



Annual Report 2008

The
Quality
and Convenient Lifestyle
by **metrostar property**
public company limited



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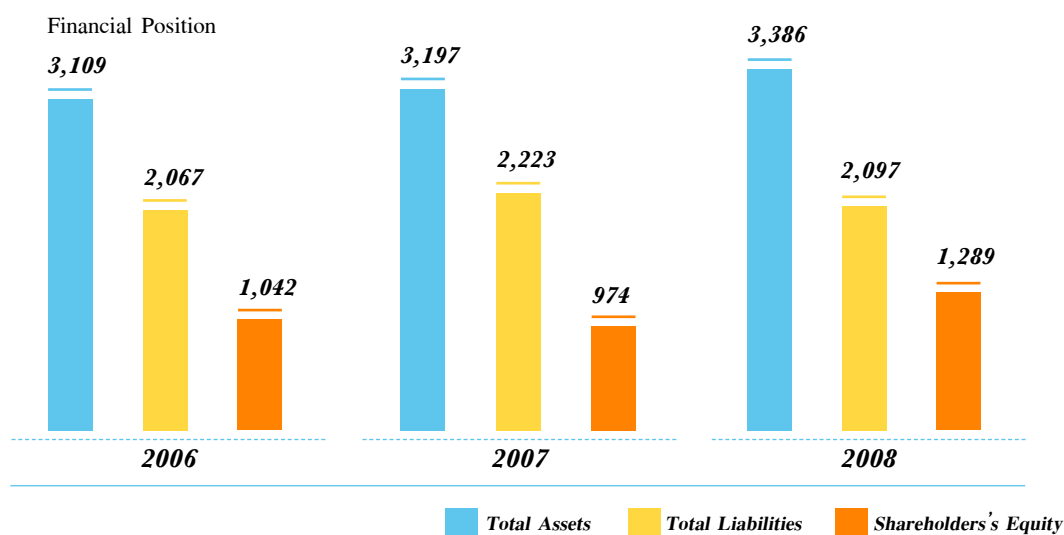
Financial Highlights

Unit : Million Baht

Operating Results	2005	2006	2007	2008
Total Revenue	846	550	418	960
Sales	840	541	413	213
Cost of Sales	528	349	286	214
Gross Profit form Sales	312	192	126	(1)
Net Profit (Loss)	232	40	(96)	348
Dividend Payment per Share (baht/share)	0.35	-	-	0.12
Financial Position				
Total Assets	2,689	3,109	3,197	3,386
Total Liabilities	1,608	2,067	2,223	2,097
Shareholders' Equity	1,081	1,042	974	1,289
Registered and Fully Paid-up Share Capital	450	450	459	467
Total Number of Shares	225	450	459	467
Financial Ratio				
Current Ratio	4.71	2.66	2.06	2.41
ROE	32.60%	3.76%	-9.47%	30.72%
ROA	11.07%	1.38%	-3.03%	10.56%
DE Ratio	1.49	1.98	2.28	1.63
Gross Margin	37.16%	35.48%	30.62%	-0.44%
Net Profit Margin	27.43%	7.25	-22.85%	36.22%
Diluted Earnings per Share	0.70	0.09	(0.21)	0.75

Note For the year ended 31st, July 2003 Par Value is 100 baht per share, since the year ended 31st December 2003 Par Value is 2 baht per share and from 31st December 2005 Par value is 1 baht per share Diluted Earnings per Share was calculated from Weighted Average Common Share (share) at par 1 baht

Information to Shareholders Shareholders' Meeting of The Year 2008
28th April 2008 at 14.30 pm. At the Meeting Room on 1st floor Piyarom Sport Club
Sukhumvit Road, Bangjak, Phrakanong, Bangkok



Message of Chairman

Over the past year 2008, it's regarded a hard year for all business sectors in facing adversely formidable economics. This resulted from several negative factors that have attacked continuously; ranging from political turmoil, the USA economic crisis which has emerged in the mid-2008 until the end of the year with sequential effect, to Suvanabhumi airport blockades that has prejudiced the national economics severely. More desperately, the investors' confidence worldwide dwindled and investment dropped down consequently.

In addition, the weakness of foreign currency have exposed the overseas customers to spend 20-25% for real estate in Thailand, resulting that real estate business becomes vulnerable, and fluctuation in constructing materials cost, a negative factor that has inflated doubled for the steel price in early year, and adjusted over than a half at the end of the same year. Certainly, the company has been in time of hardship.

However, the tendency of the real estate markets in Thailand has been more promising than that of overseas because the real estate price has not been inflated in past few years when compared to those of overseas. Moreover, it's expected that the economic urge measures in the era of new government will rehabilitate the national economics more rapidly than previously expected. The national economics was expected to be improved at the first half of year 2009 for three following dominant factors ; 1) rehabilitation of global economics, unwinding of political situation, and number of tourist traveling to Thailand was great during February - March 2009 as compared to the comparable period in 2008. Thus, it's believed that year 2009 would be a promising year even among the economic variation.

In 2008, the company continued to serve as real estate developer focusing at the business hub, prime area, including land development which is located nearby the BTS and MRT track. Also, the company has real estate development projects for potential tourist attractions in respect of quality and appropriateness of location that meets the prospective consumer's need. In addition, the company has expanded the business opportunity by decreasing from 91% to 70% for

recognized sale incomes and increase from 10% to 30% for lease income. This is to assure the company's continuity of futuristic income. In 2009, the company is expected to launch the "Apartments Service Project" firstly which includes "Marriott Executive Apartments - Sathorn Vista Bangkok", aiming to dilute the business risk and increase the forecasted growing income.

Concerning to company's FY 2008 operation result, the company had net profit amounted THB 348 million, or accounted for 36.22% of overall income, and net profit per share was THB 0.75. During year, the company paid the shareholder the interim dividend at THB 0.12 per share on December 2008.

Concerning to company's FY 2008 financial position, the company has been strengthened with the THB 3,386 million asset value, THB 2,097 million liability, and THB 1,289 shareholder's equity. Namely, the company's properties increased by 5.91% to THB 189 million from previous year because "Marriott Executive Apartments - Sathorn Vista Bangkok" development project have currently completed almost by 99%, and its opening for service will be launched by the first quarter 2009. As of ended 31 December, 2008, the company's debt/equity ratio equated to 1.63:1, resulting that the company's position becomes more stable than a year earlier and investment capacity has been reinforced.

The company is always aware of the maximum interest of all stakeholders under the Good Corporate Governance and Code of Conduct. To ensure the shareholders, customers, financial institutes, business alliance, mass media, private and government sectors, executives and all employees at any level who have devoted themselves on duty and responsibility effectively, the company is grateful for these entrusted and constant contribution and promises that the company is prompt to produce high quality workmanship, quality delivery of products/service.



Mr. Chatchaval Jiarawanon
Chairman of the Board

Audit Committee Report 2008

Dear Shareholders,

The Board of Directors of Metro Star Property Public Co.,Ltd. had a resolution to appoint the audit committees which includes three following independent committees; Lady Nongkarn Chantanayingyong as audit committee chairman, Mrs.Pilai Piampongsan, and Pol.Gen. Noppadol Somboonsap as audit committee, Miss Dhiranant Sangpuengdhamm as secretary. The audit committees shall perform the following responsibilities and functions, and follow the Audit Committee Charter approved by the Board of Directors;

1. Review the quarterly financial report, annual financial report, audit committee report 2008, disclose the financial information and make sure that the company's financial report is accurate under the generally accepted accounting principles, given that the auditor submitted the report in unconditional way.

2. Consider the internal audit report and internal control result, evaluate and analyze the risk of critical activities, and agree that the company possesses the proper internal control

3. The company complies with the Security and Stock Exchange Act, the Stock Exchange of Thailand's requirement, and business-related law, and dominated obligation bound the company to outsiders.

4. Review and comment on entering the related transaction of the company under the Stock Exchange of Thailand's requirement on related transaction; agree that the company's entry of related transaction is reasonable and equitable to all shareholders and parties.

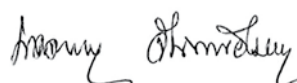
5. The audit committee held 4 meeting in 2008 to consider the matters and issues, share idea, and hear representation, give some suggestion useful to company's operation. Individual audit committee who attended the meeting could be summarized as follows ;

Name of Audit Committee 2008	Meeting attended
1. Khunying Nongkran Chandhanayingyong	3/4
2. Mrs. Pilai Piampongsarn	4/4
3. Pol.Gen.Nopadol Somboonsab	4/4

6. The audit committee recruited and selected the qualified auditor for year 2009 commented that the auditors of Ernst& Young Auditing Office Limited are autonomous and effective in function constantly, hereto submitted the Board of Directors to approve at the annual general meeting to appoint Miss. Rungnapa Lertsuwankul as certified auditor, license no. 3516, and/or Mr.Sophon Puemsiriwanlop as certified auditor, license no. 3182, Ernst&Young Auditing Office Limited the to assume role in the company for year 2009.

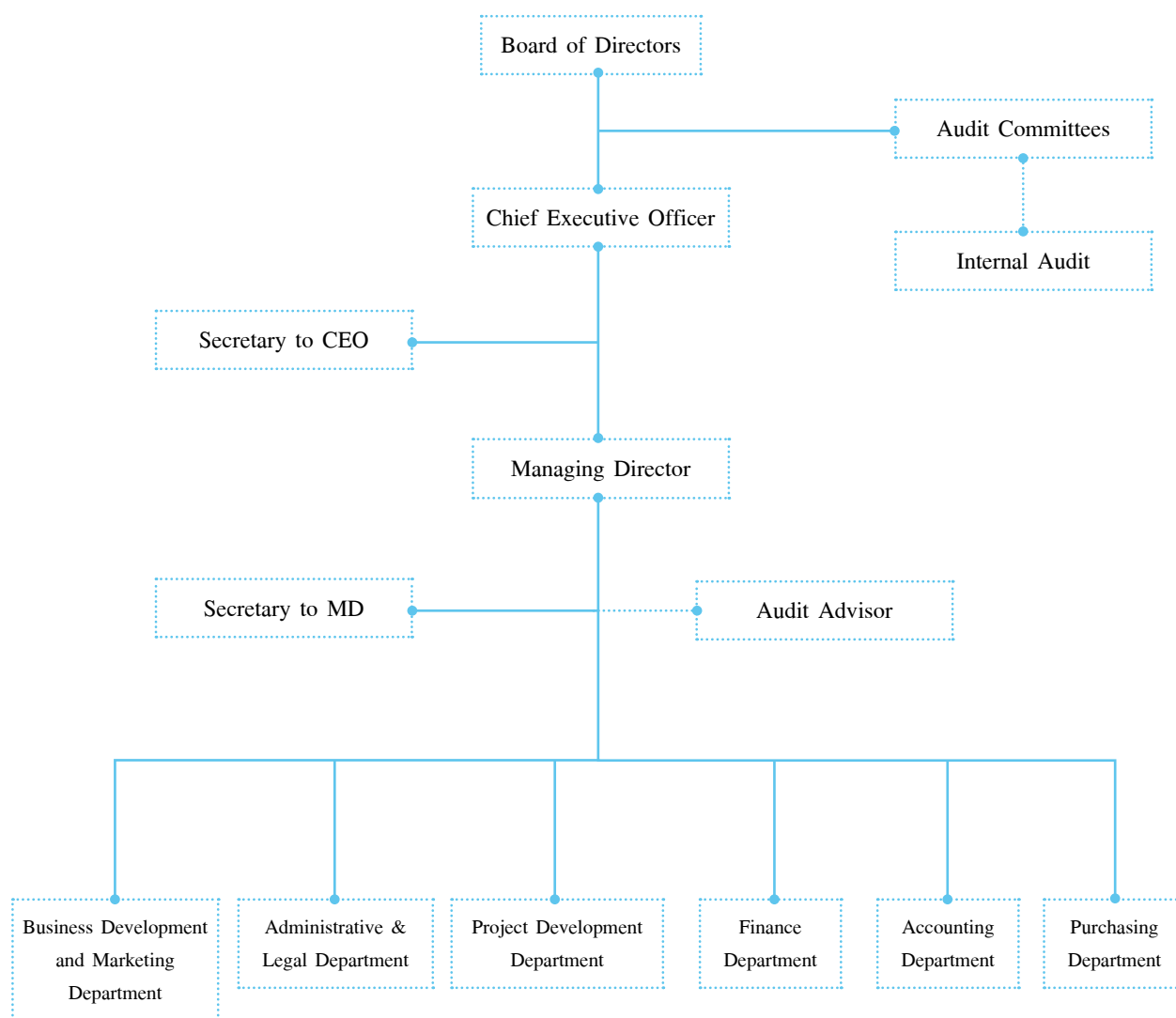
7. Consider and approve the FY 2009 internal control plan

8. Consider, review, and improve the Audit Committee Charter, and submitted the Board of Directors prior to enforcement. This is to concentrate the Good Corporate Governance in accordance with the Stock Exchange of Thailand's requirement on audit committee's performance procedure



Khunying Nongkran Chandhanayingyong
Chairman of Audit Committee

Organization Chart as of 31 December 2008



Chairman of Board and Board of Directors



Mr. Chatchaval Jiaravanon

Director and Chairman of Board



Mr. Veera Burapachaisri

Director and Chief Executive Officer



Mrs. Vipavadee Burapachaisri

Director and Executive Director



Miss Pimjai Burapachaisri

Director

Audit Committee and Independent Director



Khunying Nongkran Chandhanayingyong

Director and Chairman of The Audit Committee



Mrs. Pilai Piamongsarn

Director and Member of The Audit Committee



Pol. Gen. Nopadol Somboonsab

Director and Member of The Audit Committee



Mr. Piboon Siripanurathien

Independent Director

Management Team



Mr. Damri Pattana - anake

Executive Vice President - Business Development



Mr. Surath Parichartrungruang

Vice President - Project Development



Mr. Mongkol Tiyaintarasak

Vice President - Project Development



Mr. Thanadet Kupvong

Director, Vice President - Finance



Miss Piyarat Watchrapongvinich

Accounting Manager

Director and The Management

Details of Board of Directors and the Management of Company as at 31 December 2008

Name-Surname, Position	Age (Year)	Education Background	Share Holding (%)	Family Relation with Management	Working Experience for past 5 years		
					Period	Position	Name of Organization/ Business Nature
Mr. Chatchaval Jiaravanon, Director and Chairman of Board	46	Bachelor of Business Administration, University of Southern California, USA	5.99	-	2004 - Present	Chairman of Board	Metrostar Property Pcl.
					2007 - Present	Chairman of Board	Syrus Securities Pcl.
					2004 - Present	Associate Director, Board of Associate Director	CP Group Company
					2003 - 2006	Independence Director	Saving Bank
					2002 - 2006	Director	Saving Bank
					2002 - Present	Director	Syrus Securities Pcl.
					2001 - Present	Director and Member of The Audit Committee	Ticon Industrial Connection Pcl. / Construction Factories for Rent in Industrial Estate
					2000 - Present	Managing Director and Chairman of Management	Telecom Holding Company Limited / Invest in other company
					2000 - 2005	Independence Director	Cal-Comp Electronic (Thailand) Pcl./ Electronics Manufacturing
					2000 - Present	Director	AEON Thana Sinsub (Thailand) Pcl. / Personal Financial Service
1999 - Present	Chairman of Management Team	True Media Company Limited / Multimedia Network Service					

Name-Surname, Position	Age (Year)	Education Background	Share Holding (%)	Family Relation with Management	Working Experience for past 5 years		
					Period	Position	Name of Organization/ Business Nature
Mr.Veera Burapachaisri, Director and Chief Executive Officer	42	Bachelor of Mechanical Engineering University of Colorado at Boulder, USA. MBA in Financial & Marketing University of Illinois at Urbana - Champaign, USA.	46.63	Husband of Mrs. Vipavadee Burapachaisri	2004 - Present 2000 - 2004 1993 - Present 1993 - Present 1993 - Present	Director and Chief Executive officer Managing Director Executive Director Executive Director Director	Metrostar Property Pcl. Metrostar Property Pcl. Metro Machinery Company Limited / Import – Export ,Retail Heavy Equipment , Engine and Spare Parts MTS Engineering and Rental Company Limited / Retails and Rent Machinery, Crane and Cat Metro Machinery Group of Company
Mrs. Vipavadee, Burapachaisri, Director and Executive Director	42	Bachelor of Business Administration - Finance MBA in Finance University of North Texas, USA.	1.39	Wife of Mr. Veera Burapachaisri	2000 - Present 2000 - Present	Director and Executive Director Director	Metrostar Property Pcl. Ravipol Holding Company Limited /Invest in Other Company
Miss Pimjai Burapachaisri, Director	47	Bachelor of Business Administration - Management Chulalongkorn University MBA University of Hartford, Connecticut, USA.	0.60	Older sister of Mr. Veera Burapachaisri	2004 - Present 1995 - Present 1995 - Present	Director Executive Director, Finance and Administration Director	Metrostar Property Pcl. Metro Machinery Company Limited / Import – Export ,Retail Heavy Machinery, Engine and Spare Parts MTS Engineering and Rental Company Limited / Retails and Rent Machinery, Crane and Cat and MMC Leasing Company Limited / Leasing and Metro Machinery Group of Company Akesin Finance Company Limited

Name-Surname, Position	Age (Year)	Education Background	Share Holding (%)	Family Relation with Management	Working Experience for past 5 years		
					Period	Position	Name of Organization/ Business Nature
Mr. Damri Pattana - anake, Executive Vice President - Business Development	45	Bachelor of Business Administration Marketing Assumption University (ABAC) MBA in Management, Assumption University (ABAC)	0.01	-	2004 - Present 2002 - 2004	Executive Vice President - Business Development Deputy General Manager	Metrostar Property Pcl. Hale's Trading Company Limited /Concentrated Syrup and Sugar Cube
Mr. Surath Paricharttrung Ruang, Vice President - Project Development	41	Bachelor of Engineering, Kasetsart University	-	-	2004 - Present 2002 - 2004	Vice President - Project Development Manager Project Development Project Engineer	Metrostar Property Pcl. Metrostar Property Pcl.
Mr. Mongkol Tiyaintarasak, Vice President - Project Development	42	Bachelor Degree in Engineering, King Mongkut's Institute of Technology Ladkrabang MBA in Management, NIDA	-	-	2006 - Present 2005 - 2006	Vice President – Project Development Vice President – Project Development	Metrostar Property Pcl. Ananda Development Company Limited
Mr. Thanadet Kupvong, Director, Vice President - Finance	40	Bachelor of Accounting - Finance The University of The ThaiChamber of Commerce MBA in General Management, NIDA	-	-	2008 - Present 2005 - Present 2002 - 2004	Director Vice President - Finance Accounting and Finance Manager	Metrostar Property Pcl Metrostar Property Pcl. Anglian Water (Thailand) Company Limited
Miss Piyarat Watcharapongvinich, Accounting Manager	43	Bachelor of Accounting, Petchaburi Rajabhat University	0.09	-	2003 - Present	Accounting Manager	Metrostar Property Pcl.

