

Property Perfect Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2008

Report of Independent Auditor

To the Shareholders of Property Perfect Public Company Limited

I have audited the accompanying consolidated balance sheet of Property Perfect Public Company Limited and its subsidiaries as at 31 December 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Property Perfect Public Company Limited for the same period. 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 audit. The consolidated financial statements of Property Perfect Public Company Limited and its subsidiaries, and the separate financial statements of Property Perfect Public Company Limited as at 31 December 2007 and for the year then ended were audited by another auditor of our firm who expressed an unqualified opinion on those statements but drew attention to the 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.

I conducted my audit 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 audit provides 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 2008, the results of their operations, and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Siraporn Ouaanunkun
Certified Public Accountant (Thailand) No.3844

Ernst & Young Office Limited
Bangkok: 27 February 2009

Property Perfect Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents		455,045,559	424,055,579	428,606,931	397,595,597
Trade accounts receivable, net	7	33,803,010	33,452,438	30,188,260	32,530,838
Account receivable - land	8	35,358,000	-	35,358,000	-
Project development costs, net	9	8,931,082,106	7,991,847,276	7,085,145,739	6,425,477,543
Leasehold rights awaiting sale, net	18	60,717,672	60,717,672	60,717,672	60,717,672
Other current assets					
Advances to contractors, net		44,745,733	32,916,874	42,216,371	32,916,874
Prepaid expenses		14,679,752	5,440,132	14,679,752	5,440,132
Others		15,683,741	14,448,799	12,105,102	11,387,981
Total current assets		9,591,115,573	8,562,878,770	7,709,017,827	6,966,066,637
Non-current assets					
Restricted deposits	10	8,857,942	226,123,159	8,857,942	226,123,159
Advances to related company	6	-	-	1,500,000	81,500,000
Loans to related companies and interest receivable	6	-	-	412,052,946	247,074,412
Account receivable - land	8	-	35,358,000	-	35,358,000
Investments in subsidiaries	11	-	-	541,057,356	541,057,356
Investment in associate	12	416,738,479	401,445,870	359,999,240	359,999,240
Other long-term investments, net	13	51,695,442	4,985,944	51,695,442	4,985,944
Land held for development, net	14	1,860,368,585	2,979,837,101	1,585,301,544	2,979,837,101
Advances for purchases of land	15	476,159,648	151,462,635	388,904,213	22,000,000
Property, plant and equipment, net	16	400,586,425	400,999,621	347,716,575	346,394,876
Leasehold rights, net	17	58,849,072	60,630,512	58,849,072	60,630,512
Other non-current assets					
Withholding tax deducted at source		40,932,044	61,287,159	36,715,792	57,329,685
Others		27,569,334	26,025,297	23,379,946	22,151,078
Total non-current assets		3,341,756,971	4,348,155,298	3,816,030,068	4,984,441,363
Total assets		12,932,872,544	12,911,034,068	11,525,047,895	11,950,508,000

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	528,268,062	321,640,578	508,000,000	306,640,578
Trade accounts payable		472,883,812	420,035,595	402,828,046	374,910,923
Loans from other company/individual	20	31,000,000	10,000,000	-	-
Debentures	21	462,150,000	450,000,000	-	450,000,000
Creditors per rehabilitation plan	22	265,633,156	648,410,232	265,633,156	648,410,232
Current portion of long-term loans	24	233,096,097	462,996,251	228,880,399	458,126,231
Amounts due to related companies	6	-	-	83,954,452	80,977,279
Advance from director	6	80,000,000	80,000,000	-	-
Deposits and cash received in advance	7	112,235,496	218,593,293	103,684,414	216,462,138
Short-term provision	25	26,483,178	-	26,483,178	-
Other current liabilities					
Accrued interest		22,933,411	33,716,874	17,406,514	33,145,704
Accrued expenses		193,251,857	116,819,145	150,017,814	104,665,102
Others		53,720,080	56,244,344	53,568,664	49,522,972
Total current liabilities		2,481,655,149	2,818,456,312	1,840,456,637	2,722,861,159
Non-current liabilities					
Unsubordinated convertible debentures - liability component	23	809,153,899	805,881,396	809,153,899	805,881,396
Long-term loans, net of current portion	24	2,721,339,526	3,044,557,322	2,336,094,030	2,548,833,016
Deposits and cash received in advance for sublease agreement		57,712,083.00	61,076,419	57,712,083	61,076,419
Long-term provisions	25	159,782,083	93,864,720	159,782,083	93,864,720
Total non-current liabilities		3,747,987,591	4,005,379,857	3,362,742,095	3,509,655,551
Total liabilities		6,229,642,740	6,823,836,169	5,203,198,732	6,232,516,710

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Shareholders' equity					
Share capital	26				
Registered					
1,092,000,000 ordinary shares of Baht 6 each					
(2007: 1,035,594,196 ordinary shares of Baht 6 each)		<u>6,552,000,000</u>	<u>6,213,565,176</u>	<u>6,552,000,000</u>	<u>6,213,565,176</u>
Issued and fully paid					
787,721,620 ordinary shares of Baht 6 each					
(2007: 787,491,194 ordinary shares of Baht 6 each)		4,726,329,720	4,724,947,164	4,726,329,720	4,724,947,164
Share discount	27	(44,093,444)	(42,713,192)	(44,093,444)	(42,713,192)
Share subscriptions received in advance	27	-	1,938	-	1,938
Unsubordinated convertible debentures - equity component	23	31,011,986	23,535,270	23,535,270	23,535,270
Unrealised loss					
Revaluation deficit on changes in value of investments		(5,396,570)	-	(5,396,570)	-
Retained earnings					
Appropriated - statutory reserve	28	159,100,000	119,100,000	159,100,000	119,100,000
Unappropriated		<u>1,837,858,815</u>	<u>1,262,326,719</u>	<u>1,462,374,187</u>	<u>893,120,110</u>
Equity attributable to the Company's shareholders		<u>6,704,810,507</u>	<u>6,087,197,899</u>	<u>6,321,849,163</u>	<u>5,717,991,290</u>
Minority interest - equity attributable to					
minority shareholders of subsidiaries		<u>(1,580,703)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u><u>6,703,229,804</u></u>	<u><u>6,087,197,899</u></u>	<u><u>6,321,849,163</u></u>	<u><u>5,717,991,290</u></u>
Total liabilities and shareholders' equity		<u><u>12,932,872,544</u></u>	<u><u>12,911,034,068</u></u>	<u><u>11,525,047,895</u></u>	<u><u>11,950,508,000</u></u>

