
Less: Current portion	(367.2)	(463.0)	(353.9)	(458.1)
Long-term loans - net of current portion	2,942.0	3,044.5	2,502.8	2,548.8

Movements in the long-term loans account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2008	3,507.5	3,006.9
Add: Additional borrowings	620.8	559.3
Less: Repayment	(819.1)	(709.5)
Balance as at 31 March 2008	3,309.2	2,856.7

During the three-month period ended 31 March 2008, the Company and its subsidiary entered into new loan agreements with two financial institutions. Details of the new loans are as follows:

**The Company**

- A facility of Baht 160 million, subject to interest at a rate tied to the minimum loan rate (MLR), is secured by guarantee provided by the Company's director and the mortgage of part of the Company's project land and construction thereon. It is to be repaid each time a plot of land with house is redeemed from mortgage, at a rate of not less than 75 percent of the selling price. Any remaining balance is to be repaid within May 2011. As at 31 March 2008, the outstanding balance of this loan was approximately Baht 160 million.

**The subsidiary**

- A facility of Baht 15 million, subject to interest at a rate tied to the minimum loan rate (MLR), is secured by guarantees provided by the Company and its subsidiary's director and the mortgage of part of the Company's project land and construction thereon. It is to be repaid principal and interest is to be made in 21 installments of at least Baht 785,000 each, with full settlement to be made within December 2009. As at 31 March 2008, the outstanding balance of this loan was approximately Baht 15 million.

The loan agreements contain normal covenants relating to various matters as required in the normal course of business, including payment of a dividend.

The Company requested extensions of the term of loans of Baht 353.9 million, which came due during the current period, from the bank, which agreed to extend to June 2008. Of this extended loans, Baht 274.9 million is a bridging loan of a project delayed to develop, which is to be converted to a project loan when the Company submits the project development plan to the bank.

#### 15. Share capital

As at 31 March 2008, the Company's issued and fully paid share capital has increased to Baht 4,726,110,120 (787,685,020 ordinary shares of Baht 6 each), with totaling Baht 1,162,956 (193,826 ordinary shares of Baht 6 each) being the result of the exercise of warrants in December 2007. The Company registered increases in its capital with the Ministry of Commerce on 8 January 2008.

#### 16. Warrants

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, resulting in share discount totaling Baht 43,874,210. As at 31 March 2008, there were a total of 8,909,176 outstanding unexercised warrants.

#### 17. Related party transactions

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

(Unit: Million Baht)

	Separate financial statements		Transfer pricing policy
	For the three-month periods		
	ended 31 March		
	<u>2008</u>	<u>2007</u>	
<b><u>Transactions with subsidiaries</u></b>			
Interest income	5.7	2.1	8.3 percent per annum
Club house management expenses	2.2	2.2	Contract prices

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007 (Audited)	31 March 2008	31 December 2007 (Audited)
<u>Advances to related company</u>				
Bright Development Bangkok Company Limited	-	-	81,500	81,500
Advances to related company	-	-	81,500	81,500
<u>Loans to related companies and interest receivable</u>				
<u>Loans to related companies</u>				
Estate Perfect Company Limited	-	-	293,690	241,453
Bright Development Bangkok Company Limited	-	-	27,315	4,362
	-	-	321,005	245,815
<u>Interest receivable</u>				
Estate Perfect Company Limited	-	-	6,645	1,250
Bright Development Bangkok Company Limited	-	-	284	9
	-	-	6,929	1,259
Loans to related companies and interest receivable	-	-	327,934	247,074
<u>Amounts due to related companies</u>				
Perfect Satellite Services Company Limited	-	-	2,397	977
Centrepont Shopping Mall Company Limited	-	-	80,000	80,000
Amounts due to related companies	-	-	82,397	80,977
<u>Advance from director</u>				
Director	80,000	80,000	-	-
Advance from director	80,000	80,000	-	-

During the three-month period ended 31 March 2008, movements of loans to related companies were as follow:

	(Unit: Thousand Baht)			
	Balance as at 1 January 2008	During the period		Balance as at 31 March 2008
		Increase	Decrease	
<b>Subsidiaries</b>				
Estate Perfect Company Limited	241,453	52,237	-	293,690
Bright Development Bangkok Company Limited	4,362	22,953	-	27,315

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 20.3 a) to the interim financial statements.