Name-Surname, Position	Age (Year)	Education Background	Share Holding (%)	Family Relation with Management	Working Experience for past 5 years		
					Period	Position	Name of Organization/ Business Nature
Khuning Nongkran Chandhanaying-yong, Director and Chairman of The Audit Committee	76	Bachelor of Accounting, Chulalongkorn University	0.07	-	2004 - Present	Chairman of The Audit Committee	Metrostar Property Pcl.
					2001 - Present	Treasurer of an Association and Director	The Saijaitai Foundation
Mrs. Pilai Piampongsarn, Director and Member of The Audit Committee	73	Bachelor of Accounting, Chulalongkorn University	0.06	-	2004 - Present	Member of The Audit Committee	Metrostar Property Pcl.
					1999 - Present	Member of The Audit Committee	Crown Seal Pcl. and Thaivivat Insurance Pcl.
					1999 - Present	Member of The Audit Committee	Thai Wiwat Assurance Pcl.
Pol.Gen. Nopadol Somboonsab, Director and Member of The Audit Committee	64	Bachelor of Arts (Political and Administrative Science) Royal Police Cadet Academy Master of Police Management, University of California Police Department (UCLA), Los Angeles, USA	-	-	2004 - Present	Member of The Audit Committee	Metrostar Property Pcl.
					2008 - Present	Advisor	CPC International Pcl.
					2008 - Present	Director	PTT Chemical Pcl.
					2005 - Present	Chairman of Business Stability	CP Group of Company
					2005 - Present	Executive Assistance to President	True Corporation Pcl.
2004 - 2006	Director	Thai Airways International Plc.					
Mr. Piboon Siripanusathien, Independent Director	46	Bachelor of Engineering, Chulalongkorn University, Master of Arts (Political Science), Sukhothai Thammathirat University	-	-	2008 - Present	Independence Director	Metrostar Property Pcl
					2008 - Present	Independence Director	Syrus Securities Pcl.
					2008 - Present	Independence Director	Electricity Generating Pcl.
					1998 - Present	Chairman of Board	Trinity Plus Co.,Ltd

* Share holding as at 1 December 2008.

General Information

Company Name	Metrostar Property Public Company Limited
Registered Capital	610 Million baht
Paid up Capital	466,900,000 shares
Par Value	1 baht per share
Business Type	Property Development
Head Office	758/4 Sukhumvit road, Bangjak, Prakhnong, Bangkok 10260
Registration No.	0107547000869 (Old Registration No. 0107574700864)
Telephone	02-742-7887
Facsimile	02-742-7557
Website	www.metrostarprop.com

Other Reference

Share Registrar : Thailand Securities Depository Company Limited
7th Floor Stock Exchange of Thailand
62 Building, Ratchadapisek Road, Klongtoey,
Bangkok 10110
Telephone 02-229-2800

Auditor : Ms. Rungnapa Lertsuwankul, CPA (Thailand)
Registration No.3516
Mr.Sophon Permsiriwanlop, CPA (Thailand)
Registration No.3182

Ernst & Young Office Company Limited
193/136-137 33rd Floor, Lake Ratchada Tower,
Ratchadapisek Road, Bangkok 10110
Telephone No. 02-264-0777 Fax. 02-264-0789-90

Business Profiles

Corporate History and Main Development

The Company was established on 22 August 2000 by Mr.Veera Burapachaisri with initial paid up capital of five million baht under the name of MTS Property Co., Ltd. Afterward, the Company changed its name to Metrostar Property Public Company Limited on 24 March 2003. The objective of the Company is to develop property projects principally in central business district (CBD) and prime area. In the year 2000, the Company developed the first project under the name of Silom Terrace by purchasing and redeveloping an unattended incomplete building which its former owner faced financial difficulty and was a non-performing loan during the economic crisis. Silom Terrace was the 8 storey condominium located on Soi Saladeang 2 with project value of 341.87 million baht. The project construction was completed and opened for sales in the year 2001. The key milestones of the Company are summarized as follows :

- | | |
|----------------|---|
| Year 2003 | <ul style="list-style-type: none">• Increased its authorized capital from 5 million baht to 100 million baht with paid up capital of 30 million baht. The main objective of the capital increase was to purchase potential land banks for future development• Purchased land banks on Saladaeng road, then constructed and sold under the name of Silom Grand Terrace which was located in the same area with Silom Terrace |
| February 2004 | <ul style="list-style-type: none">• Fully paid up for capital of 100 million baht |
| July 2004 | <ul style="list-style-type: none">• Increased its authorized capital from 100 million baht to 200 million baht with fully paid up in order to pay back short-term loans due at the end of the year 2004 |
| August 2004 | <ul style="list-style-type: none">• Started the construction of Saint Louis Grand Terrace• Increased its authorized capital from 200 million baht to 300 million baht |
| September 2004 | <ul style="list-style-type: none">• Became a public company limited and increased its authorized capital of 170 million baht thus its total capital was 470 million baht to prepare for the initial public offering of 150 million baht and for the registration in the SET. The capital of 20 million baht was reserved for the exercise of warrants offered to the management and employees of the Company |
| June 2005 | <ul style="list-style-type: none">• Started the construction of Sathon Vista Bangkok – Marriott Executive Apartment |
| July 2005 | <ul style="list-style-type: none">• Started the construction of Baan Ravipa Sukhumvit (Townhouse) project in Soi Udomsuk |
| October 2005 | <ul style="list-style-type: none">• Initially traded of the Company's stocks in the SET |
| May 2006 | <ul style="list-style-type: none">• The change of the par value of the company's share from 2 baht per share to be 1 baht per share as the resolution of the 2006 Annual General Meeting of the Shareholders held on 25 April 2006 and increase the Company's registered capital in amount of 140 million baht to reserve for the conversion of convertible debentures so the existing registered capital of baht 470 million baht to be 610 million baht |
| July 2006 | <ul style="list-style-type: none">• The Company was nominated to be “Best Newly Listed Company” from SET AWARD 2006 |
| August 2006 | <ul style="list-style-type: none">• Purchased land around Sukhumvit road to develop Metro Avenue Sukhumvit 66 |
| December 2006 | <ul style="list-style-type: none">• Purchased land around Ratchayothin junction to develop Metro Avenue Ratchayothin |
| March 2007 | <ul style="list-style-type: none">• Grand Opening Metro Avenue Ratchayothin and Metro Avenue Sukhumvit 66 |
| November 2007 | <ul style="list-style-type: none">• Changing name Sathon Terrace to Sathon Vista, Bangkok - Marriott Executive Apartment |

December 2007	<ul style="list-style-type: none"> • Planning to set up Property Fund As at 31 December 2007 The company have paid up capital • million baht 459.11 due to exercised ESOP warrants 3 times in amount million baht 9.11
July 2008	<ul style="list-style-type: none"> • To sale Land Bank on Sathon road area 1,750 sq.wah in sale value million baht 1,400, the Company got profit from sale land in amount of million baht 737.40
September 2008	<ul style="list-style-type: none"> • The Company was announced to be a Good Property Development Certificate of 2007 - 2008 form Office of the Consumer Protection Board (OCPB)
December 2008	<ul style="list-style-type: none"> • As at 31 December 2008 The company have paid up capital million baht 466.90 due to exercised ESOP warrants in the year amount million baht 7.78

Overall Business Profile

The Company focuses on property development mainly in the central business district and prime area and the Company then design the types of project in order to fit with the characteristic of each area. For instance, Silom and Sathon areas are appropriate for the development of residential condominium since those areas are the central business district that where the number of land banks are limited and a lot of office buildings are located but the supply of residential condominium are shortage. The Company started developing “Silom Terrace” as its first real estate project by purchasing and redeveloping an unattended incomplete building and the Company accomplish in the sales of that project. Besides The Company have policy to extend to property for rent, the Company possesses 5 projects under development and selling currently as follows :

- Saint Louis Grand Terrace is the 27 storey condominium located in Soi Sathon 11, South Sathon road, Yannawa, Sathon, Bangkok
- Sathon Vista, Bangkok – Marriott Executive Apartment is 5 stars serviced apartment which is 32 storey building located in 1 Soi Sathon 3, South Sathon road, Tungmahamak, Sathon, Bangkok.
- Baan Ravipa Sukhumvit Townhouse is 75 units of 4 storey townhouses located in Soi Udomsuk 39/1, Sukhumvit road, Prakanong, Bangkok.
- Metro Avenue Ratchayothin project have 4 buildings condominium which are composed of tower A1, A2 25 storey and tower B1, B2 24 storey located in Ratchayothin junction, Paholyothin road, Chankasem, Jatujak, Bangsue, Bangkok.
- Metro Avenue Sukhumvit 66 project have 2 buildings condominium which are composed of tower A 25 storey and tower B 27 storey located in front of Soi Sukhumvit 66 near BTS station, Sukhumvit road, Bangna, Bangkok.

Besides, the company is looking for potential land to develop other projects in the future for the growth of company.

Revenue Structure

Types of Revenue	2006		2007		2008	
	Million	%	Million	%	Million	%
Revenue from the sales of properties	541.3	98.37	412.79	98.76	213.48	22.25
Rental revenue*	-	-	-	-	733.14	76.40
Revenue from changing of contracts**	1.5	0.27	0.44	0.11	-	
Other revenues***	7.5	1.36	4.73	1.13	13.03	1.35
Total revenue	550.3	100.00	417.96	100.00	959.65	100.00

Note :

* Gain from sales of land, construction in progress and equipment which occurred in July 2008, the Company sold land bank of Metro Sathon Tower and disposed some equipment.

** Revenue from changing of contracts was a fee that the Company collects from customers that already enter into agreement to buy or sales and request the transfer of contract rights. The fee is from 20,000 to 150,000 baht per transfer.

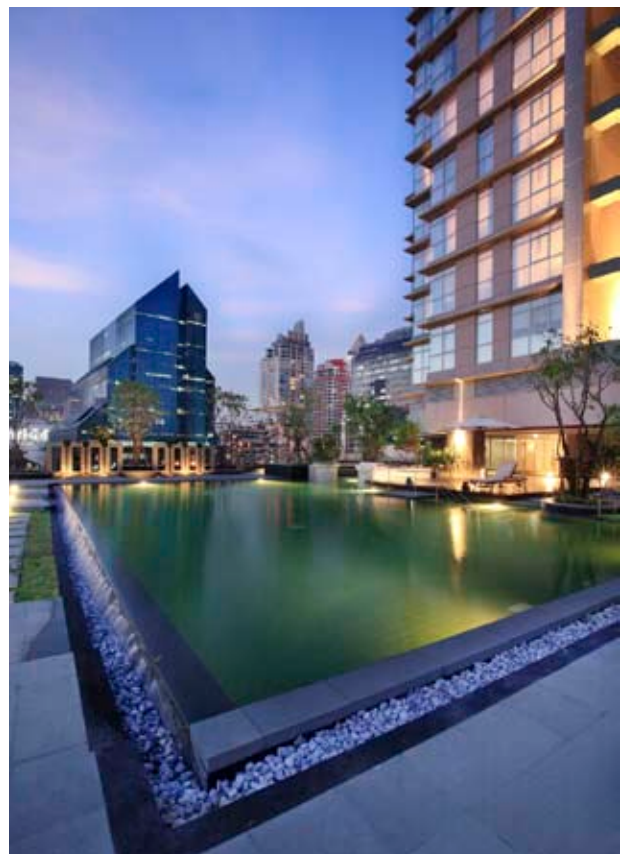
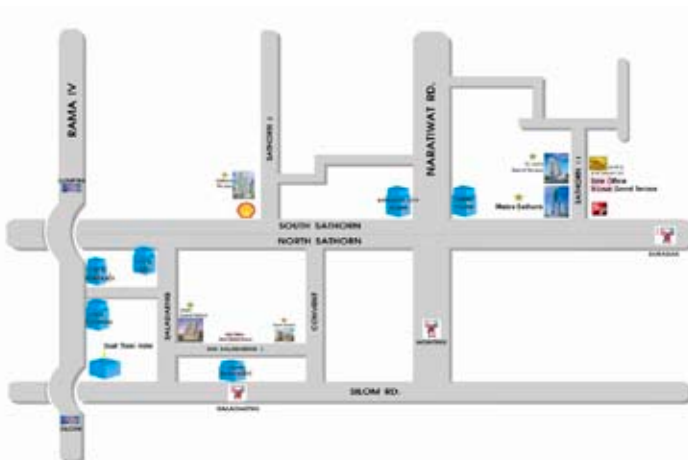
*** Other revenues compose of revenue from charge of deposit and interest received.

In the future, the Company's potential revenues are from after sale service by being an agent of room owners in acquiring tenant, setting appropriate rental rate, doing administrative work on agreement preparation between tenants and room owners, including designing room decoration.

Business Objective

The Company aims at being the leader in residential property development industry by providing customers with high quality projects that satisfy the need of the Company's targeted customers. The Company focuses on property development in central business district and prime area, both inside and outside Bangkok included with area near BTS and MRT line. The types of projects are designed to fit with the characteristic of each area e.g. condominium, townhouse, single-detached house, apartment, hotel and resort. The business principle of the Company is "C C Q" or Concept, Class and Quality, which means the unique concept of project development with high quality, high standard of living and full facilities to attract class B up customer target groups.

Sathorn Vista, Bangkok - Marriott Executive Apartment



Metro Avenue Sukhumvit 66



Metro Avenue Ratchayothin



Baan Ravipa Sukhumvit (Townhouse)



Present and Future Projects

Business characteristic

The Company develops property projects in central business district and prime area, which fully equipped with a circle of well facilities for both transportation and living. The Company develops property projects both for sale and rent such as residential properties, office buildings, commercial buildings, or others as follows :

- Condominiums : The Company will select to develop both low-rise and high-rise condominiums in potential central business district, prime area and along route BTS and MRT. From the year 2000 to the year 2004, the Company had launched three condominium projects in the central business district, namely, Silom Terrace, Silom Grand Terrace located at Soi Saladang 2 and Saint Louis Grand Terrace located at Soi Sathon 11 and in the year 2007 the Company had launched two condominium projects on along BTS extension, namely, Metro Avenue Sukhumvit 66 on Sukhumvit road and Metro Avenue Ratchayothin on Phaholyothin near Ratchayothin junction.
- Properties for rent : In the area selection, the Company will focus on central business district in developing projects such as residential properties, office buildings, and commercial buildings. The above areas are in the high demands of high level executives both foreigners and Thai. In the year 2005, the Company started the construction of Sathon Vista, Bangkok – Marriott Executive Apartment (Sathon Terrace) located at Soi Sathon 3 as the first A-class serviced apartment project of the Company. In addition, the Company still has land banks for the development of high potential projects in the future such as service apartments, office buildings and commercial buildings for rent such as the Metro Sathon Tower located at Soi

Sathon 11, besides the Company is looking for attractive land both in prime area and tourist destination area.

- Residential properties, house and land: The Company has recognized the importance of the needs of various groups of potential customers. The Company, then, had expanded marketing bases to respond to potential customers' needs in various communities. Thus, in the year 2005, the Company developed Townhouse project located in Sukhumvit area namely Baan Ravipa Sukhumvit.

Research and Development

The Company give precedence to research and development as a tool to develop business strategies of the Company's operation. The Company has an internal unit for search competitors' information, market situation and consumer's requirement to understand and satisfy to most of customer's requirement. In 2007, besides the Company is a member of Real Estate Information Center (REIC) and Agency for Real Estate Affair (AREA), and in 2008 the Company is an Online member of Info Quest that will send update information of Real Estate's news every day, every month and each quarter in order to update information for market and consumer analysis to set market plan and competition strategy in accuracy.

Current projects

Residential for Sales

1. Silom Grand Terrace

Location	Saladaeng road, Silom, Bangrak, Bangkok
Project Area	737.6 square wah
Sale Area	18,192 square metre
Project Detail	20-storey condominium
Project Highlight	Located in central business district (Silom) with convenience transportation as very close to BTS station (Saladaeng) and MRT station (Silom), department stores, schools, office buildings and parks
Number of Units	<ul style="list-style-type: none">• Residential zone: 226 units, unit size 28 – 198 square meter• Commercial zone: 14 units, unit size 42 – 226 square meter
Target customers group	Businessmen, guardian of students and working people in Silom area (class A or above)
Project Value	1,245 million baht
Investment Value	761 million baht
Sale Period	Since the end of July 2003
Construction Progress	100 percent in 2006
Sale Progress*	<ul style="list-style-type: none">• Residential zone: 100 percent• Commercial zone: 95.18 percent• Parking lot: 100 percent
Portion of Revenue Recognition*	99.42 percent
Portion of Transferring*	100 percent

* As of December 31, 2008

2. Saint Louis Grand Terrace

Location	Soi Sathon 11, South Sathon road, Yannawa, Sathon, Bangkok
Project Area	820.0 square wah
Sale Area	17,668 square meter
Project Detail	27-storey condominium
Project Highlight	Located in central business district (Sathon road) with convenience transportation as very close to BTS station (Surarak), banks, schools, office buildings, and hospitals
Number of Units	<ul style="list-style-type: none">• Residential zone: 240 units, unit size 47 – 138 square meter• Commercial zone: 5 units, unit size 69 – 121 square meter
Target customers group	Businessmen, guardian of students, and working people in Silom, Sathon area
Project Value	Approximately 1,037 million baht
Investment Value	818 million baht
Sale Period	Since January 2004
Construction Progress	100 percent in 2007
Sale Progress*	<ul style="list-style-type: none">• Residential zone: 100 percent• Commercial zone: 100 percent
Portion of Revenue Recognition*	84.64 percent
Portion of Transferring*	85 percent

* As of December 31, 2008

3. Baan Ravipa Sukhumvit (Townhouse)

Location	Soi Udonsuk 39/1, Sukhumvit road, Prakhong, Bangkok
Project Area	7-2-37 rai
Project Detail	75 units of 4-storey townhouse with land size of 24 – 38 square wah and usage area of 244 – 306 square meter
Project Highlight	Located nearby transportation network in downtown Bangkok
Target customers group	Class B or above, or customers with household income of 50,000 per household per month or above
Project Value	Approximately 406 million baht
Investment Value	325 million baht
Sale Period	Since December 2005
Construction Period	100 percent (approximated by the project consultant)
Sale Progress	67 percent

4. Metro Avenue Sukhumvit 66

Location	Sukhumvit road (opposite to Ubolsri market), Bangna, Bangna, Bangkok
Project Area	1,832.0 square wah
Sale Area	21,984 square meter
Project Details	Residential condominium with 2 buildings, 26-storey and 27-storey
Target customers group	Working people who has medium income level, and new generation who prefer city lifestyle and require convenience for transportation due to near BTS extension On - Nut
No. of Unit	654 units, room size 32 – 65 square meter
Project Highlight	Near BTS station, the extension part Udomsuk station (Sukhumvit 103), (under construction, expected completion end of year 2009)
Project Value	Approximately 1,300 million baht
Investment Value	Approximately 825 million baht
Construction Period	Approximately 20 months
Sale Period	Since December 2006
Construction Starting	Completed in Foundation pile work (in December the Company have a plan to slow down)

5. Metro Avenue Ratchayothin project

Location	Pahonyothin road (opposite to Major Rachayothin Cinema and Avaneue), Chankasem, Jatujak, Bangkok
Project Area	5,921.0 square wah
Sale Area	54,637 square meter
Project Details	Residential condominium with 4 buildings, 2 building are 24-storey and 2 building are 27-storey
Target customers group	Working people who has medium income level, and new generation who prefer city lifestyle and require convenience for transportation due to near BTS extension Mochit
No.of Unit	Total residential room 1,594 units, room size 32 – 65 square meter
Project Highlight	Near BTS station, the extension part Mochit – Saphanmai) Ratchayothin station
Project Value	Approximately 3,000 million baht
Investment Value	Approximately 2,100 million baht
Construction Period	Approximately 20 months of each phase
Sale Period	Since December 2006
Construction Starting	Completed in Foundation pile work (in December the Company have a plan to slow down)

Remark : - The maturity of construction permission is 2 year from the applying date, could be extended 1 year per request
 - Metro Avenue Suknumvit 66 and Metro Avenue Ratchayothin are in the process of acknowledgement of construction permit (39 tawi form) form the concerned office

Residential for Rent

1. Sathon Vista, Bangkok – Marriott Executive Apartment (Sathon Terrace)

Location	1 Soi Sathon 3 (Suanplu) , South Sathon road, Thoongmahamak, Sathon, Bangkok
Project Area	834.3 square wah
Sale Area	17,290 square meter
Project Detail	31-storey service apartment for rent
Project Highlight	High quality residential building five stars for rent in central business district of Bangkok included with full facilities
Number of Units	Residential zone: 184 units, unit size 61 – 163 square meter
Target customers group	Businessmen and working people in Sathon area (class A to A+)
Project Value	Approximately 2,500 million baht
Investment Value	Approximately 1,700 million baht
Operation Period	The first quarter of 2009
Construction Progress	99% (approximated by the project consultant)
Construction Period	From June 2005 and expect to complete in the quarter 1/2009

For each project development, the Company concerns primarily on the standard of living of residents. Therefore, the Company puts very high attention on project location selection by considering several factors such as the convenience of transportation such as near BTS stations and MRT station, major important places and attractions nearby such as academic institutions, hospitals, department stores, financial institutions, and office building. In addition, the Company also pays attention to project architecture design focusing primarily on usage space. Therefore, in every project, the Company provides full public facilities such as swimming pool, fitness room, sauna room, study room, play room, and park, etc. Besides, to serve modern lifestyle of new generations, the Company also provides high speed broad band internet in every project.