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

..... Director

Property Perfect Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Revenues from sales of land and houses		5,420,143,581	4,697,134,755	4,715,701,794	4,144,223,090
Revenues from sales of residential condominium units		2,109,457,909	1,469,487,994	2,109,457,909	1,469,487,994
Revenue from sale of land		8,644,000	99,307,500	8,644,000	99,307,500
Other income					
Interest income		1,578,989	1,416,397	30,730,466	14,422,223
Revenues from forfeiture of down payments		14,535,519	11,569,861	13,554,546	10,831,098
Others		63,252,281	42,574,214	56,410,041	39,840,560
Total revenues		7,617,612,279	6,321,490,721	6,934,498,756	5,778,112,465
Expenses					
Cost of sales of land and houses		3,767,924,462	3,297,303,001	3,307,202,035	2,925,647,867
Cost of sales of residential condominium units		1,395,411,661	1,041,594,307	1,395,411,661	1,041,594,307
Cost of sale of land		6,589,828	56,578,584	6,589,828	56,578,584
Selling expenses		398,904,663	570,777,162	363,181,650	523,420,043
Administrative expenses		845,193,454	660,488,223	727,134,029	589,473,384
Loss arising from minimum revenue guarantee	13	73,800,000	-	73,800,000	-
Total expenses		6,487,824,068	5,626,741,277	5,873,319,203	5,136,714,185
Income before finance cost and corporate income tax		1,129,788,211	694,749,444	1,061,179,553	641,398,280
Finance cost		(272,035,651)	(280,506,277)	(231,064,340)	(272,617,535)
Share of income from investment in associate		7,815,893	11,751,068	-	-
Income before corporate income tax		865,568,453	425,994,235	830,115,213	368,780,745
Corporate income tax	30	(63,002,412)	(14,387,416)	(31,846,488)	-
Net income for the year		802,566,041	411,606,819	798,268,725	368,780,745
Net income (loss) attributable to:					
Equity holders of the parent		804,546,744	411,606,819	798,268,725	368,780,745
Minority interests of the subsidiaries		(1,980,703)	-	-	-
		802,566,041	411,606,819		
Earnings per share					
31					
Basic earnings per share					
Net income attributable to equity holders of the parent		1.02	0.52	1.01	0.47
Diluted earnings per share					
Net income attributable to equity holders of the parent		0.96	0.52	0.95	0.46

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 2008 and 2007

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	865,568,453	425,994,235	830,115,213	368,780,745
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Share of income from investment in associate	(7,815,893)	(11,751,068)	-	-
Depreciation and amortisation	67,761,368	48,074,143	58,976,422	45,000,227
Amortisation of prepaid expenses	30,791,634	15,439,378	14,924,392	14,988,262
Amortisation of premium on debentures	3,272,503	3,145,608	3,272,503	3,145,608
Provision for unconverted debentures	51,976,915	47,331,977	51,976,915	47,331,977
Rental received in advance recognition	(4,334,204)	(3,431,112)	(4,334,204)	(3,431,112)
Allowance for loss on impairment of investments (reversal)	352,082	(183,920)	352,082	(183,920)
Loss arising from minimum revenue guarantee	73,800,000	-	73,800,000	-
Loss on impairment of asset	-	4,080,000	-	4,080,000
Loss on sales of property, plant and equipment	6,630,452	6,707,888	6,630,452	6,618,373
Allowance for doubtful accounts	-	1,803,299	-	1,803,299
Interest income	(1,578,989)	(1,416,397)	(30,730,466)	(14,422,223)
Interest expenses	192,290,335	225,442,622	171,712,724	217,553,880
Income from operating activities before changes in operating assets and liabilities	1,278,714,656	761,236,653	1,176,696,033	691,265,116
Decrease (increase) in operating assets				
Trade accounts receivable	(350,572)	(1,475,880)	2,342,578	(2,411,036)
Account receivable - land	-	(35,358,000)	-	(35,358,000)
Project development costs	524,638,582	888,078,762	970,895,636	870,062,063
Advances to contractors	(11,828,859)	37,476,326	(9,299,497)	37,476,326
Prepaid expenses	(40,031,254)	(11,634,846)	(24,164,012)	(11,183,729)
Other current assets	(1,234,942)	(4,761,024)	(717,120)	(5,710,727)
Other non-current assets	(1,544,035)	(3,333,040)	(1,228,869)	101,323
Increase (decrease) in operating liabilities				
Trade accounts payable	52,848,217	129,906,847	27,917,124	129,915,380
Amounts due to related companies	-	-	2,977,174	79,238,899
Deposits and cash received in advance	(106,357,797)	(62,041,551)	(112,777,724)	(49,537,664)
Provision for loss arising from minimum revenue guarantee	(13,568,415)	-	(13,568,415)	-
Other current liabilities	51,604,496	44,537,714	28,711,110	41,934,013
Cash from operating activities	1,732,890,077	1,742,631,961	2,047,784,018	1,745,791,964
Cash paid for interest expenses	(365,347,351)	(433,678,576)	(320,856,507)	(389,820,080)
Cash paid for corporate income tax	(97,461,068)	(83,565,525)	(68,562,280)	(57,331,130)
Cash received for interest income	1,578,989	1,416,397	1,529,626	889,081
Return of withholding tax	57,329,685	38,251,058	57,329,685	38,251,058
Net cash from operating activities	1,328,990,332	1,265,055,315	1,717,224,542	1,337,780,893

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Decrease (increase) in restricted deposits	217,265,217	(225,282,500)	217,265,217	(225,282,500)
Decrease (increase) in advances to related company	-	-	51,620,271	(41,500,000)
Decrease (increase) in loans to related companies	-	58,389,320	(129,911,998)	(93,049,970)
Cash received for interest income	-	8,908,052	22,522,811	25,385,194
Increase in investments in subsidiaries	-	-	-	(1,598,900)
Increase in investment in associate	-	(59,999,940)	-	(59,999,940)
Increase in other long-term investments	(52,458,150)	-	(52,458,150)	-
Decrease (increase) in land held for development	(88,787,146)	17,241,121	(88,787,146)	17,241,121
Increase in advances for purchases of land	(414,089,013)	(62,500,000)	(376,296,213)	(10,000,000)
Increase in property, plant and equipment	(74,848,070)	(71,578,306)	(67,799,879)	(38,410,396)
Proceeds from sales of property, plant and equipment	49,000	1,204,487	49,000	1,204,487
Net cash used in investing activities	<u>(412,868,162)</u>	<u>(333,617,766)</u>	<u>(423,796,087)</u>	<u>(426,010,904)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	206,627,484	(208,764,970)	201,359,422	(223,764,970)
Increase in loans from other company/individual	21,000,000	10,000,000	-	-
Increase in advance from director	-	80,000,000	-	-
Decrease in long-term loans	(553,117,950)	(351,359,938)	(441,984,819)	(211,529,411)
Decrease in debentures	(450,000,000)	(350,000,000)	(450,000,000)	(350,000,000)
Issuance of debentures by subsidiary	462,150,000	-	-	-
Decrease in creditors per rehabilitation plan	(382,777,076)	-	(382,777,076)	-
Dividend paid	(189,014,648)	-	(189,014,648)	-
Net cash used in financing activities	<u>(885,132,190)</u>	<u>(820,124,908)</u>	<u>(1,262,417,121)</u>	<u>(785,294,381)</u>
Net increase in cash and cash equivalents	30,989,980	111,312,641	31,011,334	126,475,608
Cash and cash equivalents at beginning of period	424,055,579	312,742,938	397,595,597	271,119,989
Cash and cash equivalents at end of period	<u>455,045,559</u>	<u>424,055,579</u>	<u>428,606,931</u>	<u>397,595,597</u>