### **18. Corporate income tax**

Interim corporate income tax of its subsidiaries were calculated on income before income tax for the period, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

No interim corporate income tax was payable for the three-month period ended 31 March 2008, since the Company has tax loss brought forward from previous years over its net income for the period.

### **19. Reconciliation of diluted earnings per share**

Consolidated financial statements						
For the three-month periods ended 31 March						
Net income		Weighted		Earnings per share		
		average number of ordinary shares				
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income	157,701	5,933	787,685	787,412	0.200	0.008
<b>Effect of dilutive potential ordinary shares</b>						
Warrants 8,909,176 units (2007: 9,182,202 units)	-	-	8,887	9,155		
Unsubordinated convertible debentures	<u>20,530</u>	<u>-</u>	<u>131,680</u>	<u>-</u>		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>178,231</u>	<u>5,933</u>	<u>928,252</u>	<u>796,567</u>	<u>0.192</u>	<u>0.007</u>

Separate financial statements						
For the three-month periods ended 31 March						
Net income (loss)		Weighted		Earnings per share		
		average number of ordinary shares				
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income (loss)	149,856	<u>(9,868)</u>	787,685	<u>787,412</u>	0.190	<u>(0.013)</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants 8,909,176 units (2007: 9,182,202 units)	-		8,887			
Unsubordinated convertible debentures	<u>20,530</u>		<u>131,680</u>			
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>170,386</u>		<u>928,252</u>		<u>0.184</u>	

Since the conversion to ordinary shares of the unsubordinated convertible debentures would increase earnings per share in the consolidated financial statements for the three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 2007. 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 three-month period ended 31 March 2007.

## 20. Commitments and contingent liabilities

### 20.1 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 950.4 million.
- b) The Company and its subsidiary had the outstanding capital commitments in respect of purchases of land of approximately Baht 1,603.9 million.
- c) The Company had the outstanding capital commitment in respect of land lease for real estate development amounting to approximately Baht 13.1 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.

### 20.2 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.

	<u>Million Baht</u>
Payable within:	
1 year	17.4
Over 1 year	10.6

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

	<u>Million Baht</u>
Payable within:	
1 year	19.0
Over 1 year	1.1

### 20.3 Guarantees

- a) The Company has guaranteed bank credit facilities of its subsidiary and associate amounting to Baht 1,441 million and Baht 15 million, respectively.
- b) As at 31 March 2008, there were outstanding bank guarantees in respect of public utilities of approximately Baht 273.3 million issued by the banks on behalf of the Company and its subsidiary.

- c) As at 31 March 2008, there was an outstanding letter of guarantee issued by a bank on behalf of the Company to guarantee minimum revenue of the Fund of Baht 55 million per year for a period of 5 years, ending on 31 December 2012.

## **21. 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 (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## **22. Subsequent events**

The Annual General Meeting of the Company's shareholders held on 30 April 2008 passed the following significant resolutions:

- a) Approved payment of a dividend of Baht 0.24 per share, or a total of Baht 189.0 million, in respect of the year 2007 income. The dividend is to be paid within 30 May 2008.
- b) Approved the issue and offer of not more than Baht 2,000 million secured or unsecured debentures and/or the equivalent in another currency, as detailed below.

Term: Not more than 5 years from the issue date.

Offering: To local investors by a way of public offering and/or private placement and/or to overseas investors and/or local institutional investors in one or several tranches.

Redemption: Debentureholders and the Company may or may not have early redemption rights, as stipulated in the prospectus for each tranche of debentures.

Interest rate: Depends on the state of the market when the debentures are issued and offered, or as stipulated in the prospectus for each tranche of debentures.

However, the Company's Board of Directors or authorised persons have the authority to stipulate details regarding the debentures.

**23. Reclassification**

Certain amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, with no effect to previously reported net income (loss) or shareholders' equity.

**24. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised director on 12 May 2008.