Regarding security systems, the Company not only put in place high standard fire protection system in every project such as sprinkles, smoke detectors, heat detectors, fire hose reels, air compressions, stairs, and automatic warning systems, but also provides 24-hour security guard, key card system, and visualize access control security system.

Besides, in the future, the Company will provide post-sales services by acting as an agent of room owners in acquiring tenants, setting appropriate rental rates, working on administrative work on agreement preparation between tenants and room owners, including designing room decoration.

Future Projects

The Company plans to develop condominium projects especially in central business district (CBD) and the area around BTS and MRT routes since the Company has a skill on residential property development especially condominium and the condominium projects in central business district and area around BTS and MRT routes are still in demand. Moreover, the Company also plans to develop residential properties for rent for the consistency of future revenues of the Company. Accordingly, the Company plans to develop future projects with land bank which have good potential area both Bangkok and provincial.

Industry and Competition

Industry and trend

From the year 2005 onwards, there was a declined signal of property industry after it was recorded on-going high growths during the year 2000 – 2004. The average growth of overall investments in property development industry was approximately 15 percent per year and the growth persisted to the year 2007. In the year 2007, Thailand's economy faced several negative factors. The property industry was directly affected by rapid increases of oil prices, interest rates, and inflation rates, together with unstable politics from the change of new government and laws issued in the year 2006 to 2008. The aforementioned negative factors affected supplies in the market and project development costs. Simultaneously, the negative factors to the overall economy also affected consumer confidences and spending, including their decisions to purchase

properties; while property developers were still continuously running their projects. In the year 2006, investments in property industry were affected by the measures to prevent Thai baht speculation, the 30% unremunerated reserve requirement prescribed in December 2006, especially the fund raising. However, investments in the purchase of properties such as land banks and condominiums were exempted from the aforementioned 30% reserve requirement. Besides, Regulations regarding environmental laws issued in the year 2007 that aim to reduce global warming problem affect the application for licensing and Regulations regarding building structures that have to support earthquake situation make the construction costs increase around 2 - 5 percent. In summary, according to the new properties registered of 73,150 units in the year 2008, the residential property market expanded 7.88 percent compared to that of the year 2007 and the expected growth rate in the year 2009 is 2% continuously.

Table illustrating the increase of number of residential properties that are completed and registered in Bangkok and its vicinities is as follow :

(Unit: Unit)

Type of Residence	2545	2546	2547	2548	2549	2550	2551	Increase (Decrease) %
Detached house	24,973	34,592	44,240	46,643	40,059	35,535	30,165	(15.11)
Semi-detached house	80	1,144	945	678	855	1,318	2,139	62.29
Townhouse and commercial building	7,011	12,950	15,426	13,858	15,966	15,755	12,975	(17.65)
Condominium	5,118	7,399	8,439	10,893	15,843	15,201	27,871	83.35
Total	34,035	50,594	69,050	72,072	72,723	67,809	73,150	7.88

Source : District offices in Bangkok, Municipality, and Province offices in its vicinities, Department of Provincial Administration and Department of Lands

Collected by : Residential Information Division, Real Estate Information Center, Government Housing Bank, and Real Estate Information Center, Property Line

From the above table, in the year 2008, it was expected that there would be around 73,150 units of completed residential properties, which increased 7.88 percent from the year 2007. Such completed residential properties composed of approximately 45,279 units of low-rise projects such as detached homes, semi-detached homes, townhouses, and commercial buildings or 13.93 percent increase from the year 2007; and approximately 27,871 units of condominiums or 83.35 percent increase. Most of new condominium projects are middle-class condominium with a price level from 0.5 million baht - 3.0 million baht because customers switch to buy residential condominium projects closed to BTS and MRT routes and change to more modern lifestyles. As a result, several property developers pay more attention on this target group.

On the supply side, it was expected that the number of new opening and completed residential properties in Bangkok and five vicinity provinces were close to that of the year 2007. However, it was noticed that new loans granted to property developers had slowed down since the year 2005 to the year 2008. Such slow down was a reduction in value, but the number of units did not significantly decline as property developers engaged more in the construction of middle-class residential properties with a price level of 1 - 3 million baht in order to response to purchasing powers in the market. The property developers needed to have good construction cost management especially the development of technology for construction in order to help reducing construction costs. In addition, the study on customers' needs shall be done on an on-going basis in order to offer project that totally fit with their needs.

Factors supporting the demand of customers to purchase condominiums :

1. Lifestyles of people have changed. The transportation is relying more on BTS and MRT.
2. There are lots of low-price condominiums opening especially in the area along BTS and MRT routes, which attract low-income group.
3. Condominium is the residence that response to the need of people that stay alone or family without children. It is convenient for the transportation. The residents do not have to face traffic problem as most of projects are opened in the area along BTS and MRT routes.
4. Returns on Investment from the speculation on condominium prices by purchasing and selling in the future are higher than interests received from banks deposits.

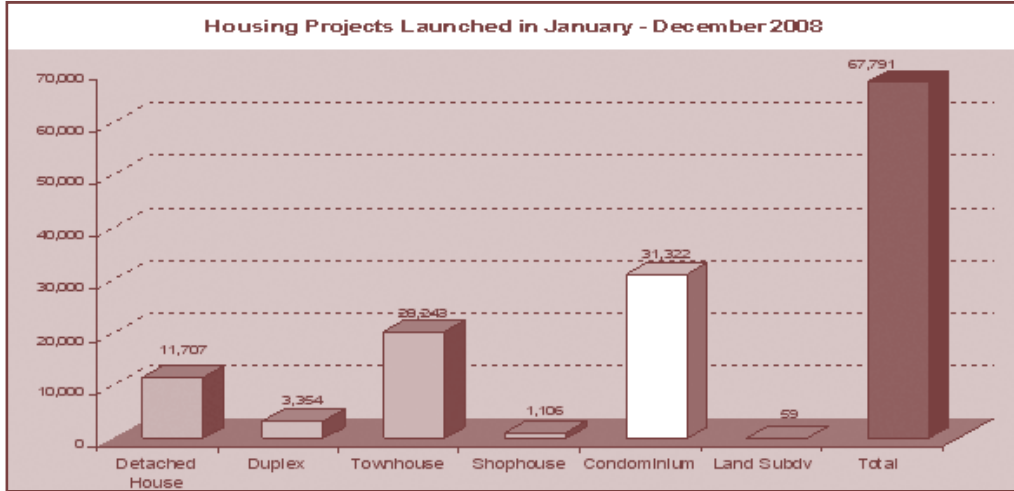
Competition

Condominium Market

Condominium projects were continuously opened in the year 2007 especially middle-class to low - end projects, which have received very good responses from customers during the year. Such projects will continuously be opened until the year 2008 because of excellent responses from customers. The competition concentrated only in certain areas, especially projects located around BTS and MRT routes. In the previous year, the Company officially opened 2 projects, which were Metro Avenue Sukhumvit 66 and Metro Avenue Ratchayothin projects. Both projects located on potential prime areas closed to the BTS extension route. Besides, there are not much new competitors in Silom and Sathorn area where the Company has 2 projects construction completed and under construction, which are Saint Louis Grand Terrace project and Sathorn Vista Bangkok Marriott Executive Apartment project, and few new competitor if is compared to other areas such as Sukhumvit.

Comparing demand and supply in the year 2008

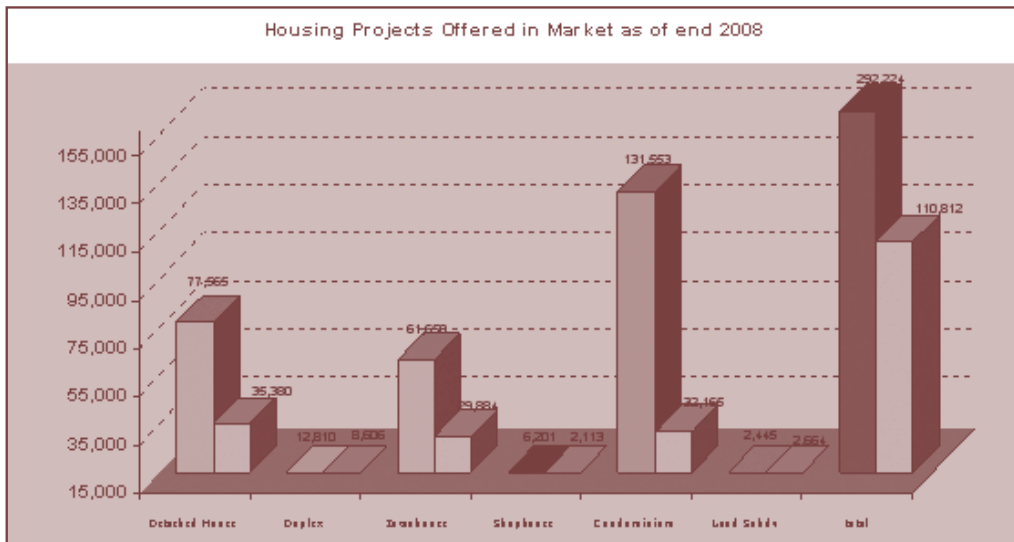
The information illustrating number of new residential units opening in Bangkok classified by types of residences in the year 2008 is as follow :



source : Agency for Real Estate Affairs

Type	Detached House	Duplex	Townhouse	Shophouse	Condominium	Land Subdv	Total
unit	11,707	3,354	20,243	1,106	31,322	59	67,791

The information comparing number of new units opening, number of sales units, and number of remaining units in Bangkok and its vicinities in the year 2008 is as follow :



source : Agency for Real Estate Affairs

Type	Detached House	Duplex	Townhouse	Shophouse	Condominium	Land Subdv	Total
Sold (unit)	77,565	12,810	61,650	6,201	131,553	2,445	292,224
Balance(unit)	35,380	8,606	29,884	2,113	32,165	2,664	110,812

Table illustrating price level, numbers of units, and percentage portion of each type of residential properties for the year 2008 (January - December) is as follow :

Price level (million baht)	Number of units	Percent Of Total	Type of residence					
			Detache d house	Semi- detached house	Town house	Commercial Building	Condo miniu m	Land
<0.501	50,454	12.52	-	-	1,005	-	48,079	1,370
0.501 – 1.000	58,466	14.51	2,161	1,339	33,253	90	20,960	663
1.001 – 2.000	102,322	25.39	8,162	8,612	37,141	3,031	44,150	1,226
2.001 – 3.000	71,062	17.63	31,240	7,534	9,476	1,378	20,493	941
3.001 – 5.000	76,596	19.00	43,940	3,763	9,045	3,212	15,987	649
5.001 – 10.000	34,709	8.61	22,445	168	1,528	568	9,900	100
10.001 – 20.000	7,583	1.88	4,226	-	62	35	3,105	155
>20.001	1,844	0.46	771	-	24	-	1,044	5
Total	403,036	100	112,945	21,416	91,534	8,314	163,718	5,109
% to Total Sale	100	-	28	5	23	2	41	1

Source : Residential Information Division, Residential Research and Development Department, National Housing Authority

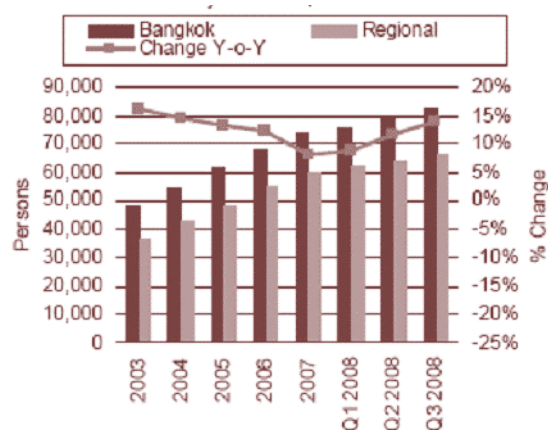
From the above table, which was the information of the year 2008, it could be roughly summarized that there was a higher demand for sales of condominiums at the price level of 0.5 - 3 million baht than any other types of residential properties. Besides, from the graph illustrating the number of new residential units opening in Bangkok and its vicinities, sales volume for condominiums accounted for about 41 percent comparing to other types of residences. Thus, it demonstrated that the residential types of condominium could continuously be expanded.

The completeness and readiness of information as well as self - adjustment of property developer companies as abovementioned are key factors that create confidence on residential property market. This confidence was not only from people who intended to purchase residential properties, but also financial institutions that granted mortgage loans - project development loans. Those factors also created confidence to the government mechanism that participated in the supervision of residential property market both directly and indirectly such as the Bank of Thailand, Ministry of Finance, and Ministry of Interior.

Serviced Apartment Market

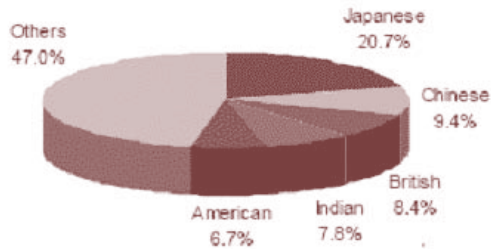
Residential for Foreigner market analysis number of foreigner who are permitted to work in Thailand accumulated of the third quarter of 2008 in amount of person 148,617 or increase 14.5% from 2007 separated for Bangkok and other provincial part 82,382 and 66,235 person respectively. Increasing of foreigner in Thailand will take new demand of residential for foreigner especially high grade serviced apartment in central business district.

Graph of number of foreigner in Thailand since 2003 - September 2008



source : CB Richard Ellis (Thailand) Co.Ltd

Number of working foreigner in Thailand classified by Nationality



source : CB Richard Ellis (Thailand) Co.Ltd

Factors affected the trend of property industry in the year 2008 are as follows :

Interest rate

In the year 2008, the increase in interest rate level whole year, until economics crisis in USA. had been slow down and effect around the world. Economic in Thailand would like support from foreign investment, import, and export at the end of the year, there is expected in year 2009 interest rate should increase in the first half year and may go on to the last half year if economic situation still slow down. Interest rate may slowdown about 0.75% – 1% The decreasing trend of interest rate level affected purchasing power and customer psychology. In summary, such decreasing trend of interest rate level stimulated consumers' decisions to purchase residential more rapidly.

The decreasing trend of interest rate level also resulted in the lower costs of funds of property developers. Although property prices reduce but the present uncertainty situation, will not help property sector better. Consumer slow down purchasing residential, because of economic is uncertainty. Although the property developers could support more projects and were able to afford more sale campaigns.

Oil price

Retail oil price is a main cost of every business. As Thailand's logistic system is not so effective and comprehensive enough compared to that of other countries; thus, the impacts from oil price level are very high and persistent. Therefore, as there was an increasing

trend of oil price level, the overall costs levels were also increase, which resulted in the increase in the prices of construction materials. Thus, property developers had to adjust their sales prices to compensate for the increase of other costs. The last half year, there was an decreasing trend of oil price level from global economic crisis

The increasing oil price until decreasing trend appeared made property developers and customers more confidences on making investment and consumption decision. However, oil price level was also affected by risks regarding uncertain global economic crisis in 2009, especially in Thailand.

BTS and MRT construction project

As the new government in the year 2009 announced on-going implementation of mass transit system extension project, BTS and MRT, and the extension routes of such BTS and MRT recently announced did not definitely differ from that approved by the former government. Hence, property developers and consumers are confident that the mass transit system network is truly fundamental infrastructure needs of metropolis such as Bangkok and its vicinities. Therefore, it is necessary for the government to continue the project until finish.

Therefore, in terms of the study for project development location and the study for residential property location selection, the BTS and MRT routes are just like relocation line for potential residential areas. Thus, development projects including other types of property projects linked to mass transit system such as BTS and MRT are expected to success as planned.

In addition, the investment in mass transit system, BTS and MRT, also stimulated the growth in economy and increases purchasing powers. Thus, it helped encouraging consumers to purchase residential properties more rapidly. The investment policy to stimulate economy of new government was also another factor that stimulated property market.

Construction cost

From the gradually increasing trend on construction costs since the beginning of the year 2006; in the year 2007, price indices of wholesales contraction materials also increased. Besides, from the increasing trend of oil price level in the first half of the year 2008, the trend on the prices of construction costs also increased. After that oil price decreased because of economics is slow down that effected construction materials decreased too. Beside The announcement of new assessment value of land banks, which will come into force from 1 January 2009 onwards, also made most of the reference prices of land banks in the country increased. For some areas, the reference prices significantly increased, which affected implicit costs in form of transfer fees and others. Such factors led to the increase in the costs of property developers. Hence, many of big property developers announced that they are ready to increase the prices of residential properties around 5 - 10 percent in the year 2009.

Condominium market adjustment

Property developers who engaged in condominium development projects have adjusted themselves continuously. The number of high - price to highest -premium price condominium projects reduced and the number of middle-class condominium projects increased. Thus, in overall, this circumstance made the concerns on condominium bubble bursts decreased and resulted in positive purchasing decisions. For condominium projects, as residents are able to move in after the construction of the whole building is completed. As the concerns on condominium bubble bursts decreased; thus it positively affected good the overall condominium markets.

However, as there was high proportion on the investments in term of purchasing condominiums for rent; thus, overall residential properties for rent markets such as service apartments, apartments, and hotels should also be taken into consideration. In overall, there was a higher competition in residential properties for rent markets especially those targeting on foreign customers or in serviced apartment markets due to the increase of new supplies both on serviced apartments and hotels.

Domestic renters markets or apartment markets were competing with condominiums for rent that were bought as investments in significant volumes, both in forms of individuals, groups, and juristic persons. Higher competitions resulted from condominiums sold since the year 2007 and 2008. The condominiums constructions were completed and ready to move-in from the year 2009 onwards.

In summary, it is expected that residential property markets in the year 2009 will be faced to economic crisis and effect to consumer purchasing slow down, but would not be excessive. Due to decrease interest rate of commercial bank and government's stimulated policy, to decrease fees and expenses of purchasing resident for tax exempt calculation to support purchasing power for consumer is good signals of positive factors. Such positive chance of the year for property purchaser will get the best benefits.