Supplemental cash flow information

Non-cash transactions

Transfer advances for purchases of land to project development costs and land held for development	89,392,000	637,038,935	9,392,000	573,038,935
Transfer land held for development to project development costs	1,212,647,661	89,718,461	1,487,714,703	89,718,461
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 related company to loans to related companies	-	-	28,379,729	-

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to the parent's shareholders								Minority interest - equity attributable	
	Issued and fully paid		Share subscriptions received in advance	Unsubordinated convertible debentures - equity component	Revaluation deficit on changes in value of investments	Retained earnings		Total equity attributable to the parent's shareholders	to minority shareholders of subsidiaries	Total
	share capital	Share discount				Statutory reserve	Unappropriated			
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	-	5,675,588,350
Net income for the year	-	-	-	-	-	-	411,606,819	411,606,819	-	411,606,819
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	18,500,000	(18,500,000)	-	-	-
Share subscriptions received in advance	-	-	2,730	-	-	-	-	2,730	-	2,730
Additional ordinary shares as a result of exercised warrants	29,612,874	(29,563,519)	(49,355)	-	-	-	-	-	-	-
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>-</u>	<u>119,100,000</u>	<u>1,262,326,719</u>	<u>6,087,197,899</u>	<u>-</u>	<u>6,087,197,899</u>
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	-	6,087,197,899
Expenses recognised directly in equity:										
Investments in available-for-sale securities										
Loss recognized in shareholders' equity	-	-	-	-	(5,396,570)	-	-	(5,396,570)	-	(5,396,570)
Net expenses recognised directly in equity	-	-	-	-	(5,396,570)	-	-	(5,396,570)	-	(5,396,570)
Net income (loss) for the year	-	-	-	-	-	-	804,546,744	804,546,744	(1,980,703)	802,566,041
Total income and expenses for the year	-	-	-	-	(5,396,570)	-	804,546,744	799,150,174	(1,980,703)	797,169,471
Dividend paid (Note 34)	-	-	-	-	-	-	(189,014,648)	(189,014,648)	-	(189,014,648)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	40,000,000	(40,000,000)	-	-	-
Additional ordinary shares as a result of exercised warrants	1,382,556	(1,380,252)	(1,938)	-	-	-	-	366	-	366
Increase in unsubordinated convertible debentures - equity component	-	-	-	7,476,716	-	-	-	7,476,716	-	7,476,716
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	400,000	400,000
Balance - as at 31 December 2008	<u>4,726,329,720</u>	<u>(44,093,444)</u>	<u>-</u>	<u>31,011,986</u>	<u>(5,396,570)</u>	<u>159,100,000</u>	<u>1,837,858,815</u>	<u>6,704,810,507</u>	<u>(1,580,703)</u>	<u>6,703,229,804</u>

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

Property Perfect Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Separate financial statements							
	Issued and fully paid		Unsubordinated		Revaluation deficit on changes in value of investments	Retained earnings		Total
	share capital	Share discount	Share subscriptions received in advance	convertible debentures - equity component		Statutory reserve	Unappropriated	
Balance - as at 31 December 2006	4,695,334,290	(13,149,673)	48,563	23,535,270	-	100,600,000	542,839,365	5,349,207,815
Net income for the year	-	-	-	-	-	-	368,780,745	368,780,745
Unappropriated retained earnings transferred								
to statutory reserve	-	-	-	-	-	18,500,000	(18,500,000)	-
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)	-	-	-	-	-
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>-</u>	<u>119,100,000</u>	<u>893,120,110</u>	<u>5,717,991,290</u>
Balance - as at 31 December 2007	4,724,947,164	(42,713,192)	1,938	23,535,270	-	119,100,000	893,120,110	5,717,991,290
Expenses recognised directly in equity:								
Investments in available-for-sale securities								
Loss recognized in shareholders' equity	-	-	-	-	(5,396,570)	-	-	(5,396,570)
Net expenses recognised directly in equity	-	-	-	-	(5,396,570)	-	-	(5,396,570)
Net income for the year	-	-	-	-	-	-	798,268,725	798,268,725
Total income and expenses for the year	-	-	-	-	(5,396,570)	-	798,268,725	792,872,155
Dividend paid (Note 34)	-	-	-	-	-	-	(189,014,648)	(189,014,648)
Unappropriated retained earnings transferred								
to statutory reserve	-	-	-	-	-	40,000,000	(40,000,000)	-
Additional ordinary shares as a result of								
exercised warrants	1,382,556	(1,380,252)	(1,938)	-	-	-	-	366
Balance - as at 31 December 2008	<u>4,726,329,720</u>	<u>(44,093,444)</u>	<u>-</u>	<u>23,535,270</u>	<u>(5,396,570)</u>	<u>159,100,000</u>	<u>1,462,374,187</u>	<u>6,321,849,163</u>

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 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 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

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 and their presentation 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 in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

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 (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2008	2007
			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	99.94
Centrepoint Shopping Mall Company Limited	Property development	Thailand	59.95	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	
	2008	2007	2008	2007
	Percent	Percent	Percent	Percent
Estate Perfect Company Limited	13.74	13.08	9.34	8.78
Perfect Satellite Services Company Limited	0.05	0.04	-	0.01
Bright Development Bangkok Company Limited	4.06	0.73	-	-
Centrepoint Shopping Mall Company Limited	0.02	-	-	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- 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

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

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 standards and believes that TAS 43 and TAS 49 are not relevant to the business of the Company, while 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 year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of new accounting standards as follows.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these 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. Significant accounting policies

4.1 Revenues recognition

Revenues from sales of land and houses / residential condominium units / land

Revenues from sales of land and houses / residential condominium units / land are recognised as revenues when the ownership has been transferred to the buyer.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cost of sales of land and houses / residential condominium units / land

In determining the cost of sales of land and houses / residential condominium units / land, 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 statement.

4.3 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.

4.4 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 debt aging.

4.5 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.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.7 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 subsidiaries.

4.8 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	10 and 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.

4.9 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.

4.10 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 available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- d) 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).

4.11 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.

4.12 Unsubordinated convertible debentures

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

4.13 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.14 Employee benefits

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

4.15 Provisions

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

4.16 Income Tax

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's and its subsidiaries' plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Project development costs estimation

In recognising revenue from real estate sales, the Company and its subsidiaries need to estimate all project development costs, including land costs, land improvement costs, design costs, construction costs, and borrowing costs for construction. The management estimates these costs based on their business experience and revisit the estimation on a periodical basis or when the actual costs incurred significantly vary from the estimation.

Provision for unconverted debentures

In recording provision for unconverted debentures, the management projects the exercise of the rights to convert the debentures to ordinary shares based on the tenor of the debentures, the Company's market share price and current economic conditions. The estimation is reviewed whenever circumstances change.

Provision for loss arising from minimum revenue guarantee

In recording provision for loss arising from minimum revenue guarantees, the management estimates the cost of the expenses expected to be incurred as a result of providing minimum revenue guarantees based on the present value of the cash flows to be paid to the Fund, calculated on the basis of assumptions that are appropriate to the current operating results and circumstances of the Fund. The estimate is reviewed whenever circumstances changes.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	29.2	13.1	8.34 to 9.00% per annum
Clubhouse management expenses	-	-	10.5	8.4	Contract price

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Advances to related company</u>				
Bright Development Bangkok Company Limited	-	-	1,500	81,500
Advances to related company	-	-	1,500	81,500
<u>Loans to related companies and interest receivable</u>				
<u>Loans to subsidiaries</u>				
Estate Perfect Company Limited	-	-	298,713	241,453
Bright Development Bangkok Company Limited	-	-	100,294	4,362
Centrepoint Shopping Mall Company Limited	-	-	5,100	-
	-	-	404,107	245,815
<u>Interest receivable</u>				
Estate Perfect Company Limited	-	-	3,271	1,250
Bright Development Bangkok Company Limited	-	-	4,616	9
Centrepoint Shopping Mall Company Limited	-	-	59	-
	-	-	7,946	1,259
Loans to related companies and interest receivable, net	-	-	412,053	247,074

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2008	2007	2008	2007
<u>Amounts due to related companies</u>				
Perfect Satellite Services Company Limited	-	-	1,065	977
Centrepoint Shopping Mall Company Limited	-	-	80,000	80,000
Bright Development Bangkok Company Limited	-	-	2,889	-
Amounts due to related companies	-	-	83,954	80,977
<u>Advance from director</u>				
Director	80,000	80,000	-	-
Advance from director	80,000	80,000	-	-

During the year 2008, movements of loans to related companies were as follow:

	(Unit: Thousand Baht)			
	Balance as at	During the year		Balance as at
	1 January 2008	Increase	Decrease	31 December 2008
<u>Subsidiaries</u>				
Estate Perfect Company Limited	241,453	159,737	(102,477)	298,713
Bright Development Bangkok Company Limited	4,362	95,932	-	100,294
Centrepoint Shopping Mall Company Limited	-	5,100	-	5,100

Directors' and management's remuneration

In 2008 the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 66.9 million (Separate financial statements: Baht 53.1 million) (2007: Baht 54.5 million (Separate financial statements: Baht 42.5 million)).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.4 a) to the financial statements.

7. Trade accounts receivable / deposits and cash received in advance

Trade accounts receivable balances as at 31 December 2008 and 2007 are detailed below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Total value of contracts signed	49,187,840,012	43,029,830,434	45,984,494,128	40,745,527,612
Percentage of total project sale value	65.60	75.94	68.11	78.47
Installments due	47,195,229,327	39,763,341,634	44,283,972,772	37,562,946,793
Less: Cash received	(47,151,133,018)	(39,720,095,897)	(44,243,491,213)	(37,520,622,656)
Installments receivable	44,096,309	43,245,737	40,481,559	42,324,137
Less: Allowance for doubtful debts	(10,293,299)	(9,793,299)	(10,293,299)	(9,793,299)
Installments receivable, net	33,803,010	33,452,438	30,188,260	32,530,838

Deposits and cash received in advance as at 31 December 2008 and 2007 are detailed below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Installments due	47,195,229,327	39,763,341,634	44,283,972,772	37,562,946,793
Less: Accumulated sale recognition	(47,082,993,831)	(39,544,748,341)	(44,180,288,358)	(37,346,484,655)
Deposits and cash received in advance	112,235,496	218,593,293	103,684,414	216,462,138

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

(Unit: Baht)

	Consolidated financial statements				
	As at 31 December 2008				
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	15,035,892	5,369,818	6,108,500	2,496,200	29,010,410
Accounts receivable at transfer date	3,740,000	50,000	50,000	11,245,899	15,085,899
Total	18,775,892	5,419,818	6,158,500	13,742,099	44,096,309
Less: Allowance for doubtful debts	-	-	-	(10,293,299)	(10,293,299)
Trade accounts receivable, net	18,775,892	5,419,818	6,158,500	3,448,800	33,803,010

(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)

Separate financial statements

As at 31 December 2008					
	Less than 3 months	3 - 6 months	6 -12 months	Over 12 months	Total
Accounts receivable - installments	12,341,142	5,249,818	6,108,500	2,496,200	26,195,660
Accounts receivable at transfer date	3,040,000	-	-	11,245,899	14,285,899
Total	15,381,142	5,249,818	6,108,500	13,742,099	40,481,559
Less: Allowance for doubtful debts	-	-	-	(10,293,299)	(10,293,299)
Trade accounts receivable, net	15,381,142	5,249,818	6,108,500	3,448,800	30,188,260

(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

8. Account receivable - land

During the year 2007, 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 December 2009.

9. Project development costs

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land costs	14,217,301,525	12,234,645,693	12,635,861,583	10,876,038,709
Development costs	6,960,773,362	6,039,730,810	6,343,427,661	5,546,654,222
Construction costs	18,832,022,136	15,707,542,608	17,529,694,014	14,771,007,345
Capitalised interest	4,351,344,294	4,049,126,282	4,068,788,471	3,794,964,591
Total	44,361,441,317	38,031,045,393	40,577,771,729	34,987,664,867
Less: Transferred to cost of sales	(33,821,534,282)	(28,444,569,946)	(31,892,897,573)	(26,977,416,877)
Transferred to settle debt under rehabilitation plan	(1,524,192,396)	(1,524,192,396)	(1,524,192,396)	(1,524,192,396)
	9,015,714,639	8,062,283,051	7,160,681,760	6,486,055,594
Less: Allowance for loss on diminution in value of projects	(84,632,533)	(70,435,775)	(75,536,021)	(60,578,051)
Project development costs, net	8,931,082,106	7,991,847,276	7,085,145,739	6,425,477,543

The Company's and its subsidiaries' project land and construction thereon with a net book value of Baht 8,352.7 million as at 31 December 2008 (2007: Baht 6,537.8 million), have been mortgaged with financial institutions as collateral for short-term loans, long-term loans and debentures and as guarantees for public utilities.

During the current year, the Company and its subsidiary transferred land held for development to project development costs amounting to Baht 1,212.6 million (Separate financial statements: Baht 1,487.7 million).

During the current year, the Company and its subsidiary included borrowing costs of Baht 162.3 million as cost of "Project development costs" (Separate financial statements: Baht 133.9 million) (2007: Baht 155.8 million (Separate financial statements: Baht 119.6 million)). Interest is charged at rate of 5.8 - 7.8% per annum (2007: 5.9 - 8.3% per annum).

10. Restricted deposits

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

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Separate financial statements			
	Paid-up capital		Cost	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	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	1	999,400	999,400
Centrepoint Shopping Mall Company Limited	1	1	599,500	599,500
Total			541,057,356	541,057,356

The ordinary shares of Bright Development Bangkok Company Limited have been pledged with a financial institution as collateral for debentures.