Marketing policy and market characteristic

Characteristic of target customer group

The current property development projects of the Company are condominium projects located primarily in downtown area, especially central business district area such as Sathorn and Silom, etc. Therefore, the main target groups of the Company are businessmen, guardians of students, and working people who demand convenience transportation to those areas to avoid traffic jam during rush hours. The Company focuses on the target groups of class B+ or above or families with household income of more than 80,000 baht per household per month. In addition, the Company also has a policy to focus on those target groups to expand the businesses, especially to new generations such as businessmen, guardians of students, and people who work in central business district areas who has income of approximately 25,000 baht or above per month, including customers who like social and city lifestyles which is convenient residential properties with full facilities, and convenient transportation.

Sale and distribution channel

Main distribution channel of the Company is the direct sale via a sale office of each project. The Company will build sale office around project site. The Company has several types of public relations such as billboards, posters, and leaflets, etc. In addition, the Company's public relations also come up in various types such as project grand opening, marketing promotion campaigns, and advertisements. The Company will arrange more public relations via many distribution channels in the future in order to create the brand awareness on the Company's name and projects among customers. For the past projects, the Company had got good responses from customers because of excellent locations and all units are sold out in a short period of time.

Competitive strategy and strength of the Company

Because of many supporting factors, the company has a high potential to compete with other competitors in the industry. Details of supporting factors are as follows :

- Good location – prime area

One of the most important factors for the success of property development project is the location. The Company realizes that location of the project is the most important factor that influences purchasing decision of target customers. Therefore, the Company focuses on property development projects in the areas close to BTS and MRT stations or in central business district such as Sathorn and Silom, also in other prime area. The Company currently possesses 5 projects under development located in central business district area and MRT and BTS extension areas. The Company also is searching for new land in potential location for future projects development.

- High quality project with full facilities

Apart from good location, which is considered an important factor for the success of property project, quality of projects and high standard of living of the residents are also important factors that affect purchasing decision of customers. When developing the project, the Company takes into consideration of space usages and conveniences of residents. Thus, the Company provides full public facilities in every project such as parking

lots, swimming pools, jogging paths, fitness rooms, sauna rooms, parks, and conference rooms. High-speed broad band internet technology is also provided for internet connection. Regarding security system, the Company puts in place not only high standard of fire protection systems in each project such as sprinkles, smoke detectors, and heat detectors, but also provides visualize access control security system in every project.

- Professional and experiences of management

The management of the Company has solid experiences in property development industry especially condominium development projects because they were in management level of other property development companies and participated in several major property development projects (details in Annex 1: Profile of directors, managements, and executives). The success of Silom Terrace project, the first property development project of the Company, during the declining of economy in the year 2000, was a good proof.

- Good and efficient after-sale service

The Company has a good and efficient after-sale service by acting as an agent of room owners in decorating the rooms, acquiring tenants, setting appropriate rental rates, and doing administrative works on agreement preparation between tenants and room owners. Currently, the Company provides such after-sale service in Silom Grand Terrace project and Saint Louis Grand Terrace project.

- On-going marketing research

To monitor on-going changes of customers' needs, the Company continuously does the researches both by internal units and by applying member of real estate information center to acquire relevant information. The Company also consistently gathers comments and voices from project customers and general customers. Such information would be regularly used in reviewing the Company's marketing plans.

- Readiness for project development

The future projects of the Company is searching for land on potential both in Bangkok and surrounding area near BTS and MRT route, and potential tourist attraction area to develop good quality projects. The Company already finished the environmental impact assessment report and received the construction permission so it is not affected by the new Bangkok Comprehensive Plan. For both 2 Metro Avenue projects, the Company already finished the environmental impact assessment report and applied for the construction permission as section 39 twi. The Company has already studied the impact of the new Bangkok Comprehensive Plan so those two projects should not be affected. The Company has started the construction of Sathorn Vista Bangkok Marriott Executive Apartment project since June 2005 and this project is expected to be finished and start the operation in the first quarter of 2009. Baan Ravipa (Townhouse) project had already started the construction since July 2005 and it was finished in the year 2007. For The construction of Metro Avenue Sukhumvit 66 and Metro Avenue Ratchayothin projects the Company has a plan to slow down, because uncertainty of economics crisis in the year 2009 will head to which direction.

Acquisition and selection of products or services

Acquisition of products for sale

- **Acquisition of land banks**

To acquire land banks for property development projects, the Company considers the acquisition from two major sources, which are the recommendations from acquaintances and the acquisition via agents acknowledged by the Board of Directors and both direct and indirect bidding from financial institutions. The Company places high importance on the properness and potential of the locations for property development projects. Upon receiving preliminary details of the land bank, the Company, then, identifies the suitable project design in compliance with the location, does the feasibility study, and checks related laws and regulations. If the outcomes

from the aforementioned actions are feasible, the Company will identify the land price and further negotiate with the seller. The Company's policy regarding the purchase of land bank is to immediately develop upon the purchase of the land bank since the Company would not like to have any carrying costs without necessary.

In case of land banks acquired from other companies that could lead to conflict of interest, the Company is in compliance with the inter-transactions policy as specified in Item 11.2 : Future inter - transactions policy.

- Selection of consultants for construction control

In acquiring consultants for construction control, the Company considers mainly on performance and reputation of consulting companies. The consulting companies should possess long-term and acceptable experiences in property development area. Generally, the Company sets the auction by selecting 2 - 3 well - known consulting companies to submit the proposals.

- Selection of construction contractors

In acquiring construction contractors, the important criterion that the Company considered is reputation and performance of the contractors during the past years. Such contractors should possess experiences in executing projects similar to those of the Company. The aforementioned criteria indicate construction experiences, expertise, and financial status. In addition, the Company also considers current numbers of jobs under construction of the contractor. As even though possessing a lot of jobs on hand is a guarantee for the professional of such contractor, it may impact the Company's quality assurance and project submission. However, Construction of Sathorn Vista Bangkok Marriott Executive Apartment expected that will be finished in the first quarter of 2009, for Metro Avenue Sukhumvit 66 project and Metro Avenue Ratchayothin projects, are already finished foundation piling work, but for the structure works the Company is in the process of selecting construction contractor due to the Company has a plan to slow down both projects.

- Acquisition of construction materials

In acquiring construction materials for the construction of the projects, the construction contractors must be responsible for procurement and purchasing of construction materials including for price changes of major construction materials such as bricks, rocks, cements, sand, and steels, etc in normally. The company is responsible for only the procurement of some types of construction materials, especially construction materials that are exactly countable and per unit price is high such as elevators, sanitary wares, electric generators, and telephone system, etc. This method could help the Company to control the costs of project construction. The construction materials that the Company procures are about 4 - 7 % of the project values. The Company normally purchases construction materials from 7 - 8 domestic suppliers who are business alliances of the Company.

- Construction process

The construction period of property development projects of the Company is different for each project depending on size and type. Normally, the construction process and period are as follows:

1. Acquiring land bank : The Company acquires land bank on the potential location or prime area for property development project. The Company, usually, purchases land bank from agent or acquaintance.
2. Designing project in compliance with land location : Upon acquisition of proper land area, the Company, then, selects experienced architect with fair price to design project. The Company also takes into account space usage and facilities in the project during design.

3. Preparing for the environmental impact assessment report : Upon finishing the project design before applying for construction permission, the Company must request the registered consulting company to prepare environmental impact assessment report. Then, the report will be submitted to the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment for approval. The approval period takes approximately 8 months.
4. Applying for construction permission: The next step after preparing the report is to apply for construction permission from the Public Works Department, Bangkok Metropolitan Administration. The consideration period until construction permission takes about 2 - 4 months.
5. Selecting for construction control consultant: Upon receiving the permission, the Company, then, selects the consultant to be responsible for setting fair price and controlling the construction project.
6. Arranging auction for the selection of construction contractor: The consultant prepares the fair price for auction to select an experienced construction contractor.
7. Operating the construction: The construction period of each project is different according to the size and type of the project. The construction of condominium project takes about 12 - 30 months and the construction of house and townhouse project takes about 12 - 20 months.

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8. Constructing and decorating of sale office before project opening: During the construction period stated in No. 7, the Company starts renting a nearby area and requesting for approval of sale office and model room construction. At the same time, the Company prepares other tools to help promote the sales such as brochures, computer graphics, and project information, etc., as well as advertising and public relations plans. After finishing the sale office construction, the Company is ready for the formal grand opening of each project.

Environmental impact

To apply for construction permission, The Company must firstly comply with related rules and regulations. The Company must prepare environmental impact assessment report to be submitted to the Office of Natural Resources and Environmental Policy and Planning before starting the construction. The report shall indicate suitable methods to protect pollution to the environment both during the construction process and after the construction completed. For instance, during the construction, the building should be covered by canvas to protect pedestrians from dangers resulting from the fall of construction materials. When the construction completed, the building should possess central wastewater treatment system and provide sufficient and proper green areas in the building, etc. The Company has placed much importance on various environmental measures and ensures that every project has been in compliance with the specified standards. Therefore, the Company has no additional expenses regarding the execution to control the environmental impact except consultant fee to prepare the environmental impact assessment report. The consultant fee depends on project size.

However, in the year 2007, Regulations regarding environmental laws that aim to reduce global warming problem was issued. These Regulations affected the application for licensing. Besides, Regulations regarding building structures that have to support earthquake situation was also issued. These Regulations made the construction costs increase around 2 - 5 percent.

Report of Financial Analysis and Operation

1) Overview of Previous Operation

The company launched its operation in real estate development business for condominium category since 2000 by purchasing the completely constructed project from the project owner who encountered the financial issues. The company proceeded on executing the project brought under the name “Silom Terrace” with project value of THB 341.8 million. Fortunately, the project units had been sold out in short time. In July, 2003 and January 2004, after achieving the accomplishment of the first project, the company had launched other two projects in the territory of business center, firstly; “Silom Grand Terrace” with project value of THB 1,245 million, which title assignment had been made to customers during year 2006, and secondly; “St. Louis Grand Terrace” with project value of THB 1,037 million. Its construction had completed in 2007. In 2009, overall project units had been sold out. In addition, in 2005, the company launched other two projects which included “Marriott Executive Apartments - Sathorn Vista Bangkok” (Sathorn Terrace) Apartments for rent. The first one located in the central business area at front of Soi. Saun Poo. The construction will be completed with serviceability by the first quarter 2009. Moreover, “Rawipa House” project on Sukhumvit Road, located in community area, its project value was approximate THB 406 million. The construction will be completed by 2007, and about 70% of overall units were sold as of 31 December 2008.

During fiscal year 2008, overall contract value was THB 223.43 million for the “St. Louise Grand Terrace” and “Rawipa House” on Sukhumvit Road. The construction has been completed in 2007 for both said projects. The project progress for “Marriott Executive Apartments - Sathorn Vista Bangkok” was 99%. . In addition to three said projects, the company launched the “Metro Avenue Sukhumvit 33”, and “Metro Avenue Ratchayodhin” as condominium for sale. The prospective customer include middle-class customers or higher. The company was also seeking for beneficial location in business hub nearby the TBS line based on factors such as convenient transportation, potential tourist destination and big city to accommodate other wide range of real estate developments in the future.

Since 2001, the company’s accounting cycle during August – July, the company has recognized the income based on installment due. However, in 2005, the company has change the accounting cycle to during January - December, and the former method of income recognition was changed to percent rate of the finished works, aiming to match the current business of the company.

2) Operation Result and Financial Position : AS of 31 December 2008

2.1 Previous Operation Result

After changing traditional income recognition method to the finished work-based method, the financial statement has been modified since 2004 to January – December accounting cycle . This is to allow the same accounting standard to be implemented and comparison could be done. Major income of the company came from selling the real estate property.

Income from selling real estate

In 2008, the company earned THB 213 million incomes derived from selling the real estate property, including THB 97 million “St. Louise Grand Terrace” projects, THB 116 million “Rawipa House Sukhumvit, the recognized income accounted for 9.39% and 28.60% respectively. Sale income decreased 48.28% or THB 199 million in 2007 because contract sales could be lesser recognized than a year earlier.

Lease Income

As of ended 31st December 2008, the company gained no rental income. However, after completing the “Marriott Executive Apartments – Sathorn Vista Bangkok” project and launched its operation, the company earned extra income in form of rental, which is regarded continued income in addition to major income derived from selling the real estate property only at that time.

Other Incomes

As of ended 31st December 2008, the company earned incomes from other sources accounted for THB 746 million, including the profit from selling land properly and under construction work of THB 733 million. On July 1, 2008, the company sold land property at the “Metro Sathorn Tower” project, resulted that the company gained profit of THB 737 million, subtracted by THB 4 million partial property exclusion and THB 13 million interest income.

Cost of Sales

The company’s sale cost includes the land acquisition cost, land development cost, construction cost, other project-related cost, and interest paid expense from project development-purposed loan since 2004. The company implemented the sale control in accordance with the company’s budget and to prevent the cost from up-surging like previous projects. The company decided to hire the contractors to be responsible for supplying the constructing materials preliminarily which will be part of construction price. Thus, should the prices of the construction materials varied, the contractor will be bear its own risk. This method keeps the company from sequential effect. In 2008, the company had THB 215 million sale cost, accounted 100.48% for sale cost per incomes, the cost of sales reduced by 25.10% or THB 72 million in 2007 because the sale cost calculation was based on recognized income and sale ratio.

Gross Profit

While company had THB 1 million gross losses in 2008, gross profit was THB 126 million in 2007, or accounted 0.48% and 30.62% for gross loss and gross profit of real estate sale income respectively. The reason for loss in year 2008 was because the company sold the residue units to customers at price lower than remaining cost. The company sold the condominium at price lower than cost for some following reasons;

1. The company determined to obtain cash derived from sale to be used as working capital other than bearing a great burden of maintenance cost for residue units.

2. The company has been affected by economic depression from the USA.,and worldwide. This directly affected the company’s operation. Such crisis resulted in mitigation of buying the residential house by customers as resulted from the uncertainty of economic situation. Moreover, the financial institutes become more rigorous in approving loan applied by those customers who desire to buy the real estate property. Nonetheless, in respect of overall consideration onto the project, the company gained gross profit of THB 200 million, or accounted for 21.22%. This implied that company can retain the gross profit rate.

Sale and Administrative Cost

Sale and administrative cost mainly included advertisement and promotion, employee wage, specific business tax, depreciation, and other related cost and expenses. In 2008, sale and administrative cost was THB 107 million or accounted for 11.14% of overall income, reduced by 10.13% or THB 12 million from a year earlier. The major reason for reduction in sale and administrative cost in 2008 was resulted from a reduction in advertisement and promotion expense. Additionally, the company had no financial fund after closing the project.

In 2008, the company had other expense amounted THB 14 million, including a loss of returning partial steels at price lower than purchase price during fuel oil hike because the company had a plan to slow down construction, loss of devalued project that the company was imperative to sale the room units at price lower than cost price, and allowance for doubtful account due to the regression in project construction.

In 2008, the company had expenditure amounted THB 59 million, or accounted 6.18% of overall income, reduced by 119.5% or THB 8 million from a year earlier because the company repaid the financial institutes the outstanding debts, and gradually repaid the outsiders and related parties short-term loan.

In addition, the company paid THB 117 million juristic income tax which was generated from recognized income and title assignment for “St. Louise Grand Terrace” and “Ravipa House Sukhumvit”, and profit derived from selling land property which was tax-recognized.

Operational Profit

As of ended 31st December 2008, the company had THB 107.98 million losses resulted from operation, or accounted for 50.58% of sale income, reduced by THB 115.37 million. The reason of the operation loss was that recognized sale income decreased and was lower than sale cost.

Net Profit (Loss)

For net profit (loss) as of ended 31st December 2008 and 31st December 2007, the company reported net profit and net loss for THB 348 million and THB 96 million respectively or accounted for 36.22% and 22.85% for net profit (loss) per gross income respectively. In 2008, the company’s net profit increased by 463.89% or THB 443 million, resulted from selling the 1,750 wah2 land plot at Sathorn, amounting THB 733.14 million. Based on the operation resulted mentioned above, the company gained THB 0.75 net profit per share (par value of THB 1.0 each), which was net profit per fully diluted share.

Return on Equity

As of ended 31st December 2008, the company had ROE equated to 30.72%, increased from previous year which ROE was -9.47%. This resulted from profit gained from selling the land property mentioned.

2.2 Financial Position

2.2.1 Consolidated Assets

The company’s consolidated assets as of ended 31 December 2008 and 2007 was THB 3,386 million and 3,197 million respectively, increased THB 189 million from previous year as resulted from an increase in the said consolidated to accommodate the project expansion. The detailed consolidated assets included;

- Land and in-process work : as of ended 31 December 2008 and 2007, the company reported the inventory amounted THB 1,312 million and THB 1,289 million respectively, or accounted for 38.06% and 41.03% of overall consolidated assets respectively. The following detailed land plot and in-process work as of ended 31 December 2008 and 2007;

Unit : Million Baht

Type	2007		2008	
	Amount	Percent	Amount	Percent
Land costs and costs of land development	874.80	66.70	819.54	63.62
Constructions in progress	337.36	25.72	329.90	25.61
Other costs related to the projects	37.89	2.89	52.21	4.03
Deferred interest expenses	61.48	4.69	86.87	6.74
Total	1,311.53	100.00	1,288.52	100.00

The crucial land plot and in-process work included land plot and land development fee, accounted for 63.62% and 66.70% of land value and overall in-process work at ended 31 December 2008. The land plot and land development fee reduced by 1.75% from previous year for some following reasons; the value of the land at “St. Louise Grand Terrace” and “Ravipa House Sukhumvit” was depreciated, resulting from assignment as cutting sale cost. The in-process work and net equipment on work site under construction were depreciated, resulting from assignment as cutting sale cost of both said projects. Regarding to project-related cost and expenses, it included project consulting fee, report expense for analysis of environmental effect, design cost. At ended 31 December 2008, such expenses incurred increased from Fiscal 2007 because the company needed to spend the project consulting fee and reporting expense, and design expense for “Metro Avenue Sukhumvit 66”, and “Metro Ratchayodhin” project and deferred paid interest that increased at 31 December 2008 as resulted from the interest on Metro Avenue Sukhumvit 66”, and “Metro Ratchayodhin” project loaned from the financial institutes.

- **Accrued finished work value:** As of ended 31 December 2008, the company had no accrued value for finished work. Every project with recognized income has been completely constructed. Upon assigning date of ownership, the company could recognize the income immediately. For this reason, the company had no accrued value for finished work.

- **Deposit for Construction:** In 2008, the company had deposit for constructing the “Marriott Executive Apartments – Sathorn Vista Bangkok, carried forward from FY 207, amounting THB 24 million, or accounted for 3.00% of contract value.

- **Account Receivable:** The company’s account receivable in 2008 was installment-based debtors due on December 31, 2008 amounted THB 15 million. Of them, they could be divided as follows; undue was THB 4.7 million, 30-day or lesser arrears was THB 4.8 million, 31-60 day arrear was THB 4 million, 61-90 day arrears was THB 1.5 million, and 91 day or higher arrear was none. The income recognition will be stopped by company for 90-day consecutive arrears.

- **Other debtors by return of constructing materials** were of THB 38 million incurred during 2008. The company ordered metal steel to used for the project, but subsequently the company has been affected by global financial crisis, partial steel were returned to the same dealer.