12. Investment in associate

12.1 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 from investment in associate during the year	
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(%)	(%)				
Krungthep Land Public Company Limited	Property development	Thailand	20.22	20.22	416,738,479	401,445,870	7,815,893	11,751,068
Total					416,738,479	401,445,870	7,815,893	11,751,068

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(%)	(%)		
Krungthep Land Public Company Limited	Property development	Thailand	20.22	20.22	359,999,240	359,999,240
Total					359,999,240	359,999,240

12.2 Summarised financial information of associate

Financial information of the associated company is summarised below:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income for	
	as at 31		as at		as at		for the years		the years ended	
	December		31 December		31 December		31 December		31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Krungthep Land Public	1,780	1,780	6,496	5,415	3,847	3,074	1,974	1,704	123	119
Company Limited										

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 Krungthep Land Public Company Limited ("Krungthep Land") 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 Krungthep Land'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.

In accordance with a resolution of the Extraordinary General Meeting of Shareholders No. 1/2008 held on 14 January 2008, on 31 January 2008, 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.

13. Other long-term investments

	(Unit: Baht)	
	Consolidated and separate financial statements	
	<u>2008</u>	<u>2007</u>
Available-for-sale securities		
Investments in property funds	52,458,150	-
Less: Allowance for change in value	(5,396,570)	-
	<u>47,061,580</u>	<u>-</u>
Trading securities		
Domestic marketable equity securities	1,800,000	1,800,000
Less: Allowance for change in value	(1,441,138)	(1,089,056)
	<u>358,862</u>	<u>710,944</u>
Other investment		
Domestic non-marketable equity security	4,275,000	4,275,000
	<u>4,275,000</u>	<u>4,275,000</u>
Other long-term investments - net	<u>51,695,442</u>	<u>4,985,944</u>

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 32.5 million in the Fund (3,242,200 units at an average price of Baht 10.01 each), representing 6.24% of its registered capital, and classified it as investments in available-for-sale securities.

Under the agreement, the Company agrees to guarantee minimum annual revenue for the Fund (rental and service revenues before deducting expenses) of Baht 55 million for a period of five years, expiring on 31 December 2012. The guaranteed payment is due within 31 January and 31 July of each year in accordance with conditions as stipulated in the agreement. 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 73.8 million, and recorded it as a separate item under the heading of "Loss arising from minimum revenue guarantee" in the income statements for the year ended 31 December 2008.

During the current year, the Company invested approximately Baht 20.0 million (2,105,200 units at a price of Baht 9.50 each) in Quality Hospitality Leasehold Property Fund, representing 1.1% of its registered capital and classified it as investments in available-for-sale securities.

14. Land held for development

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land costs	3,403,987,764	4,520,242,787	3,128,920,723	4,520,242,787
Development costs	98,123,248	182,667,940	98,123,248	182,667,940
Construction costs	17,472,528	17,449,523	17,472,528	17,449,523
Capitalised interest	487,540,431	627,467,380	487,540,431	627,467,380
Total	4,007,123,971	5,347,827,630	3,732,056,930	5,347,827,630
Less: Transferred to cost of sales	(350,701,624)	(548,576,325)	(350,701,624)	(548,576,325)
Transferred to restructure debt	(1,540,946,166)	(1,540,946,166)	(1,540,946,166)	(1,540,946,166)
Transferred to settle debt under rehabilitation plan	(151,117,368)	(151,117,368)	(151,117,368)	(151,117,368)
	1,964,358,813	3,107,187,771	1,689,291,772	3,107,187,771
Less: Allowance for loss on impairment	(103,990,228)	(127,350,670)	(103,990,228)	(127,350,670)
Land held for development, net	<u>1,860,368,585</u>	<u>2,979,837,101</u>	<u>1,585,301,544</u>	<u>2,979,837,101</u>

The land held for development with a net book value of Baht 680.8 million as at 31 December 2008 (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 year, the Company and its subsidiary transferred land held for development to project development costs amounting to Baht 1,212.6 million (Separate financial statements: Baht 1,487.7 million).

15. Advances for purchases of land

(Unit: Baht)

	Consolidated		Separate	
	statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance as at 31 December 2007	151,462,635	730,081,570	22,000,000	629,118,935
Increase during the year	414,089,013	62,500,000	376,296,213	10,000,000
Title of plots of land transferred during the year	(89,392,000)	(637,038,935)	(9,392,000)	(573,038,935)
	476,159,648	155,542,635	388,904,213	66,080,000
Less: Forfeiture of advance	-	(4,080,000)	-	(4,080,000)
	476,159,648	151,462,635	388,904,213	62,000,000
Adjust to advances to subsidiary	-	-	-	(40,000,000)
Balance as at 31 December 2008	<u>476,159,648</u>	<u>151,462,635</u>	<u>388,904,213</u>	<u>22,000,000</u>

As at 31 December 2008, the Company and its subsidiaries were contracted to purchase and to sell land amounting to Baht 1,699.6 million (Separate financial statements: Baht 1,286.6 million).

Approximately Baht 459.5 million (Separate financial statements: Baht 373.7 million) of the above balance represented advances paid to landowners by the Company and its subsidiaries under agreements to purchase and to sell land already signed with the landowners by agents, the Company and its subsidiary.

The remaining advances, amounting to approximately Baht 16.7 million (Separate financial statements: Baht 15.2 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 the landowners.

16. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements						Total
	Land	Office buildings and clubhouses	Furniture and equipment for offices and clubhouses	Motor vehicles	Construction in progress	Others	
Cost							
31 December 2007	65,058,827	264,804,228	132,124,756	32,986,151	24,813,237	41,309,279	561,096,478
Additions	-	5,411,806	23,941,330	1,510,978	42,542,752	1,441,204	74,848,070
Transfer to project development costs	(3,952,198)	-	-	-	(40,000)	-	(3,992,198)
Disposals	-	(5,661,762)	(635,742)	-	-	(3,573,430)	(9,870,934)
Transfer in (out)	-	-	10,878,897	-	(10,878,897)	-	-
31 December 2008	61,106,629	264,554,272	166,309,241	34,497,129	56,437,092	39,177,053	622,081,416
Accumulated depreciation							
31 December 2007	-	36,923,783	72,756,283	21,553,052	-	28,863,739	160,096,857
Depreciation for the year	-	28,563,035	25,545,982	5,716,201	-	4,806,258	64,631,476
Depreciation on disposals	-	(956,175)	(347,510)	-	-	(1,929,657)	(3,233,342)
31 December 2008	-	64,530,643	97,954,755	27,269,253	-	31,740,340	221,494,991
Net book value							
31 December 2007	65,058,827	227,880,445	59,368,473	11,433,099	24,813,237	12,445,540	400,999,621
31 December 2008	61,106,629	200,023,629	68,354,486	7,227,876	56,437,092	7,436,713	400,586,425
Depreciation for the years as included in administrative expenses							
2007							44,863,049
2008							64,631,476

(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 2007	65,058,827	223,279,175	116,406,155	31,561,951	22,169,336	33,522,195	491,997,639
Additions	-	4,584,634	20,312,825	1,501,990	39,883,328	1,517,102	67,799,879
Transfer to project development costs	(3,952,198)	-	-	-	-	-	(3,952,198)
Disposals	-	(5,661,761)	(450,003)	-	-	(3,669,378)	(9,781,142)
Transfer in (out)	-	-	5,615,574	-	(5,615,574)	-	-
31 December 2008	61,106,629	222,202,048	141,884,551	33,063,941	56,437,090	31,369,919	546,064,178
Accumulated depreciation							
31 December 2007	-	34,632,629	68,371,314	20,934,950	-	21,663,870	145,602,763
Depreciation for the year	-	24,652,992	21,513,436	5,430,988	-	4,249,114	55,846,530
Depreciation on disposals	-	(956,174)	(215,859)	-	-	(1,929,657)	(3,101,690)
31 December 2008	-	58,329,447	89,668,891	26,365,938	-	23,983,327	198,347,603
Net book value							
31 December 2007	65,058,827	188,646,546	48,034,841	10,627,001	22,169,336	11,858,325	346,394,876
31 December 2008	61,106,629	163,872,601	52,215,660	6,698,003	56,437,090	7,386,592	347,716,575
Depreciation for the years as included in administrative expenses							
2007							41,789,133
2008							55,846,530

As at 31 December 2008, certain plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 66.6 million (2007: Baht 30.7 million) (Separate financial statements: Baht 57.8 million (2007: Baht 23.7 million)).

During the current year, 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 period ended 31 December 2008 by approximately Baht 14.8 million (Separate financial statements: Baht 13.1 million).

17. Leasehold rights

	(Unit: Baht)	
	Consolidated and separate financial statements	
	<u>2008</u>	<u>2007</u>
Leasehold rights - cost	345,317,693	343,879,241
Less: Accumulated amortisation	<u>(35,907,052)</u>	<u>(32,687,160)</u>
	309,410,641	311,192,081
Less: Allowance for loss on impairment	<u>(189,843,897)</u>	<u>(189,843,897)</u>
	119,566,744	121,348,184
Transfer to leasehold rights awaiting sale, net	<u>(60,717,672)</u>	<u>(60,717,672)</u>
Net	<u>58,849,072</u>	<u>60,630,512</u>
Amortisation for the years as included in administrative expenses	<u>3,129,892</u>	<u>3,211,094</u>

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.

18. 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.

Subsequently, on 27 June 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 2009.

19. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2008 and 2007, the outstanding balance of bank overdrafts and short-term loans from financial institutions consist of the following:

	Interest rate (% per annum)	(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Bank overdrafts	MOR	-	30	-	30
Short-term loans from financial institutions	MOR, MLR, MLR+1	<u>528</u>	<u>292</u>	<u>508</u>	<u>277</u>
Total		<u>528</u>	<u>322</u>	<u>508</u>	<u>307</u>

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.

20. Loans from other company/individual

The loans are subject to interest at a rate of 8% per annum and are payable on demand.

21. Debentures

The Company

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

The Annual General Meeting of the Company's shareholders held on 30 April 2008 passed a resolution to approve 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 over 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.

The Company has now been granted approval to offer the debentures by the Office of the Securities and Exchange Commission and is considering details to offer to investors.

The subsidiary

On 18 August 2008, Bright Development Bangkok Company Limited ("Bright"), a subsidiary, issued and offered 462,150 secured debentures with a par value of Baht 1,000 each, or a total value of Baht 462,150,000 to a financial institution, as previously approved by the Extraordinary General Meeting of shareholders held on 15 May 2007. The debentures mature on 28 November 2008, bear interest at a rate of THBFIX plus 5.55256% per annum 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 ordinary shares of Bright held by the Company.

Subsequently on 26 February 2009, Bright entered into an amendment to the agreement with the financial institution, amending the details of the debentures, so that the debentures are to be paid in installments, are to be paid in full within May 2009, and bear interest at a rate of THBFIX plus 8.55256% per annum.

Under the debenture agreement, there are normal covenants relating to various matters as required in the normal course of business.

22. Creditors per rehabilitation plan

During the current year, the Company made payments to creditors per rehabilitation plan; however, there were creditors receiving payments amounting to Baht 383 million. Subsequently, on 27 February 2009, the Company paid creditor per rehabilitation plan for a total of Baht 138 million. The Company is in the process of arranging for the creditors to receive settlement of the remaining amount of Baht 127 million.

23. 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 2008, mature in 25 November 2010, and bear interest at a rate of 3.50% 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 under the heading "Long-term provisions" in balance sheet as discussed in Note 25 to the financial statements.

Under the Company's debenture agreement, there are normal covenants relating to various matters as required in the normal course of business.

The Extraordinary General Meeting of the Company's shareholders No.1/2008, held on 20 June 2008, passed a resolution regarding unsubordinated convertible debentures, as follows:

- a) Approved the cancellation of the issue and offer of the USD 15 million unsubordinated convertible debentures as previously approved by the Extraordinary General Meeting of the Company's shareholders No.1/2005 held on 19 September 2005 (The Company was approved to issue and offer USD 35 million unsubordinated convertible debentures which were issued by USD 20 million as discussed above).

- b) Approved the issue and offer of not more than USD 30 million of unsubordinated convertible debentures, or the equivalent of not more than Baht 1,000 million, as detailed below.

Term : Not over 5 years from the issue date

Unit price : USD 100,000

Interest rate : Not over 5% per annum

Conversion price : Not less than 110% of average closing price of the Company's shares during the 7 - 15 consecutive working days before the offer date, and not less than Baht 6.50 per share

Allocation method : To overseas institutional investors or local institutional investors

However, the Company's management is authorised to stipulate or amend details of the method and conditions of the issue and offer of the unsubordinated convertible debentures, such as offering price, conversion price, unit price, interest rate, exercise period, termination date of conversion and redemption price.

Currently, the Company's management is considering the details of the issue and offer of these unsubordinated convertible debentures.

24. Long-term loans

The Company

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

	Balance		Interest rate	Repayment period	Security
	<u>2008</u>	<u>2007</u>			
	(Million Baht)				
1) A facility of Baht 793 million	-	177.9	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 65 percent of the selling price, which is not to be less than the amount informed to the bank.	The mortgage of part of the Company's project land and construction.
2) A facility of Baht 464 million	232.8	365.5	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 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 mortgage of part of the Company's project land and construction.
3) A facility of Baht 1,186 million	230.8	464.1	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 April 2011.	The guarantee of other company and the Company's director and the mortgage of part of the Company's project land and construction and the shares in the Company held by a shareholder and shares of other company.
4) A facility of Baht 722 million	228.9	452.8	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 December 2009.	The guarantee of the Company's director and the mortgage of part of the Company's project land and construction.
5) A facility of Baht 1,070 million	-	95.2	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.	The mortgage of part of the Company's project land and construction.