- **Land plot during construction and net equipment** amounted THB 1,667 million, including land plot, in-process work of the “Marriott Executive Apartments – Sathorn Vista Bangkok while equipment and office decoration cost were THB 1,651 million and TH 16 million, respectively.

2.2.2 Sources of Fund

Liabilities

In FY 2008, the company’s consolidated liabilities reduced to THB 2,097 million from THB 2,223 million in year 2007, or reduced by 5.66% (THB 126 million) because the company repaid the loan a sum of THB 378 million (derived from selling land plot), and repaid short-term loan totally. However, the company had loan for current development project which includes “Marriott Executive Apartments-Sathorn Vista Bangkok” a development project for rent which a large investment is required.

Details of loan from financial institutes as on 31st December 2008

Unit : Million Baht

Types of loans	Amount of loans	Outstanding amount	Interest Rate	Repayment Date Principle	Due Date	Principle Repayment Condition	Collateral
31st Dec. 2007							
<u>Short-Term loan</u>							
Promissory Note	-	-	-	-	-	-	(a)
Repay Loan within 1 year		150	MLR-1	Jan. 07		Project Finance	(c)
O/D Account	104	-	MOR				(b)
<u>Long-term Loan</u>							
Promissory Note	-	-	-	-	-	-	-
Loan	2,967	1,401.50	MLR-1%-MLR	Sep. 05 - Jan. 09	2551 - Dec. 10	Project Finance	(c)
Total	3,071	1,551.50					

Remark : (a) Fix deposit account of 40.0 million baht, land and building of Mr.Veera Burapachaisri and guarantee by Mr.Veera Burapachaisri and Mrs. Vipavadee Burapachaisri
 (b) Guarantee by Mr.Veera Burapachaisri and Mrs. Vipavadee Burapachaisri
 (c) Land and building of the project and guarantee by Mr.Veera Burapachaisri and Mrs. Vipavadee Burapachaisri

Regarding to THB 150 million long-term loans which due was scheduled within 1-year period; it includes loans for development projects that payment will be due.

Regarding to THB 1,551.50 million long-term loans for land purchase and construction purposes, composing of “Marriott Executive Apartments- Sathorn Vista Bangkok”, “St. Louise Grand Terrace”, “Metro Avenue Sukhumvit 66”, and “Metro Avenue Ratchayothin” The said loan was a project finance where repaying is scheduled upon completion of the project can be divided into two descriptions; release of mortgage (namely, about 70-75% of amount repaid by customers upon assigning date of ownership shall be repaid to the financial institutes, provided that term of payment stipulated by individual financial institutes, so that transfer of ownership can be done. Formerly, mortgage was carried out as project security) and gradually repaid when income has derived from rental.

Additionally, the company had other liabilities on account payable and bill payable amounting THB 255 million or accounted for 12.17% of overall liabilities. The accounts payable mainly are constructors. Liabilities on advance receivable were THB 97 million or accounted for 4.61% of overall consolidated liabilities. According to the company’s income recognition policy, any deferred credit from customer is less than 20% shall not be regarded as recognized income, but recorded as deferred credit. The said deferred credit was inclusive of “St. Louise Grand Terrace”, “Ravipa House Sukhumvit”, “Metro Avenue Sukhumvit 66”, and “Metro Avenue Ratchayodhin”.

Obligatory Encumbrance and Contingent Debts

In 2008, the company entered an agreement with other companies with the objectives to executive the projects as follows;

- As of ended 31st December 2008, the company had fund expenses was THB 77.6 million arising out of design and decoration for the “Marriott Executive Apartments - Sathorn Vista Bangkok”
- The obligatory encumbrance arising out of the premises lease agreement which the company entered with Metro Machinery Co.,Ltd. The period of contract was 1-3 years averagely.
- Long-term service agreement which the company entered with the renown international hotel groups to hire them as executives for “Marriott Executive Apartments- Sathorn Vista Bangkok” under the terms and conditions that the company agreed to pay the contractual party the fee imposed by Premise Management Agreement which it contractual period lasts 30 years.
- Surety as of 31st December 2008, the company had the letter of guarantee issued by bank on behalf of the company for a sum of THB 13 million in relation to some obligations in practice under normal business.

The company has obligation to make repayment for amount of THB 77.6 million under the design and construction agreement mentioned above.

Shareholder's Equity

As of ended 31st December 2008, the shareholder's equity was THB 1,289 million, which it was increased by registering increase in capital from THB 300 million to THB 470 million. The paid-up stocks of registered capital were THB 467 million, increased by THB 8 million from FY 2008. This resulted that the company had been paid the stocks on registered capital due to exercising the right of stock warrant available to the Board of Directors and employees. The paid-up registered capital changed

from THB 459 million to THB 467 million. The stock value surplus was of THB 391 million, and retained accumulated profit was THB 431. An increase in retained earning in FY 2008 as compared to FY 2007 was resulted from THB 398 net profit earned by company.

As of ended 31st December 2007, the company's book value was of THB 2.14 (adjusted from par value of THB 1.0 each) , and as of ended 31st December 2008, the company's book value was of THB 2.77, increased by THB 0.63 as resulted from FY 2007 increased net profit and exercising a right of stock warrant during the year.

Appropriateness of Fund Structure

Based on debt to equity ratio, it revealed that debt to equity ratio of the company was relatively high from past, and mitigated until year 2005. The company's D/E ratio was 1.49 times; namely it was 2.28 times and 1.63 time for FY 2007 and 2008 respectively, decreased by 0.65 time from a year earlier, which the company agreed that it's somewhat reasonable ratio for operation. Primary reason for reduced D/E ratio was because the company repaid the short-term loan to the financial institutes, outsiders, and related parties. In addition, the company repaid the financial institutes a long-term loan after selling the land plot. Even though increase sum of loan was needed by the company to execute the current development project; “Marriott Executive Apartments- Sathorn Vista Bangkok”, it's expected that appropriate D/E ratio further maintained.

Liquidity

As of ended 31st December 2008, cash flow spent for corporate activities was THB 55 million, increased by THB 205 million from FY 2007, primarily caused by spending for land and in-process construction for “Metro Avenue Sukhumvit 66” and “Metro Avenue Ratchayodhin”, and interest paid for short-term loan for operation

purpose, and long-term loan for real estate development purpose in project such as “Metro Avenue Sukhumvit 66” “Metro Avenue Ratchayodhin”, and “Marriott Executive Apartments - Sathorn Vista Bangkok” While cash flow derived from corporate activities was of THB 706 million because of selling land plot, in-process construction and equipment derived from selling the land plot at Sathorn, amounted THB 1,354 million after deducting the distribution of equipment. In addition, cash flow spent for funding activities included repaying the operation - purposed short-term loan to outsiders and related parties, and development-purposed long-term loan which land plot was sold amounting THB 478 million and THB 460 million, respectively. Also, a sum of THB 56 million Interim dividends was paid on December 2008.

Liquidity Ratio

The company’s liquidity rate in fiscal year 2008 was 2.41 times when compared to 2.06 times in 2007. The primary for increased liquidity ratio was due to an increase in current

assets valued THB 212 million in 2008, or accounted for 643.84%, especially in cash flow, cash equivalent, and temporary investment increased by THB 240 million from year 2007 due to selling the land plot. On the other hand, current liabilities reduced by THB 16 million or accounted for 2.21% in 2007 due to repaying the short-term loan to outsiders and related parties. Even though short-term loan declined, the account payable with due 1-year payment and outstanding income tax increased significantly.

Regarding to debt repayment capacity, the company’s interest payment capacity was 0.84 times and 3.72 times for year 2008 and 2007, respectively. A reduction in debt repayment capacity in 2008 was due to cash flow sum of THB 55 million was spent for operation. Major causes were related to land and in-process construction for “Metro Avenue Sukhumvit 66” “Metro Avenue Ratchayodhin”, primarily stemmed from loan interest.

2.3 Auditor’s Remuneration

Office of DIA International Auditing served as company’s auditor until 2005.

Ernst & Young Office Ltd. served as company’s auditor from 2006 to 2008. The resolution made at Shareholder General Meeting FY 2006, 2007, and 2008 can be summarized as follow;

	31 Dec. 06	31 Dec. 07	31 Dec. 08
Remuneration to auditor	0.70	0.76	0.80
Other services *	0.04	0.004	0.01
Total	0.74	0.764	0.81

Remark : * Express for overtime service of auditor

Risk Factors

Risk factors that have affected the company's operation can be recognized below;

1.1 Transaction Risk

Risk relevant to development period from initial phase to post-development phase, as condominium development project requires at least 2-3 year to be completed, depending on number of floors and project magnitude. Unlike the horizontal development project which requires shorter period; 6 months to one year approximately. As we have seen from the past and current development project undertaken by the company, primary revenue mainly come from selling the real estate property, particularly condominium. Current sale income has been derived from the "St. Louise Grand Terrace", and "Ravipa House Sukhumvit", horizontal town house project locating at Soi. Udomsuk. Income recognition from these development projects shall be based on percent finished work. Currently, the company has gradually recognized these incomes because construction was complete. After recognizing the said income, the company might be affected from the discontinuity of income because there are no ongoing development projects for sale.

Despite it requires a lot of time in constructing these development projects, the company's financial statement can be recognized for each project annually. Partial income recognition for 2006 was going with "Silom Grand Terrace", whereas "St. Louise Grand Terrace, its income was recognized since 2006, and it's anticipated that reaming income can be recognized by 2009 which construction shall be complete by January 2007. Income derived from "Ravipa House Sukhumvit which contruction is now complete can be recognized continuously. In addition, the company began to launch additional projects to build the continuity of annual income. For examples, "Marriott Executive Apartments-Sathorn Vista Bangkok" which condominium residential type was changed into apartment; Sathorn Vista Bangkok (Sathorn Terrace) can generate income in 2009. The company's future projects will come in form of rent increasingly, which 90% will be sale income and 10% for other incomes. The company set target income 70% from sale and 30% from rental. This is to diminish the

risk factor of income discontinuity, and make sure of improved stability to company and its shareholders in the future.

Risk of Declined Sales

Economic and financial position have been slow down in the past year 2008, affecting a wide range of business and industries, particularly in real estate development, and the customer's power of buying the real estate declined because of their uncertainty in the economics. This included the downturn of financial institutes which more strict measures have been taken to deal with the loan application by customers, especially the company. In the past year, the sales of two new condominium projects remained immovable as resulted from the economic downturn and consumer's confidence.

However, early year 2009, tax measures have been taken by government to stimulate the buying real estate and circulation. Nonetheless, it's uncertain whether stimulation plan works. Concerning to the company's suspension of the development project, the company ensures the feasibility of project, but national economics has been reviewed simultaneously on how and what way should be moved forward.

Material Price Risk

Because of fuel hike in global occurred since early 2005 and escalated continuously to the first half of year 2008, leading to inflate the inventory cost considerably; constructing materials, real estate development cost. In the second half of year 2008, after having been affected by the USA economic crisis caused by the downturn of financial institutes, the fuel price appeared to decline constantly. However, the commodity price that has risen up did not decline its price to former level. In addition, because of stiff competition in condominium residence industry where a large quantity of constructing materials are required, resulting that the company was unable to make a pricing in condominium units to the same level of development cost that has risen sharply. This will affect the profitability of the company.

As the company entered the contract of employment with the undertaker of package deal which the contractor shall be responsible for supplying all constructing materials such as brick, cement, sand, and steel, etc. If the price of major constructing materials varies during

contractual period, it will not affect the company much because the contractor is a risk-bearer. Nonetheless, if the contractor or company expects that certain kind of materials will escalate in price in the future, material reserves would be a possible way for contractor to reduce the sequential effect. Amidst the situation of inflated material price, it didn't appear that the contractor neglects the duty because securing its long-term reputation has been prioritized.

In addition to constructing materials supplied by the contractor, certain kind of materials, for examples; quantifiable materials and unit price is relatively high, materials with price varied at some interval such as elevator, sanitary products, and generator and so on; the company shall supply per se to control the quality and standard in accordance with requirement. To achieve this, ordering should be done based on Just-in-Time approach to reduce the redundant inventory. Forward contract can be entered for certain materials to reduce the risk relevant to price fluctuation. The economic, financial, and political situation should be followed after and taken into consideration.

1.2 Financial Structure Risk

One major current transaction of the company involves real estate business. The company's income recognition relies on percent finished workload. This method can cause discontinuity of recognized income from development projects, especially in economic downturn.

Overall, the company's financial statement has implied the continuing income recognition from current and future projects. In addition, the company had the premise lease project that generates the company income constantly and regularly. In 2009, the company will recognize the income from premise lease project such as "Marriott Executive Apartment - Sathor Vista Bangkok" which construction will be completed and operation will be launched by the first quarter of year 2009.

Holding Raito of Shares Risk

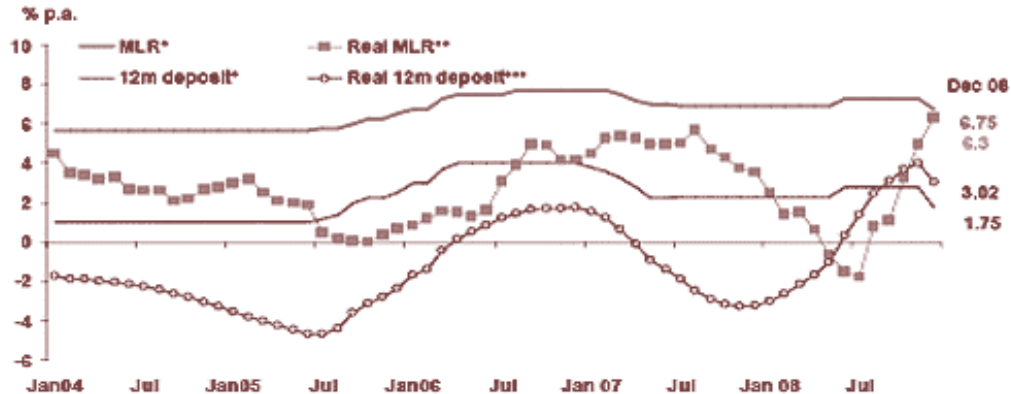
According to the Shareholder's General Meeting 2004 held on September 15, 2004, it approved selling of stock warrant to the Board of Directors and employees for 10,000,000 units for free (THB 0), accounted for 4.44% of stocks sold after public offering. Exercise price of a stock warrant per a common share was 85% of the initial price offering price (IPO price) of common share with 5-year lifespan from issuing date of stock warrant. The warrant holder can exercise its right for not exceeding 25% of overall number of warrant appropriated to individual warrant holder every three months after 15-month due from issuing date of warrant to the Board of Directors and employees. In the even that the company's committees and employees who have been appropriated with warrants exercise their right accordingly, it will impact on suffrage and shareholding ratio of shareholders following a course of pubic offering. The warrants accounted for 13.33% of stocks offered to public, and 4.44% of stock sold after public offering. Exercising right commences from April 30, 2007 until due on October 25, 2009. Exercise ratio was one warrant per on ordinary share, provided that initial exercise of right is permitted on the last business day of 18th month of issuing date of warrant. This is to prevent the stocks from proliferating at initial phase of negotiation in the Stock Exchange. Moreover, such exercising rights to conversion benefits the company's liquidity in the way that proceeds can be used as working capital. As of ended 31 December 2008, the company had unexercised warrant amounted 3.1 million units which will be due by October 2009.

Interest Variation Risk

Interest rate is trendy to escalate from 2004 for many reasons; international interest rate, inflation rate, fuel hike, and declined liquidity in commerce banks. While interest rate imposed by commercial bank was escalated approximately 1.00% - 1.25% for the first half of FY 2008, it remained constant in the second half of the same year. After an occurrence of the USA economic crisis as resulted from severe subprime event that occurred from 2007, the tendency of interest rate was declined from late 2008 to the first half of year 2009. The escalated interest rate inflated the operator's financial cost and increased burden of settlement for minor customers.

Commercial Banks' Real Interest Rates

End-month	Dec 07	Jun 08	July 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08
MLR	6.87	7.25	7.25	7.25	7.25	7.25	7.25	6.75
12-m deposit	2.31	2.75	2.75	2.75	2.75	2.75	2.75	1.75



* Interest rates quoted by 4 largest Thai banks
 ** Real MLR is adjusted by contemporaneous headline inflation.
 *** Real 12m deposit is adjusted by expected headline inflation 12 months ahead.
 Source : Bank of Thailand

Table and Diagram represent the tendency of Minimum Loan Rate (MLR)

Source : Bank of Thailand

However, based on financial structure, the company has policy to fund through project finance to correspond with period of construction. With development project on beneficial location, mostly long-term loans are characterized of fixed interest, partially are adjustable interest rate. Despite inclusion of floating interest rate as project cost component, the floating interest rate charged by financial institutions was considered low when compared to industrial level of - 0.25 - 2% MLR. In addition, the “St. Louise Grand Terrace”, and “Ravipa House Sukhumvit” have been constructed completely. Transfer of ownership for both said projects can be done upon selling and entering the contract. The total value of both projects is of over THB 1,500 million which the company had received money borrowed completely. The tendency of interest rate in year 2009 is likely to decline due to the economic effect of global crisis, economic urge measure taken by government sectors. Therefore, it's anticipated that interest rate has no great impact on financial cost of the company.

Effect of increased interest rate and customer's installment has been illustrated in the TABLE Case 1 THB 1 million loan for 20 - year period. How does the installment vary with different interest rate?

Interest rate	Installme	Increase in installment from 6% interest rate	(% increase in installment from 3% interest rate)
6.00	7,164	0	0
6.25	7,309	145	2.02
6.50	7,455	291	4.06
6.75	7,603	439	6.13
7.00	7,753	589	8.22
7.25	7,903	739	10.32
7.50	8,055	891	12.44
7.75	8,209	1,045	14.59
8.00	8,364	1,200	16.75
8.25	8,520	1,356	18.93
8.50	8,678	1,514	21.13
8.75	8,837	1,673	23.35
9.00	8,997	1,833	25.59

According to the above table

- The increase of 1% interest rate affects 8% increase of the installment amount
- The increase of 2% interest rate affects 16% increase of the installment amount
- The MLR of the bank on 31st Dec. 2007 is about 6.5% - 7% which affects the increase of installment amount only 590 baht per month

1.3 Legal Risk

In 2008, besides such factors as interest rate, fuel hike and inflation rate that have resulted in the unsecure economics, the Southern province unrest, political uncertainty, and change in government have affected the statutory enactment and internal policies in relation to business operation. In 2006, new edition of city plan has been proclaimed and been in full force and effect from May 16, 2006 to May 15, 2011. The change hereto in essence has affected various areas significantly; including floor area ratio (FAR), open space ratio (OSR). In 2007, newly enacted law on real estate and environmental law aiming to reduce the global warming issue have affected the application for license and the earthquake-resistant building support system requirement, resulting that material cost increased by 2% - 5%. Such requirement has significant impact on the real estate developers in many areas; especially in the developer who desires to buy new land plot for development. They included a reduction in profit opportunity while cost increased; the project has to reduce in size on the same land, number of units reduced in case of condominium,

utilization space has to be narrowed in case of office building and supermarket. On February 27, 2008, the Condominium Act B.E 2554 (4th Edition) has been enacted, aiming to revise the former law whereof and provide some provisions relevant to limitation of individual's right and liberty.

According to the limitation on newly developed city plan, it has no impact on the company's project execution in the future. This is because the company has explored the feasibility of the project intensively; legal, marketing, and financial matter in development project "Metro Avenue Sukhumvit 66" "Metro Avenue Ratchayodhin". The company calculated the FAR and OSR to determine whether it's consistent with the city plan (new edition), including examine the financial feasibility; income and cost ahead.