	Balance		Interest rate	Repayment period	Security
	<u>2008</u>	<u>2007</u>			
	(Million Baht)				
6) A facility of Baht 1,501 million	421.3	480.2	Interest at a rate tied to the minimum loan rate (MLR)	Repaying each time a plot of land with townhouse is redeemed from mortgage, at a rate of not less than 80 percent of the selling price. Any remaining balance is to be repaid within June 2013.	The mortgage of part of the Company's project land and construction.
7) 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.	The mortgage of part of the Company's project land and construction.
8) A facility of Baht 1,280 million	93.6	583.1	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 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 mortgage of part of the Company's project land and construction.
9) A facility of Baht 550 million	137.5	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 72 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.
10) A facility of Baht 430 million	91.4	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.
11) A facility of Baht 160 million	160.0	-	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 Company's director and the mortgage of part of the Company's project land and construction.

	Balance		Interest rate	Repayment period	Security
	<u>2008</u>	<u>2007</u>			
	(Million Baht)				
12) A facility of Baht 481 million	334.1	-	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 May 2013.	The guarantee of the mortgage of part of the Company's project land and construction.
13) A facility of Baht 1,578 million	555.7	-	Interest at a rate tied to the minimum loan rate (MLR)	Repaying each time a plot of land with house is redeemed from mortgage, at a rate of not less than 80 percent of the selling price. Any remaining is to be repaid within June 2013.	The guarantee of the mortgage of part of the Company's project land and construction.
14) A facility of Baht 201 million	78.8	-	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 February 2010.	The guarantee of the mortgage of part of the Company's project land and construction.
Total	<u>2,564.9</u>	<u>3,006.9</u>			
Less: Current portion	<u>(228.9)</u>	<u>(458.1)</u>			
Long-term loans - net of current portion	<u><u>2,336.0</u></u>	<u><u>2,548.8</u></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>2008</u>	<u>2007</u>			
	(Million Baht)				
1) A facility of Baht 328 million	268.6	206.2	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 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 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.
2) A facility of Baht 382 million	116.7	284.8	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 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.
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.
4) A facility of Baht 15 million	4.2	-	Interest at a rate tied to the minimum loan rate (MLR)	Repaying 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.	The guarantee of the Company and its subsidiary's director and the mortgage of part of the Company's project land and construction.
Total	<u>389.5</u>	<u>500.6</u>			
Less: Current portion	<u>(4.2)</u>	<u>(4.9)</u>			
Long-term loans - net of current portion	<u>385.3</u>	<u>495.7</u>			

The outstanding long-term loans are detailed as follow:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Long-term loans	2,954.4	3,507.5	2,564.9	3,006.9
Less: Current portion	(233.1)	(463.0)	(228.9)	(458.1)
Long-term loans - net of current portion	<u>2,721.3</u>	<u>3,044.5</u>	<u>2,336.0</u>	<u>2,548.8</u>

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

As at 31 December 2008, the long-term credit facilities of the Company and its subsidiary which have not been drawn down amounted to Baht 2,428.1 million.

25. Provisions

These comprise the following:

	(Unit: Baht)	
	Consolidated and separate	
	financial statements	
	<u>2008</u>	<u>2007</u>
Short-term provision		
Provision for loss arising from minimum revenue guarantee	26,483,178	-
	<u>26,483,178</u>	<u>-</u>
	(Unit: Baht)	
	Consolidated and separate	
	financial statements	
	<u>2008</u>	<u>2007</u>
Long-term provisions		
Provision for loss arising from minimum revenue guarantee	13,940,447	-
Provision for unconverted debentures	145,841,636	93,864,720
	<u>159,782,083</u>	<u>93,864,720</u>

26. Share capital

The Extraordinary General Meeting of the Company's shareholders No.1/2008 held on 20 June 2008 passed the following resolutions with respect to share capital:

- a) Approved the cancellation of 39,000,000 ordinary shares reserved for the exercise of warrants issued to directors and/or employees of the Company (ESOP).
- b) Approved the cancellation of 65,000,000 ordinary shares reserved for the conversion to ordinary shares of the convertible debentures as discussed in Note 23 a) to the financial statements.
- c) Approved the reduction of the registered share capital from Baht 6,213,565,176 (1,035,594,196 ordinary shares at a par value of Baht 6 each) to Baht 5,589,565,176 (931,594,196 ordinary shares at a par value of Baht 6 each) by canceling 104,000,000 ordinary authorised but unissued shares with a par value of Baht 6 each, a total of Baht 624 million, previously reserved to accommodate the exercise of warrants and the conversion to ordinary shares of convertible debentures as discussed in a) and b). The Company registered the reduction of its registered share capital with the Ministry of Commerce on 1 July 2008.
- d) Approved the increase of the Company's registered and issued capital by Baht 5,589,565,176 (931,594,196 ordinary shares at a par value of Baht 6 each) to Baht 6,552,000,000 (1,092,000,000 ordinary shares at a par value of Baht 6 each), to be reserved for the conversion to ordinary shares of convertible debentures, as discussed in Note 23 b) to the financial statements. The Company registered the increase of its capital with the Ministry of Commerce on 2 July 2008.

As at 31 December 2008, the Company's issued and fully paid share capital has increased to Baht 4,726,329,720 (787,721,620 ordinary shares of Baht 6 each), with Baht 1,382,556 (230,426 ordinary shares of Baht 6 each) of this being the result of the exercise of warrants in December 2007 and June 2008. The Company registered the corresponding increase in its capital with the Ministry of Commerce on 8 January 2008 and 8 July 2008.

27. Warrants

	Units
Outstanding as at 31 December 2007	8,909,176
Exercised during the year	(36,600)
Outstanding as at 31 December 2008	<u>8,872,576</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.

The Extraordinary General Meeting of the Company's shareholders No.1/2008 held on 20 June 2008 passed to approve the cancellation of 39,000,000 ordinary shares reserved for the exercise of warrants issued to directors and/or employees of the Company (ESOP).

In December 2007 and June 2008, the Company received advance subscription of Baht 0.01 per share to 230,426 of the additional ordinary shares arising from the exercise of the warrants, a total of Baht 2,304. The Company registered the resulting increase of Baht 1,382,556 in its capital with the Ministry of Commerce on 8 January 2008 and 8 July 2008, resulting in share discount totaling Baht 44,093,444.

28. Statutory reserve

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

29. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other employee benefits	371,077,851	320,879,898	310,610,611	270,576,130
Depreciation and amortisation	67,761,368	48,074,143	58,976,422	45,000,227
Rental expenses	23,840,531	19,300,317	19,358,596	18,493,938
Specific business tax and transfer fees	74,097,269	243,016,213	68,805,738	221,694,721
Marketing expenses	294,714,725	300,270,296	268,781,269	278,420,225
Loss arising from minimum revenue guarantee	73,800,000	-	73,800,000	-
Real estate development during the year	4,827,401,202	4,109,976,791	3,840,439,231	3,692,338,356
Changes in real estate projects	180,233,686	86,858,366	734,867,361	169,027,945
Finance cost	434,326,714	479,147,011	364,961,272	435,071,991

30. Corporate income tax

The Company is not liable to corporate income tax for the year 2007 due to tax loss brought forward.

31. Earnings per share

Basic 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.

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.