Management Structure

Shareholders

The top ten shareholders with highest shares are as follows : As of 1 December 2008

No.	Name	No. of share	%
1.	Mr. Veera Burapachaisri	217,700,000	46.63
2.	Mr. Chatchaval Jiaravanon	28,000,000	5.99
3.	Mr. Visoot Luan-chawee	21,989,400	4.71
4.	Mrs. Yeak-seang Luan-chawee	20,457,100	4.38
5.	Mr. Komol Luan-chawee	18,987,900	4.07
6.	Mrs. Jinda Burapachaisri	12,359,300	2.65
7.	Ravipol Holding Co., Ltd.	10,000,000	2.14
8.	Thai NVDR Co.,Ltd.	8,281,300	1.77
9.	Mrs. Vipavadee Burapachaisri	6,500,000	1.39
10.	Mrs. Ranee Ur-taweekul	6,250,000	1.34
	Total	350,525,000	75.07
11.	Other	116,375,000	24.93
	Total Paid up Capital	466,900,000	100.00

Remark : 60% of the Ravipol Holding Co., Ltd.'s shares is held by Mr.Veera Burapachaisri and another 20% is held by Mrs. Vipavadee Burapachaisri.

Dividend Payment Policy

The Company has dividend payment policy to shareholders no less than 40 percent of Net Profit after Tax, Legal Reserve and Other Reserve. Dividend payment may be changed that depends on the Company operating result business plan liquidity, necessary and appropriated others in the future that assign to consideration of The Board of Committees and the performance have to make maximization shareholders benefits.

(1) **Board of Directors**

The resolution of Annual General Meeting of Shareholders of the year 2004, on September 15, 2004, addressed the appointment of nine Board of Directors members as follows :

No.	Name	Position	No. of Meeting in Jan - Dec. 2008
1.	Mr. Chatchaval Jiaravanon	Chairman	6
2.	Mr.Veera Burapachaisri	Director	8
3.	Mrs. Vipavadee Burapachaisri	Director	8
4.	Miss Pimjai Burapachaisri	Director	6
5.	Mr. Phisith Tangkhawanich	Director	7
6.	Mr. Paiboon Siripanusatien	Independent Director	4
7.	Khunying Nongkran Chandhanayingyong	Independent Director	6
8.	Mrs. Pilai Piemphongsarn	Independent Director	8
9.	Pol. General Nopadol Somboonsob	Independent Director	8

Secretary of the Board of Directors: Mr. Phisith Tangkhawanich took the position until 31 December 2008

Mr. Pisith Tangkhawanich resigned from Director since 12 November 2008

Remarks : *Eight Board meetings were convened during Jan – Dec 2008.*

: *In 2008, two Directors retiring by rotation are:*

Mr.Veera Burapachaisri

Mr.Phisith Tangkhawanich

Mr.Ratanachai Patinavin

Regarding of the Annual General Meeting of Shareholders of the year 2008, on April 28, 2008, there are two retired Directors were re-elected and appointed to positions of Directors except Mr.Ratanachai Patinavin who resigned form Director and Executive Director and appointed Mr.Paiboon Siripanustein to be Independent Director.

The followings names are the authorized persons who can perform on behalf of the Company :

Two signatures with the Company seal are always required. Mr.Veera Burapachaisri could be co-signing with either Mr.Chatchaval Jiaravanon or Mrs.Vipavadee Burapachaisri or Miss Pimjai Burapachaisri or Mr. Phisith Tangkhawanich. or Mr. Chatchaval Jiaravanon or Mrs.Vipavadee Burapachaisri or Miss Pimjai Burapachaisri could be co-signing with either or Mr. Phisith Tangkhawanich.

Following to The resolution of Board of Directors' Meeting No.8/2008 held on 12 November 2008 Mr.Phisith Tangkhawanich resigned from Director and appointed Mr. Thanadet Kupvong to be Director instead, so the names are the authorized persons who can perform on behalf of the Company as the following:

Two signatures with the Company seal are always required. Mr.Veera Burapachaisri could be co-signing with either Mr.Chatchaval Jiaravanon or Mrs.Vipavadee Burapachaisri or Miss Pimjai Burapachaisri or Mr. Thanadet Kupvong. or Mr.Chatchaval Jiaravanon or Mrs.Vipavadee Burapachaisri or Miss Pimjai Burapachaisri could be co-signing with either or Mr. Thanadet Kupvong.

Role and responsibilities of the Board of Directors

The Board performs its duties, including authorized power, roles and responsibilities, in accordance with the laws, objectives and regulation of the Company, including the resolutions undertaken at the General Meetings of Shareholders, with honesty and caution to protect the Company's interests.

The roles and responsibilities can be summarized as follows:

1. To hold the Shareholders Annual General Meeting within four months after the end of accounting period of the Company.
2. To hold the Board meeting at least once every three months.
3. To present to the Shareholders General Meeting the Company's audited balance sheet and profit and loss statement at the end of the accounting period for approval.
4. The Board may delegate the authority to one Director or more, or other persons to act on behalf of the Board under the Board supervision; or the Board may appoint such person with certain authority approved by the Board to act on behalf of the Board under the committed timeframe. The Board holds the right to dismiss, make any changes regarding the authorized person or particular authority as deem appropriate. In addition, the Board may delegate the authority as specified within the scope of work to one of the Executive Committee or more to perform the duties. However, the delegation of authority must not provide one of the Executive Committee or more with the authority to approve transactions done by authorized person or person who may have conflict of interests with the Company or its subsidiaries except that the approved transaction is the typical transaction which has already been approved by the Board.
5. To set the goal, guideline, policy, work plan and budget of the Company and to oversee the management in order to ensure that it acts in compliance with the policies except the following policies where the Board needs to seek an approval from the Shareholder General Meeting before performing. Those are one set out by the law to have resolution of Shareholder General Meeting, for example, the increase and decrease in capital, issuance of debentures, selling or transferring partly or wholly of the Company business to another person, the acquisition of other companies, changes in the memorandum of association, etc.
6. To consider the organizational chart and management organization, appoint the Executive Committee, the Chairman of the Committee, the Managing Director and other Board members as deem appropriate, including the evaluation of performance and the determination of the management remuneration.
7. To continuously monitor the operating performance to ensure the compliance with the work plan and budget.
8. The Board must not conduct the similar business to the Company where it could compete with the Company or to be one of the shareholder in the partnership or to be unlimited shareholder under the partnership limited or to be the Board member of the private company or other companies that conduct similar businesses and compete with the Company even for own interests or other interests except that the Board have informed the Shareholders General Meeting on this matter before they have appointed.
9. The Board needs to inform the Company without delay if the contract done by the Company has either direct or indirect conflict of interests or if there is an increase or decrease in the Company or the subsidiaries' stocks or debentures.

Moreover, the Board has responsibilities to oversee the Company compliance with the Securities and Exchange Commission Act, the Stock Exchange of Thailand's rules and regulations such as performing related transaction, purchasing or selling particular assets as specified under the Securities and Exchange Commission Act or the related laws.

Therefore, the list of transactions where conflict of interests between the Board members and the Company may occur should be identified and that board member with conflicting interest must not allow approving such transactions.

(2) **Executive committee**

In the year 2008 three Executive Committee members as follows:

No.	Name	Position
1.	Mr.Veera Burapachaisri	Chief Executive Officer
2.	Mrs. Vipavadee Burapachaisri	Executive Director
3.	Mr. Phisith Tangkawanich	Executive Director

Note : Following to the resolution of Board of Directors' Meeting No.8/2008 held on 12 November 2008 Mr. Phisith Tangkawanich resigned from Director since 12 November 2008.

Role and responsibilities of the Executive Committee

The Executive Committee performs its duties, including authorized power, roles and responsibilities, set out by the Board and in accordance with the scope of work set by the Board. The roles and responsibilities can be summarized as follows:

1. To be responsible for all management regarding the normal business operation and overall management of the Company. To determine the Company's business plan, budget, management structure, and managing authority, as well as guidelines on business operations to conform with economic conditions in order to present to the Board for approval or consent. To examine and monitor the performance of the Company under specified policies.
2. To operate and manage the Company's operation in accordance with the objectives, principles, policies, procedures, rules and regulations, including the resolutions undertaken at the Board meeting and/or the shareholders General Meeting in all cases.
3. To determine and set the Company's policy, direction and business strategy and to set the financial plan, budget, human resource management, technology innovation and public relation in order to present to the Board for approval and further determination.
4. To appoint the working group and oversee its operation in order to ensure its compliance with policies and the set target.
5. To examine and consider annual budget allocation proposed by the management before presenting to the Board for consideration and approval.
6. To examine, consider, and approve the spending on capital expenditure where the amount of each transaction does not exceed 25 million baht. Moreover, such transactions must be present to the Board for approval or ratification.
7. To approve the major capital investments as specified in the annual expenditure budget, which is assigned by the Board or has been approved in principle by the Board.
8. To examine and approve the Company's transactions on borrowing, acquiring credit lines, or applying for loans with the amount not exceed 100 million baht per transaction. Moreover, such transactions must be present to the Board for approval or ratification.
9. To decide on the dividend payment during the year or the annual dividend payment, then present to the Board for consideration and approval.
10. To set organizational structure, management structure, including the appointment, recruitment and rotation. To set salary and remuneration packages, and bonus for the management level who is not appointed as the Executive Committee, including abolition.

Additionally, the Executive Committee's authority will exclude the authority in approving the transaction that may lead to conflict of interests or transaction that may be approved by the Executive Committee or a person who might have conflict of interests with the Company or its subsidiaries as specified under the Securities and Exchange Commission Act, the Stock Exchange of Thailand rules and regulations. To be able to approve such transaction, it must be presented to the Board meeting and/or the Shareholders General Meeting for consideration and approval where it must comply with the regulations of the Company and related laws.

(3) Audit Committee

The resolution of Annual General Meeting of Shareholders of the year 2004, on September 15, 2004, addressed the appointment of three Audit Committee member as follows:

No.	Name	Position
1.	Khunying Nongkran Chandhanayingyong	Chairman of Audit Committee
2.	Mrs. Pilai Piemphongsarn	Audit Committee
3.	Pol. General Nopadol Somboonsob	Audit Committee

Secretary of the Audit Committee: Miss Valdee Sibunruang from the I.V.L. Auditing Company Limited (I.V.L. Auditing Company Limited, is a consulting firm which provides consulting in the area of designing the Company's internal control system and assessing the internal controls, including providing recommendation to remedy the weaknesses of the Company's internal control system)

The resolution of Audit Committee's Meeting No.1/2009 held on 26 February 2009, appointed Miss.Thiranan Sangphungtham to be a secretary of Audit Committee instead of Miss Valdee Sibunruang effect since 27 February 2009.

The resolution of Board of Directors' Meeting No.1/2009 held on 26 February 2009, resolved the meeting's resolutions has amended the scope duties and responsibilities of the Audit Committee to bring them into line with the 2008 announcement of the Stock Exchange of Thailand concerning the characteristics and scope of action of the Audit Committee, the determination/change of which shall take an effect as of 20 February 2009.

The Audit Committee performs its duties, including scope, roles and responsibilities, assigned by the Board and report directly to the Board. The roles and responsibilities can be summarized as follows :

1. To ensure that the Company's financial reporting is accurate and adequate.
2. To ensure that the Company's internal control and internal audit systems are appropriate and efficiency, to consider the independence of the Internal Audit department and to give its opinion on the appointment, transfer or dismissal of Vice President of Internal Audit.
3. To ensure that the Company operates function in accordance with the law relating to securities and the stock exchange and with regulations of the Stock Exchange or laws relating to the Company's business.
4. To consider the selection and nomination of independent individuals to perform duties as the Company's auditors, and to propose their remuneration; to attend meetings with the auditors, without management departments being present, at least once a year.
5. To consider related party transactions and transactions likely to give rise to a conflict of interest so as to ensure that they are conducted in accordance with the law and with regulations of the Stock Exchange of Thailand so as to provide confidence that such transactions are fitting and proper and in the Company's best interests.

6. To deliver a report on the Audit Committee's activities for publication in the Company's Annual Report, such report to be signed by the Chairman of the Audit Committee and must contain at least the following information:
- Its opinion on the accuracy, completeness and reliability of the Company's financial statements
 - Its opinion on the adequacy of the Company's internal control systems
 - Its opinion on the Company's compliance with the law relating to securities and the stock exchange and with regulations of the Stock Exchange and laws relating to the Company's business
 - Its opinion on the suitability of the auditors
 - Its opinion on likely to give rise to a conflict of interest
 - The number of times the Audit Committee has met, together with individual attendance details
 - Its opinion or general observations based on the performance of its duties as per its charter
 - Any other matters that it considers shareholders and investors generally should know within the scope of action, duties and responsibilities assigned to it by the Company's Board of Directors

7. To responsible to the Company's Board of Directors function and responsibility which assign from the Company's Board of Directors. As responsibility form the Company's operating to the third person is the Company's Board of Directors.

(4) **Management Team**

The company has 7 senior executives as follows:

No.	Name	Position
1.	Mr. Veera Burapachaisri	Chief Executive Officer
2.	Mr. Damri Patana-anake	Executive Vice President – Business Development and Marketing
3.	Mr. Phisith Tangkawanich	Vice President – Administrative & Legal
4.	Mr. Thanadej Kuppawong	Vice President - Finance
5.	Mr. Surat Parichatrungruang	Vice President – Project Development
6.	Mr. Mongkol Thiyaintharasak	Vice President – Project Development
7.	Miss Piyarat Watcharapongvinit	Accounting Manager

Roles and responsibilities of the Chief Executive Officer

1. To oversee the business operations and/or manage the Company's day to day operations.
2. To perform the duties in accordance with the policy, plan and budget as approved by the Board and/or Executive Committee.
3. To manage the Company's business in accordance with the objective, principles, regulations, policy, procedures, rules, and resolutions of the Shareholders General Meeting and/or resolutions of the Board Meeting and the Executive Committee Meeting in all cases.
4. To appoint and oversee the working group for the good effective management and transparency. To have authority to delegate and/or assign other persons to operate certain tasks. Such delegation and/or assignment must be under the power of attorney approved by the Board of Directors and/or in compliance with regulations, guidelines, and order set by the Board of Directors and/or the Company.
5. To set the Company's mission, objective, direction, guideline and policy, including to order and oversee overall operations to ensure the best benefit of management.
6. To regularly monitor and evaluate the Company's performance in order to prevent the Company from internal and external risk factors.
7. To have authority in the area of recruitment, appointment, rotation, relocation to different group/department/ team or dismissal.
8. To set the rules and regulation, procedures, notification and memo in order to ensure that the business operations have been performed in accordance with the Company's policy and for the Company's best interests and to maintain the work discipline.
9. To perform other duties as assigned by the Board for time to time.
10. To have the approving limit of the Chief Executive Officer comply with the Company's management authority manual.

Rule and responsibility of Managing Director

1. To oversee the business operations and/or manage the Company's day to day operations.
2. To perform the duties in accordance with the policy, plan and budget as approved by the Board and/or Executive Committee.
3. To manage the Company's business in accordance with the objective, principles, regulations, policy, procedures, rules, and resolutions of the Shareholders General Meeting and/or resolutions of the Board Meeting [and the Executive Committee Meeting in all cases].
4. To appoint and oversee the working group for the good effective management and transparency. To have authority to delegate and/or assign other persons to operate certain tasks. Such delegation and/or assignment must be under the power of attorney approved by the Board of Directors and/or in compliance with regulations, guidelines, and order set by the Board of Directors and/or the Company.
5. To set the Company's mission, objective, direction, guideline and policy, including to order and oversee overall operations to ensure the best benefit of management.
6. To regularly monitor and evaluate the Company's performance in order to prevent the Company from internal and external risk factors.
7. To have authority in the area of recruitment, appointment, rotation, relocation to different group/department/ team or dismissal.
8. To set the rules and regulation, procedures, notification and memo in order to ensure that the business operations have been performed in accordance with the Company's policy and for the Company's best interests and to maintain the work discipline.
9. To perform other duties as assigned by the Board for time to time.
10. To have the approving limit of the Managing Director comply with the Company's management authority manual.

Additionally, the Chief Executive Officer and Managing Director, including the delegation to other parties as deemed appropriate will exclude the authority and/or the delegation in approving any transaction to the authorized person who may have any conflict of interests with the Company as stated under the Securities and Exchange Commission Act, the Stock Exchange of Thailand rules and regulations. To be able to approve such transaction, it must be presented to the Board meeting and/or the Shareholders General Meeting for consideration and approval where it must comply with the regulations of the Company and related laws.

The Recruitment of Directors and Management

At present, the Company has appointed the recruitment and remuneration committee to select and nominate the candidates for the position of Director. However, if the Director position is released, the Board will be in charge of recruiting and selecting the candidates to nominate for the position of Director. The selection criteria include knowledge, capability and relevant experience to business. Moreover, the candidate must have qualification and do not have any prohibited characteristic as specified in the Public Company Limited Law and the notification of Stock Exchange Commission, besides this committee has function to set remuneration for director who is not the company's management.

Currently, the Board has set the criteria for the appointment and removal of Directors as follows:

1. The Board is composed of at least five members appointed by the Shareholders General Meeting. More than half of the total numbers of Directors must take up residence in Thailand.
2. In every Annual General Meeting of Shareholders, one - third of the Directors will be resigned from the positions. If the number of the Directors cannot be equally divided into three parts, the number of Directors left the position will be the nearest figure of one-third. For the first two years after the Company registration, the Company will draw lots in deciding who would leave the position. After that, the Directors with the highest terms will leave the position. The Directors who leave the position due to finishing the term may be reelected to the position.
3. The appointment of Directors is conducted by the majority votes during the Shareholders General Meeting. Methods and rules for the appointment are as follows:

- 3.1 One share is eligible for one vote. Each shareholder has voting rights equal to the number of shares hold.

3.2 Each shareholder has to use all their votes to vote one or more persons for the Director position. However, transferring the vote is not allowed.

3.3 The person who receives the highest number of votes and sequence down until the number of persons reach the limit will be appointed as Directors. In case there is a tie vote and the number of Directors has already reached, then the President of the meeting will vote one more time for the deciding vote.

4. In the case that the Director leaves the position due to reasons other than finishing the term, the Board may appoint the person who has qualification and do not have prohibited characteristic as specified in the Public Company Limited Law to be a Director and to attend the next Board meeting. If the term of the Director who left the position is less than two month, the newly appointed Director can only stay for the remaining term. Such appointment could only be made if the vote is not less than three-fourth of the total number of Directors.

5. The Director may leave the position before his term due to the resolution passed at the Shareholders General Meeting with the vote higher than three-fourth of the total number of eligible shareholders in the meeting and more than half of the total shares owned by eligible shareholders in the meeting.

Remuneration of Management

Remuneration of Management

(1) Monetary remuneration

	The Member of the Board of Directors	Meeting Allowance (million baht)	Pension (million baht)
1.	Mr. Chatchaval Jiaravanon	0.06	0.17
2.	Mr. Veera Burapachaisri	-	-
3.	Mrs. Vipavadee Burapachaisri	-	-
4.	Miss Pimjai Burapachaisri	0.07	0.11
5.	Mr. Phisith Tangkawanich	-	-
6.	Khunying Nongkran Chandhanayingyong	0.09	0.16
7.	Mrs. Pilai Piemphongsarn	0.115	0.12
8.	Pol. General Nopadol Somboonsob	0.115	0.09
9.	Mr. Paiboon Siripanustein	0.04	-
	Total	0.49	0.65

Management

Nine executives are composed of 8 senior executives as specified under the item 9.1(4) have 7 persons and Mrs. Vipavadee Burapachaisri, Executive Director. The remuneration of the management is as follows :

	Baht
Salary	11,345,520
Bonus	206,870
Provident Fund	432,876
Total	11,985,266

(2) **Other remuneration (if any)**

Regarding the resolution of the Shareholders Annual General Meeting on September 15, 2004, the Company issued 10,000,000 warrants units (See item 8.2: Other assets for details of warrants information) to Directors and employees with free-of-charge under the warrants to purchase the Company's new ordinary shares.

Moreover, the Shareholders Annual General Meeting on April 25, 2006 has passed resolution to change the par value from 2 baht to 1 baht. This has also increased the number of the warrants units from 10,000,000 warrants units to 20,000,000 warrants units. The details of warrants units allocated to Directors of the Company are as follows :

No.	Name	Position	Warrant units	% of issued warrant
1.	Mr. Chatchaval Jiaravanon	Chairman	4,000,000	20.00
2.	Mr. Veera Burapachaisri	Director	4,400,000	22.00
3.	Mrs. Vipavadee Burapachaisri	Director	800,000	4.00
4.	Miss Pimjai Burapachaisri	Director	800,000	4.00
5.	Mr. Ratanachai Phatinavin	Director	2,400,000	12.00
6.	Mr. Phisith Tangkawanich	Director	800,000	4.00
7.	Khunying Nongkran Chandhanayingyong	Independent Director	800,000	4.00
8.	Mrs. Pilai Piemphongsarn	Independent Director	800,000	4.00
9.	Pol. General Nopadol Somboonsab	Independent Director	800,000	4.00

- No management receives more than 5 % of warrants allocated at this time. Warrants will be expired on 25 October 2009.

Corporate governance

In consistence with the guideline set by Stock Exchange of Thailand, the Company determines the good corporate governance policy, which is essential for the Company's sustainability. The good corporate governance and the efficient performance evaluation will enhance the appropriate development and growth of the Company. Details of the policy are as follows :

Report of Good Corporate Governance

1. Policy on corporate governance

The Board recognizes the essence of good corporate governance to enhance confidence of shareholders, investors and related parties. The good corporate governance will ultimately lead to higher competitive capability of the Company and to sustainable growth by enhancing transparency and efficiency of the management.

The Board set the policy to support good corporate governance aiming on the Directors of the Company, the transparency of business operations and the information disclosure, and the supervisory of the management to operate in compliance with the policies for long-term benefits of shareholders under the scope of laws and business ethics.

2. Rights of shareholders

To support equal treatment to shareholders, when Shareholders' Meeting is held, the Company will send invitation letters together with the agenda and relevant information in advance according to the law. The Meeting Minute would be recorded accurately and completely. Shareholders have equal rights to examine the operations of the Company, to ask questions and to comment in the Meeting. The Company also offers shareholders an alternative to authorize an Independent Director to attend the Shareholders' Meeting on behalf of shareholders who could not attend after the Company has transformed to public company and listed in the Stock Exchange of Thailand.

3. Rights of stakeholders

The Company has placed much importance on the rights of each group of stakeholders, not only internal stakeholders such as employees and executives of the Company and its subsidiaries, but also external stakeholders such as competitors, creditors, government agencies, and other related parties. The

Company recognizes that the support of stakeholders contributes to competitiveness and profitability of the Company and, consequently, the long-term accomplishment of the Company. Details are shown as follows:

- **Employees** : The Company treats all employees equally and fairly and offers proper returns to retain capable staff.
- **Counter parties** : The Company purchases goods and services from counter parties according to trading condition and acts consistent with the agreements.
- **Creditors** : The Company is in compliance with the lending agreement.
- **Customers** : The Company is considerate and responsible for customers by offering qualified and standardized goods and set a unit or appoint a person to respond to customers' complains promptly.
- **Competitors** : The Company follows the sound competition rules, maintain the prudential standard in the competition and compete with competitors without unfair manner.
- **Community** : The Company is responsible for the environment of community and society. Over years, the Company is strictly in compliance with laws and regulations set by related authorities such as Office of The Natural Resources and Environmental Policy and Planning (ONEP), Bangkok or other units responsible for administering regional areas. The Company often performs above the standard.

4. Shareholders' Meeting

The Board of Directors highly recognizes the importance of Shareholders' Meeting. The name of Directors who attend Shareholders' Meeting are listed in the Meeting Minutes. During the meeting, the Chairman gives equal rights to shareholders to examine the operations of the Company, to ask questions and to comment or recommend in the meeting. Those questions, comments, and recommendations are also addressed in the Meeting Minutes.

5. Leadership and vision

The Board participates in approving vision, mission, strategy, objective, business plan and budget of the Company. In addition, the Board also oversees the management to ensure that the operation is efficiently and effectively consistent with business plan and budget to raise the economic value of the Company and the highest stability of shareholders.

6. Conflict of interests

The Company set the Audit Committee to be responsible for the accurate and complete information disclosure with regards to inter-transactions or any transactions that could lead to conflict of interests. Additionally, the Board of Directors is also responsible for preventing conflict of interests between stakeholders of the Company, setting policy and procedure of approving inter-transactions in written and setting policy and procedure to prevent the management and related parties from acquiring benefits from the inside information of the Company. The details are described as follows :

Possible Conflict of Interests: The Board is aware of potential conflict of interests and possible inter-transactions and consciously considers the appropriateness every time. The Company complies with the regulations set by the Stock Exchange of Thailand whereby prices and conditions are set on arm's length basis. The details of contract values with counter parties, and the reasons or necessity are recorded in the annual report and Form 56-1. Furthermore, the Company also set the policy to prevent the management and related parties from acquiring benefits from the inside information of the Company.

7. Business ethics

The Company set policy regarding the code of professional ethics of the Board, the management and employees named "Business Ethic Manual" for related parties as the guideline regarding the interaction with all stakeholders, public and society with integrity, honesty, and fairness in accordance with the Company's mission. The Company notifies this manual to stakeholders to ask for their cooperation, communicates to employees regularly, and monitors the implementation of manual regularly.

8. Balance of power of non-executive Directors

The Board of Directors consists of 9 members as follows :

- Executive Directors 3 persons
(one-third of all members)
- Non-executive Directors 3 persons
(one-third of all members)
- Audit Committee 3 persons
(one-third of all members)

9. Aggregation or segregation of position

The Chairman of the Board of Directors is not the same person as the Chairman of the Board of Executive Directors to segregate the powers, duties and positions of the management and to set clear scope of power even though their relationships are brother-in-law and wife's younger brother. In addition, the structure of the Board of Directors consists of Independent Directors, one-third of all Directors, will create the check and balance of the management.

10. Remuneration for Committee members and the management

Remuneration for Directors: The Company determines the remuneration policy for Committee members clearly and transparently, which is equivalent to the industry standard. The remuneration is also high enough to attract and retain qualified Committee members. This policy was approved by the Shareholders' Meeting. Committee members with additional roles and responsibilities assigned will get extra remuneration for more responsibilities.

11. Meeting of the Board of Directors

The meeting of the Board would be regularly held every three months or at least four times a year. An additional meeting might be held if necessary. The meeting agenda is set in advance, including the meeting agenda regarding the regular monitoring of the Company's operations. The administrative department will send the invitation letters together with the meeting agenda and relevant documents to the Board members seven days in advance. Therefore, the Board members have sufficient time to study all documents prior to the meeting. The meeting minutes are kept in written, endorsed by the Board, then filed for further examination by the Board and related parties.

12. Sub - Committee

The Company appoints Sub-Committee to help supervise the operations of the Company as follows: The Audit Committee composes three Independent Directors, and at least one of those must be a specialist in accounting or finance.

13. Control system and internal audit

Recognizing the essential of the internal control system, the Company recruits and selects I.V.L Auditing Company Limited to be responsible for internal audits, revising any weaknesses of internal control systems, and preparing the internal auditing manual. The I.V.L Auditing Company Limited is not the auditor of the Company and, as the secretary of the Audit Committee of the year 2008, reports directly and independently to Audit Committee. The meeting of the Audit Committee would be held at least three months prior to the meeting of the Board of Directors.

14. Report of the Board of Directors

The Board of Directors is responsible for the accuracy and completeness of the Company's financial statements and the financial information addressed in the annual report. The financial statements are in compliance with the Thai generally accepted accounting standard. Appropriate accounting policy and the best forecasting method are applied and implemented regularly with high care and circumspection, including sufficient disclosure of essential information within the notes to financial statements. In addition, the Board of Directors put in place the sustention of the efficient internal control system to ensure that the accounting records is accurate, complete, and adequate to maintain the Company's assets. Therefore, the Company is able to acknowledge any weaknesses to prevent the fraud and the irregular operations.

15. Investor relations

The Board of Directors realizes that both financial and non-financial information of the Company affects the decision of investors and stakeholders. The Board suggests the management to strictly adhere to the accuracy, completeness, reliability, consistency and timeliness of information disclosure. The Company has not yet established any unit to be responsible for investor relations but assigned the Managing Director to be in charge of the communication with institutional investors, shareholders, analysts and related state agencies since there are still not so many aforementioned activities. Investors may contact the Company by telephone at 02-7427887, by e-mail at mtsp@metrostarprop.com or through the website www.metrostarprop.com

Additional, the Company possesses the policy in compliance with a Code of Best Practices of Listed Companies regarding roles and responsibilities of the Board of Directors. For instance, Directors must be in compliance with the laws and the regulations of the Company. Directors should be honest, be responsible for shareholders, possess knowledge, skills and experiences, and have intentions to do business continuously. Directors should also determine policy and direction of the Company and monitor and drive the management operation efficiently and effectively in consistent with policy. In addition, the Board of Directors should be responsible for the accuracy and completeness of the Company's financial statements. Moreover, the Company put in place the regular meeting of the Board and appoints the Audit Committee to supervise the Company's operations.

However the Company conducts to Good corporate Governance from The Principles of Good Corporate Governance for Listed Companies 2006 to adjust as much as appropriate to the Company's operating and structure as follow:

The principles of Rights of Shareholders by treating in an equal way (reference to the corporate governance policy of the company No.2 and No. 4)

1. The Company conducted to protect rights of shareholders and encourage shareholders under fundamental of regulations conducts.

2. In the year 2007 the Company conducted rights of shareholders free to study company's information and no interfere rights of shareholders by not adding agenda or any information after sending AGM notice for every AGM
3. The Company have direction to do for shareholders' facilitation as the following :
 - 3.1 The company will disclose AGM notice and information via the company's Website which are the same original documents.
 - 3.2. The company sent AGM notice prior to the meeting date as the regulations.
 - 3.3 The company specified Chairman of Audit Committee or Audit Committee who are independence committee be shareholders' proxy.

Shareholders were fully able to query and propose opinion.

4. As principles, the board of directors should establish procedures for the nomination of candidates by minority shareholders prior to the meeting date. The board of directors agreed that it did not appropriate to the Company's operating and structure nevertheless the company is preparing to support this principles.

Other Principles, such as Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board still as the corporate governance policy of the company and agree with regulations of concerned the government service departments.

Control of the use of inside information

The Company possesses the policy regarding the control of the use of inside information to prevent internal stakeholders to disclose such inside information to other stakeholders. The Company puts in place policy and procedure for the management as follows:

1. Provide Directors and management with knowledge regarding their responsibilities to report the securities under their ownership, their spouses' ownership and their children aged under 20' ownership, including the penalties according to

the Securities and Exchange Act, B.E. 2535 (1992) and the associated regulations of the Stock Exchange of Thailand.

2. Determine the management to report any changes of their ownership of securities to the Securities and Exchange Commission, Thailand and send the copy of that report to the Company on the same date.
3. Notify the management that the management and any units obtaining significant internal information affecting the changes of the stock' prices must stop trading the stocks of the Company for one month period prior to the disclosure of such internal information or financial statements to the public. The significant information is not allowed to disclose to either outsiders or persons with no related responsibilities.

Any related parties override the policy mentioned above would be punished according to "Working Manual of the Metro Star Property Public Company Limited". The penalties are classified into four types depending on the kinds and the severity of mistakes.

- Verbal notice of violation
- Written notice of violation
- Written notice of violation and up to 7 days' unpaid suspension
- Termination of employment without any compensation

Personnel

As of December 31, 2008, the Company had total of 65 employees (including Executives).

Order	Department	Number of Employees
1.	Finance Department	10
2.	Accounting Department	7
3.	Business Development and Marketing Department	20
4.	Project Development Department	10
5.	Administrative and Legal Department	13
6.	Purchasing Department	1
7.	Office of the Directors	4
	Total	65

Remuneration type (excluding Executives)

(Unit : Baht)

Remuneration Type	January – December 2008
Salary	9,884,548
Bonus	529,512
Provident Fund and Others	667,782
Total	11,081,842

Criteria for bonus payment : Bonus payment has been contemplated on a case-by-case basis. Normally, criteria taken into consideration when the Company has a policy to pay bonus are the Company's performance, employee's performance evaluation, and employee's length of employment.

Legal dispute :

-None-

Personnel development policy :

The Company possesses the policy regarding the personnel development in order to enhance the Company's competitive advantage in the future. Therefore, the Company supports employees to attend various kinds of training courses related to the Company's operation. In addition, the Company also provides support to the employee if any employees would like to further their study in a higher level.

Connected Person and Related Party Transaction

Disclosure Connected Person and Related Party Transaction may have conflict of interest

Person/Juristic Person with conflict of interest	Relations	Details	Value of Transaction (Million Baht)		Necessary/Reasonability/Audit Committee's comments
			2007	2008	
1. Mr.Veera Burapachaisri	Authorized Director who can perform as Chief Executive Director and major shareholder of the Company and major shareholder (hold shares 46.63% as of 1 December 2008).	<ul style="list-style-type: none"> To take land and building to be collateral to promissory note in amount of 70.0 million baht which pledge of amount 60.0 million baht. 	60	60	<ul style="list-style-type: none"> Guarantee of Promissory Note for the Company's projects. Audit Committee's opinion to this transaction that was proper for the Company's liquidity.
		<ul style="list-style-type: none"> Collateral bank overdraft, bill of exchange and promissory note to financial institution in total amount of 34 million baht. 	7.9	7.9	<ul style="list-style-type: none"> Guarantee of Project Loans for the Company's projects. Audit Committee's opinion to this transaction that was necessary for the Company's operation.
		<ul style="list-style-type: none"> Collateral long term loan to financial institution in total amount of 2,967 million baht. 	1,567.25	1,551.5	<ul style="list-style-type: none"> Guarantee of Project Loans for the Company's projects. Audit Committee's opinion to this transaction that was necessary for the Company's operation
2. Mrs.Vipavadee Burapachaisri	As Director , Executive Director and wife of Mr.Veera Burapachaisri and shareholder (hold shares 1.39% as of 1 December 2008)	<ul style="list-style-type: none"> Collateral long term loan to financial instution altogether with Mr.Veera Burapachaisri in total amont of 2,967 million baht. 	1,567.25	1,551.5	<ul style="list-style-type: none"> Guarantee of Project Loans for the Company's projects. Audit Committee's opinion to this transaction that was necessary for the Company's operation
		<ul style="list-style-type: none"> Collateral bank overdraft, bill of exchange and promissory note to financial institution in total amount of 34 million baht. 	7.9	7.9	<ul style="list-style-type: none"> Guarantee of Project Loans for the Company's projects. Audit Committee's opinion to this transaction that was necessary for the Company's operation

Person/Juristic Person with conflict of interest	Relations	Details	Value of Transaction (Million Baht)		Necessary/Reasonability/Audit Committee's comments
			2007	2008	
3. Metro Machinery Co., Ltd. (Operate Import, Retails of machine, engine and spare parts)	Mr.Veera Burapachaisri as Chief Executive Director and major shareholder of the Company and major shareholder (hold shares 46.63% as of 1 December 2008) take a position of Director (Authorized Director who can perform) and shareholder hold share 3.50%.	<ul style="list-style-type: none"> Office Rental 	1.96	1.96	<ul style="list-style-type: none"> To pay for the office rental expense since year 2004, with the space of about 450 square meter at 280 baht per square meter. The rental rate includes infrastructure and renovation expenses. The total contract period is 5 years which ended at year 2008. The building owner can adjust the rental rate under the condition that it would be changed according to the direct proportion to the building owner's expenses which may increase for providing rental service. The change of the rental rate would be informed to the company not less than 7 days prior the change according to agreement of both building owner and the company. Audit Committee's opinion to office rental rate that was fair price when compared with office around area.
4. MTS Engineering and Rental Co.,Ltd. (เดิมชื่อ MTS Crane Co.,Ltd. Operate retails, machine for rent like machine, equipments and tools, hardware wheels and others)	Mr.Veera Burapachaisri as Chief Executive Director and major shareholder of the Company and major shareholder (hold shares 46.63% as of 1 December 2008) take a position of Director (Authorized Director who can perform) and shareholder hold share 10.00	<ul style="list-style-type: none"> To purchase equipments include with installment for project construction. 	7.88	7.88	<ul style="list-style-type: none"> To purchase materials and equipments include installation for the Company's projects. Audit Committee's opinion to this transaction that was suitable of purchasing assets for the Company's operation.

Person/Juristic Person with conflict of interest	Relations	Details	Value of Transaction (Million Baht)		Necessary/Reasonability/Audit Committee's comments
			2007	2008	
5. MMC Leasing Co.,Ltd)	Miss Pimjai Burapachaisri as Director and shareholder (hold share 0.60% as of 1 December 2008) and Mr.Veera Burapachaisri as Chief Executive Director and major shareholder of the Company and major shareholder (hold shares 46.63% as of 1 December 2008) take a position of Director and shareholder hold share 0.01% and 0.01%.	• Vehicle Leasing	-	-	<ul style="list-style-type: none"> Leasing and hire-purchase vehicle for operating by rental rate and interest rate were the same general customer. Hire-purchase of Benz installment was 86,421.31 per month hire-purchase period 3 year , can extend contract, but total period should not excess 8 year. Hire-purchase of Volvo and BMW which value in hire-purchase contract were 2.38 and 4.87 million baht respectively installment period term 48 monthly due date in May and September 2007 respectively. Audit Committee 's opinion that leaseing and hire-purchase was reasonable and necessity to the Company's operation, moreover both rental rate and interest rate were the same rate for general customer.
		• Vehicle Leasing Expense	1.14	-	
			-	-	
		• Hire - purchase Payable • Hire - purchase Interest	- 0.024	- -	
6. Mrs.Duangjai Panyataweekul	As younger doughter of Mr.Veera Burapachaisri as Chief Executive Director and major shareholder of the Company and major shareholder (hold shares 46.63% as of 1 December 2008)	• Borrowing Loan to the Company	25	-	<ul style="list-style-type: none"> For working capital and development of present and future the company's project. Audit Committee 's opinion that this transaction was reasonable for the Company operating's liquidity.
		• Interest expense	1.36	2.57	

Person/Juristic Person with conflict of interest	Relations	Details	Value of Transaction (Million Baht)		Necessary/Reasonability/Audit Committee's comments
			2007	2008	
7. Mrs.Yeakseag Luen-chawee	As mother of Mrs.Vipavadee Burapachaisri As Director, Executive Director and shareholder (hold shares 1.39% as of 1 December 2008).	• Borrowing Loan to the Company	44	-	• For working capital and development of present and future the company's project. • Audit Committee's opinion that this transaction was reasonable for the Company operating's liquidity.
		• Interest expense	3.15	4.36	• Interest expense of Loan in amount of 44 million baht, interest rate was 10.5% per year.
8. Ravipol Holding Co., Ltd.	Mr.Veera Burapachaisri and Mrs.Vipavadee Burapachaisri are shareholder which hold shares 60% and 20% respectively in this Company. Revipol Holding Co.,Ltd. Is shareholder hold shares 2.14% as of 1 December 2008.	• Borrowing Loan to the Company	100	-	• For working capital and development of present and future the company's project. • Audit Committee's opinion that this transaction was reasonable for the Company operating's liquidity.
		• Interest expense	4.17	14.14	• Interest expense of Loan in amount of 100 million baht, interest rate was 10.5% per year.
9. Miss Piyarat Watcharapongvinit	As the Company's manangement, Accounting Manager and shareholder hol shares 0.09% as of 1 December 2008.	• Purchase Condominium	8.17	-	• To sale room of St.Luise Grand Terrace Condominium 1 unit, selling price was equal for general customer's price (selling price per square metre 53,000 baht) • Audit Committee's opinion to this transaction that was necessary for the Company's operation

Inter - Transaction (Connected Person and Related Party Transaction)

Necessity and Justification of Inter-Transaction

Inter-transactions are necessary and justified for the best interest of the Company. The Audit Committee approved that inter transactions were rational with trading conditions where prices and conditions were set without conflicts of interest.