The following table sets forth the computation of basic and diluted earnings per share:

(Unit: Baht)

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Basic earnings per share						
Net income attributable to equity holders of the parent	804,546,744	411,606,819	787,703,620	787,454,478	1.02	0.52
Effect of dilutive potential ordinary shares						
Warrants 8,872,576 units (2007: 8,909,176 units)	-	-	8,867,662	9,114,330		
Unsubordinated convertible debentures	<u>84,133,336</u>	-	<u>131,680,000</u>	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>888,680,080</u>	<u>411,606,819</u>	<u>928,251,282</u>	<u>796,568,808</u>	0.96	0.52

(Unit: Baht)

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Basic earnings per share						
Net income attributable to equity holders of the parent	798,268,725	368,780,745	787,703,620	787,454,478	1.01	0.47
Effect of dilutive potential ordinary shares						
Warrants 8,872,576 units (2007: 8,909,176 units)	-	-	8,867,662	9,114,330		
Unsubordinated convertible debentures	<u>84,133,336</u>	<u>-</u>	<u>131,680,000</u>	<u>-</u>		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>882,402,061</u>	<u>368,780,745</u>	<u>928,251,282</u>	<u>796,568,808</u>	0.95	0.46

Since the conversion to ordinary shares of the unsubordinated convertible debentures would increase earnings per share in the consolidated and separate financial statements for the year 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 and separate financial statements for the year ended 31 December 2007.

32. 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.

33. 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 15.5 million (2007: Baht 13.3 million) (Separate financial statements: Baht 13.1 million (2007: Baht 11.5 million)) to the fund.

34. Dividends

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividend for 2007	Annual General Meeting of the shareholders on 30 April 2008	<u>Baht 189.0 million</u>	<u>Baht 0.24</u>

35. Commitments and contingent liabilities

35.1 Capital commitments

- a) The Company and its subsidiary had outstanding commitments of approximately Baht 608.5 million 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.
- b) The Company and its subsidiary had outstanding capital commitments of approximately Baht 1,240.1 million in respect of purchases of land.
- c) The subsidiary had the outstanding capital commitments of approximately Baht 17.2 million in respect of land lease for real estate development.
- d) The subsidiary had outstanding commitments of approximately Baht 14.0 million in respect of a design contract for a shopping center and office project.
- e) The Company had 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.

35.2 Operating lease commitments

The Company and its subsidiary have entered into several lease agreements in respect of the lease of land, vehicles, advertising board, office space and various services. The terms of the agreements are generally between 1 and 3 years. Operating lease agreements are non-cancellable.

As at 31 December 2008, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	46.9
1 to 5 years	14.4

During the year 2008, the Company and its subsidiaries recognised rental expenses of Baht 23.8 million (Separate financial statements: Baht 19.4 million).

35.3 Long-term service commitments

The Company has entered into clubhouse management agreements with its subsidiary. Under the conditions of these agreements, the Company is to pay monthly service fees as stipulated in the agreements. The fees for the year 2008 amounted to approximately Baht 10.5 million.

35.4 Guarantees

- a) The Company has guaranteed debentures and bank credit facilities of its subsidiaries amounting to Baht 1,304.9 million.
- b) As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 458.5 million in respect of public utilities issued by the banks on behalf of the Company and its subsidiary.
- c) As at 31 December 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.

36. Financial instruments

36.1 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	- Trade accounts payable
- Account receivable - land	- Loans from other company/individual
- Advances to contractors, net	- Debentures
- Restricted deposits	- Creditors per rehabilitation plan
- Advances to related company	- Amounts due to related companies
- Loans to related companies, net	- Advance from director
- Investments in subsidiaries	- Deposits and cash received in advance
- Investment in associate	- Unsubordinated convertible debentures
- Other long-term investments, 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, account receivable - land, advances and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk 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, account receivable - land, advances and loans and 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, loans from other company/individual, 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 2008 classified by type of interest rates are summarised 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

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	452.9	2.1	455.0	0.125% - 0.75%
Trade accounts receivable, net	-	-	-	-	33.8	33.8	-
Account receivable - land	-	-	-	-	35.4	35.4	-
Advances to contractors, net	-	-	-	-	44.7	44.7	-
Restricted deposits	-	-	-	8.9	-	8.9	0.25% - 0.5%
Investment in associate	-	-	-	-	416.7	416.7	-
Other long-term investments, net	-	-	-	-	51.7	51.7	-
Advances for purchases of land	-	-	-	-	476.2	476.2	-
	-	-	-	461.8	1,060.6	1,522.4	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from							
financial institutions	-	-	-	528.3	-	528.3	MLR
Trade accounts payable	-	-	-	-	472.9	472.9	-
Loans from other company/individual	31.0	-	-	-	-	31.0	8.00%
Debentures	-	-	-	462.2	-	462.2	8.80% - 12.153%
Creditors per rehabilitation plan	-	-	-	265.6	-	265.6	MLR
Advance from director	-	-	-	-	80.0	80.0	-
Deposits and cash received in advance	-	-	-	-	112.2	112.2	-
Unsubordinated convertible debentures	-	809.2	-	-	-	809.2	9.56%
Long-term loans	-	-	-	2,954.4	-	2,954.4	MLR
Deposits and cash received in advance for sublease agreement	-	-	-	-	57.7	57.7	-
	31.0	809.2	-	4,210.5	722.8	5,773.5	

(Unit: Million Baht)

	Separate financial statements						Interest rate (% p.a.)
	Fixed interest rates			Floating		Total	
	Within	1 - 5	Over	interest	Non-interest		
	1 year	years	5 years	rate	bearing		
Financial assets							
Cash and cash equivalents	-	-	-	426.9	1.7	428.6	0.125% - 0.75%
Trade accounts receivable, net	-	-	-	-	30.2	30.2	-
Account receivable - land	-	-	-	-	35.4	35.4	-
Advances to contractors, net	-	-	-	-	42.2	42.2	-
Restricted deposits	-	-	-	8.9	-	8.9	0.25% - 0.50%
Advances to related company	-	-	-	-	1.5	1.5	-
Loans to related companies, net	-	-	-	412.1	-	412.1	8.34% - 9.00%
Investments in subsidiaries	-	-	-	-	541.1	541.1	-
Investment in associate	-	-	-	-	360.0	360.0	-
Other long-term investments, net	-	-	-	-	51.7	51.7	-
Advances for purchases of land	-	-	-	-	388.9	388.9	-
	-	-	-	847.9	1,452.7	2,300.6	
Financial liabilities							
Bank overdrafts and short-term loans from							
financial institutions	-	-	-	508.0	-	508.0	MOR, MLR
Trade accounts payable	-	-	-	-	402.8	402.8	-
Creditors per rehabilitation plan	-	-	-	265.6	-	265.6	MLR
Amounts due to related companies	-	-	-	-	84.0	84.0	-
Deposits and cash received in advance	-	-	-	-	103.7	103.7	-
Unsubordinated convertible debentures	-	809.2	-	-	-	809.2	9.56%
Long-term loans	-	-	-	2,564.9	-	2,564.9	MLR
Deposits and cash received in advance							
for sublease agreement	-	-	-	-	57.7	57.7	-
	-	809.2	-	3,338.5	648.2	4,795.9	

36.2 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.