Procedures for Authorization of Inter-Transaction

In case of inter-transaction between parties with possible conflict of interest, the Audit Committee will take responsibility for commending regarding necessity and justification. In case that the Audit Committee do not specialize in recommending in any inter-transaction, an independent specialist or an auditor of the Company will recommend such transaction instead. The approval of possible inter-transaction must be in compliance with the regulations of the company and the laws, regulations and guidelines of SET.

Policies of Inter-Transaction

In the future, if there are other inter-transaction from connected persons with possible conflict of interest, the Company will set the approval for such inter-transactions accordingly. The persons with possible conflict of interest will not be allowed to participate in the approval procedures. The Audit Committee will responsible for approving and recommending every inter-transaction. The approval procedures must be strictly in compliance with guidelines, rules and regulations of SEC and SET. The Company will set prices, compensation, or fees related inter-transactions according to market prices and accounting standard in compliance with Certified Public Accounting Association. The Company takes into consideration justification of transaction and interest of the Company. In addition, the Company will disclose details in notes of financial statement and annual report of the Company.

In 2008 The Company had Inter-Transaction as follow :

1. There are inter-transactions between the Company and Metro Machinery Co., Ltd., regarding rental rates. The Company rent the office building to be a head office from Metro Machinery Co., Ltd. on reasonable rental rates.
2. The purchase and installment of the power generation machine and equipments for Sathon Vista, Bangkok – Marriott Executive Apartment,

Baan Ravipa Sukhumvit, Metro Avenue Sukhumvit and Metro Avenue Ratchayothin from MTS Engineering and Rental Co., Ltd., in which Mr. Veera Buraphachisri, Chief Executive Office and the shareholder of the Company (hold 46.63 percent of total share as of 1 December 2008), is the authorized Director of the MTS and holds 10 percent ownership of total shares. The purchased price was set at 3,875,479 baht. When comparing qualification and price of other companies, the mentioned purchased price was justified and other qualifications were equivalent.

3. The service of communication systems of five project buildings with True Corporation PCL, which Mr. Chatchaval Jiarawanon, the Chairman and the shareholder of the Company (hold 6.00 percent of total share as of 1 December 2008), is the Director of the True and Managing Director in the of the Group Investment.

Susidiary and Joint Venture Company Investment Policy

As of 31 December 2008 the Company have not any subsidiary or joint venture investment. However in the future if the Company require to expand more business, the Company may set up subsidiary or joint venture for supporting the Company's business, moreover the Company policy will appoint the Company's director to be director of that subsidiary or joint venture in order to join and set the operating policy in the same target and provide advantage to the Company.

Report of Independent Auditor

To the Shareholders of Metrostar Property Public Company Limited

I have audited the accompanying balance sheets of Metrostar Property Public Company Limited as at 31 December 2008 and 2007, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metrostar Property Public Company Limited as at 31 December 2008 and 2007, the results of its operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok : 26 February 2009

Balance Sheets

Metrostar Property Public Company Limited

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	2008	2007
Assets			
Current assets			
Cash and cash equivalents		198,078,018	58,480,444
Current investments		100,000,000	-
Trade accounts receivable	6	15,332,565	11,541,630
Land and construction in process	7	1,288,522,880	1,311,538,971
Unbilled installments on completed work	8	-	6,650,654
Other current assets			
Advance payment for construction		38,000	31,650,000
Deposits - equipment		23,753,802	39,970,374
Other receivable from the sale back of construction material	7	38,033,877	-
Others		11,680,449	3,303,540
Total current assets		1,675,439,591	1,463,135,613
Non-current assets			
Restricted bank deposits	9	40,000,000	40,000,000
Land, construction in progress, and equipment - net	10	1,667,313,012	1,682,677,921
Intangible assets - net	11	1,298,680	1,303,829
Other non-current assets			
Prepaid corporate income tax		1,173,482	8,605,516
Deposits		350,970	914,616
Total non-current assets		1,710,136,144	1,733,501,882
Total assets		3,385,575,735	3,196,637,495

Balance sheets (continued)

Metrostar Property Public Company Limited

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	2008	2007
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	12	-	138,383,321
Short-term loans from third parties	13	-	171,000,000
Short-term loans from related parties	14	-	169,000,000
Trade accounts payable and notes payable	14	255,125,801	83,135,982
Current portion of long-term loans	15	150,001,000	39,792,198
Other current liabilities			
Advance received from customers	8	96,569,899	54,468,143
Specific business tax payable		239,087	650,729
Corporate income tax payable		100,688,132	-
Retention		55,195,229	36,564,393
Accrued expenses	14	20,928,819	3,686,041
Provision for support payment after project closure	16	1,109,903	9,665,470
Others		15,540,592	4,787,425
Total current liabilities		695,398,462	711,133,702
Non-current liabilities			
Long-term loans - net of current portion	15	1,401,495,774	1,511,530,000
Total non-current liabilities		1,401,495,774	1,511,530,000
Total liabilities		2,096,894,236	2,222,663,702

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

Balance sheets (continued)

Metrostar Property Public Company Limited

As at 31 December 2008 and 2007

(Unit : Baht)

	Note	2008	2007
Shareholders' equity			
Share capital			
Registered			
610,000,000 ordinary shares of Baht 1 each		610,000,000	610,000,000
Issued and paid-up			
466,900,000 ordinary shares of Baht 1 each			
(2007 : 459,115,000 ordinary shares of Baht 1 each)	17	466,900,000	459,115,000
Premium on share capital		390,990,000	375,614,625
Retained earnings			
Appropriated - statutory reserve	18	33,080,000	15,700,000
Unappropriated		397,711,499	123,544,168
Total shareholders' equity		1,288,681,499	973,973,793
Total liabilities and shareholders' equity		3,385,575,735	3,196,637,495
		-	-

Income statements

Metrostar Property Public Company Limited
For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Note	2008	2007
Revenues			
Sales	14	213,476,906	412,787,978
Gain from sales of land, construction in progress and equipment	10	733,140,233	-
Interest income		12,754,890	2,661,506
Other income		273,340	2,507,509
Total revenues		959,645,369	417,956,993
Expenses			
Cost of sales		214,508,958	286,392,962
Selling expenses		29,992,924	57,963,744
Administrative expenses	14	76,953,133	61,042,677
Support payment after project closure	16	-	9,665,470
Other expenses	7	114,083,957	477,392
Total expenses		435,538,972	415,542,245
Income before finance cost and income tax		524,106,397	2,414,748
Finance cost	14	(59,328,661)	(67,382,043)
Income (loss) before income tax		464,777,736	(64,967,295)
Income tax	20	(117,202,405)	(30,548,627)
Net income (loss) for the year		347,575,331	(95,515,922)
Earnings per share	21		
Basic earnings per share			
Net income (loss)		0.75	(0.21)
Weighted average number of ordinary shares (shares)		464,880,697	454,346,349
Diluted earnings per share			
Net income (loss)		0.75	(0.21)
Weighted average number of ordinary shares (shares)		465,687,461	454,346,349

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

Cash flow statements

Metrostar Property Public Company Limited
For the years ended 31 December 2008 and 2007

(Unit : Baht)

	2008	2007
Cash flows from operating activities		
Net income (loss) before tax	464,777,736	(64,967,295)
Adjustments to reconcile net income (loss) before tax		
to net cash provided by (paid from) operating activities		
Provision for loss on diminution in value of projects	29,199,924	-
Provision for loss on contingent liabilities	4,000,000	-
Loss from the sale back of construction material	76,871,986	-
Depreciation and amortisation	5,282,123	3,928,854
Loss (gain) from sales of land, construction in progress		
and equipment	(733,140,233)	543,645
Support payment after project closure	-	9,665,470
Amortisation of prepaid interest expenses	-	3,962,671
Cost of sales	214,508,958	286,392,962
Interest income	(12,754,890)	(2,661,506)
Interest expenses	58,466,229	66,564,969
Income from operating activities before changes in		
operating assets and liabilities	107,211,833	303,429,770
Decrease (increase) in operating assets		
Trade accounts receivable	(3,790,935)	(10,789,222)
Land and construction in process	(204,732,820)	(92,247,936)
Unbilled installments on completed work	6,650,654	326,362,694
Advance payment for construction	31,612,000	-
Other current assets	6,834,069	(18,758,535)
Other non-current assets	7,995,680	601,265
Increase (decrease) in operating liabilities		
Trade accounts payable and notes payable	79,025,370	(4,578,809)
Advance received from customers	42,101,756	38,041,218
Specific business tax payable	(411,642)	(15,082,746)
Retention	18,630,836	2,529,253
Other current liabilities	14,910,358	(6,488,891)
Cash flows from operating activities	106,037,159	523,018,061
Cash paid for interest expenses	(144,554,152)	(130,797,705)
Cash paid for corporate income tax	(16,514,273)	(31,722,110)
Net cash flows from (used in) operating activities	(55,031,266)	360,498,246

Cash flow statements (continued)

Metrostar Property Public Company Limited
For the years ended 31 December 2008 and 2007

(Unit : Baht)

	2008	2007
Cash flows from investing activities		
Increase in current investments	(100,000,000)	-
Interest income	11,272,287	2,726,836
Acquisition of land, construction in progress, equipment and intangible assets	(559,589,241)	(447,101,567)
Net proceeds from sales of land, construction in progress, and equipment	1,354,022,164	1,100,000
Net cash flows from (used in) investing activities	705,705,210	(443,274,731)
Cash flows from financing activities		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(138,383,321)	94,070,929
Increase (decrease) in short-term loans from third parties	(171,000,000)	167,037,329
Increase (decrease) in short-term loans from related parties	(169,000,000)	169,000,000
Decrease in hire purchase payable	-	(1,115,591)
Cash receipt from long-term loans	460,550,000	259,420,000
Repayment of long-term loans	(460,375,424)	(575,647,402)
Proceeds from increase in share capital	23,160,375	27,117,125
Dividend paid	(56,028,000)	-
Net cash flows from (used in) financing activities	(511,076,370)	139,882,390
Net increase in cash and cash equivalents	139,597,574	57,105,905
Cash and cash equivalents at beginning of year	58,480,444	1,374,539
Cash and cash equivalents at end of year	198,078,018	58,480,444
	-	0
Supplemental cash flows information		
Non-cash transactions:		
Acquisition of fixed assets for which payment has yet to be made	151,970	105,886
Payment for construction work in progress by issuing notes payable	92,964,449	15,937,650
Increase in other receivable from the sale back of construction material	35,545,680	-

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

Statements of changes in shareholders' equity

Metrostar Property Public Company Limited
For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Retained earnings				
	Issued and paid-up share capital	Premium on share capital	Statutory reserve	Unappropriated	Total
Balance as at 31 December 2006	450,000,000	357,612,500	15,700,000	219,060,090	1,042,372,590
Net loss for the year	-	-	-	(95,515,922)	(95,515,922)
Ordinary share increased due to conversion of warrants (Note 17)	9,115,000	18,002,125	-	-	27,117,125
Balance as at 31 December 2007	459,115,000	375,614,625	15,700,000	123,544,168	973,973,793
Balance as at 31 December 2007	459,115,000	375,614,625	15,700,000	123,544,168	973,973,793
Net income for the year	-	-	-	347,575,331	347,575,331
Ordinary share increased due to conversion of warrants (Note 17)	7,785,000	15,375,375	-	-	23,160,375
Unappropriated retained earnings transferred to statutory reserve	-	-	17,380,000	(17,380,000)	-
Dividend payment (Note 24)	-	-	-	(56,028,000)	(56,028,000)
Balance as at 31 December 2008	466,900,000	390,990,000	33,080,000	397,711,499	1,288,681,499

Notes to financial statements

Metrostar Property Public Company Limited
For the years ended 31 December 2008 and 2007

1. General information

1.1 Corporate information

Metrostar Property Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in real estate business and its registered address is 1758/4 Sukhumvit Road, Bangjak, Prakhonong, Bangkok. The Company has a branch located at 1 Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, 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 its 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

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.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notifications No. 9/2550, 38/2550 and 62/2550 mandating the use of the 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 29, TAS 31, TAS 43 and TAS 49 are not relevant to the business of the Company, while TAS 25, 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,

except the separately presented accounts of selling expenses and administrative expenses. The Company has already separated these expenses of 2007.

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 the following new accounting standards :

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 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 Revenue recognition

Sales of land and houses

Sales of land and houses are recognised as revenue on the percentage of completion method. The Company recognises revenue when sales contracts have been executed, initial payments have been received up to a certain level and the progress of completed construction work is more than 10% of each project. The Company will cease recognising revenue when more than 3 consecutive installments are overdue and the percentage of completed work exceeds the installments due. The percentage of completion is measured by the proportion of actual development costs incurred up to the end of the period and the total anticipated development cost to be incurred to completion, excluding the cost of land .

Sales of condominium units

Sales of condominium units are recognised as revenue on the percentage of completion method. The Company recognises revenue when sales contracts have been executed for units equivalent to not less than 40% of the area opened for sales, initial payments have been received up to a certain level and the progress of completed construction work is more than 10% of each project. The Company will cease recognising revenue when more than 3 consecutive installments are overdue and the percentage of completed work exceeds the installments due. The percentage of completion is measured by the proportion of actual development costs incurred up to the end of the period and the total anticipated development cost to be incurred to completion, excluding the cost of land.

Interest income

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

4.2 Cost of land and houses sold and cost of condominium sold

In determining the cost of sales of land and houses and cost of sales of condominium units, the total land and houses and condominium development costs (after recognising the cost incurred to date) are attributed to units of land and houses already sold on the basis of salable area and condominium units already sold on the basis of the sale value, and then recognised as costs in the income statement on the percentage of completion basis.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, 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 Land and construction in progress

Land and construction in progress are stated at cost less allowance for loss on diminution in value of projects (if any). The details of cost calculation are as follows:-

Land - The Company records cost of land using the weighted average method, calculating it separately for each project.

Construction in progress - Construction in progress consists of the cost of construction, public utility costs and interest capitalised to cost of projects. The Company records cost of construction and public utilities based on the actual cost incurred.

4.6 Land, construction in progress and equipment/Depreciation

Land is stated at cost. Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:-

Furniture, fixture and office equipment	-	5 years
Motor vehicles	-	5 years
Showroom and sale office	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

4.7 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 occurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows :

	<u>Useful lives</u>
Computer software	5 years

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, construction in progress, plant and equipment and other intangible assets 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 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.

4.13 Employee benefits

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

The Company issued warrants to purchase the ordinary shares to its directors and employees. The transaction will be recorded in the financial statements when the warrants are exercised.

4.14 Provisions

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

4.15 Income tax

Income tax is provided in the accounts based on the 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.

Impairment of land and construction in process

The Company treats land and construction in process as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost. The management determines the devaluation of such land and construction in process based on net realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.

Project development costs estimation

In calculating cost of land and houses sold and cost of condominium sold, the Company has to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

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.

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 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.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Litigation

The Company has contingent liabilities as a result of litigation. The Company’s management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Trade accounts receivable

	2008		2007	
	Total value of contract signed	Percentage to total projected sale value	Total value of contract signed	Percentage to total projected sale value
	(Million Baht)	(%)	(Million Baht)	(%)
Silom Grand Terrace	1,238	100	1,238	99
Saint Louis Grand Terrace	1,036	100	816	67
Baan Ravipa	232	60	111	28
Metro Avenue Sukhumvit 66	393	26	402	32
Metro Avenue Ratchayothin	215	6	222	7

(Unit : Baht)

	2008	2007
Installments due	2,430,318,478	2,168,089,162
Less : Collections	(2,414,985,913)	(2,156,547,532)
Overdue installment receivables	15,332,565	11,541,630

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due date, are summarised below.

(Unit : Baht)

	2008	2007
Age of receivables		
Not yet due	4,719,150	6,509,675
Past due :		
Up to 30 days	4,865,015	486,975
31 - 60 days	4,222,900	3,474,820
61 - 90 days	1,525,500	1,070,160
Total	15,332,565	11,541,630

7. Land and construction in progress

(Unit : Baht)

	2008	2007
Land and land development	1,360,199,597	1,358,439,597
Construction in progress	1,681,084,698	1,508,396,970
Expenses related to projects	93,062,117	74,852,228
Interest cost	176,483,383	141,070,196
Total	3,310,829,795	3,082,758,991
Less : Amount charged to earnings for units already sold	(1,985,728,978)	(1,771,220,020)
Transfer to the support payment of project	(3,665,470)	-
Provision for loss on diminution in value of projects	(29,199,924)	-
Reverse provision for loss on diminution in value of projects	(3,712,543)	-
	1,288,522,880	1,311,538,971

During the year 2008, the Company included borrowing costs of Baht 35.4 million (2007 : Baht 36.8 million) as cost of "Land and construction in progress". The weighted average rate used to determine the amount of borrowing cost eligible for capitalisation was interest rate as discussed in Note 15, except for the second loan.

During the year 2008, the Company purchased large volumes of steel for its projects. However, in December 2008, the Company sold back some of the steel to the seller because the Company plans to delay construction. The selling price was lower than the purchase price, and as a result, the Company has loss from this sale of Baht 76.9 million, which is recorded as "Other expenses" in the income statement.

The Company has mortgaged all project land and construction in progress of the Company with banks to secure bank overdrafts, long-term loans, and letters of guarantee.

In December 2008, the Company's management approved a plan to slow down the construction of two residential projects because in the current economic recession there has been no progress with sales of these 2 projects. Therefore, the Company sent letters to notify its contractors and customers, and offering the customers a refund their all booking deposits, contract fees and installments received. Moreover, the management has set aside provision for loss in respect of the contingent liabilities in the financial statements.

8. Unbilled installments on completed work / advance received from customers

(Unit : Baht)

	2008	2007
Installments due	2,430,318,478	2,168,089,162
Less : Revenue recognised	(2,333,748,579)	(2,120,271,673)
	96,569,899	47,817,489
The balance comprise:		
Unbilled on completed work	-	(6,650,654)
Less : Advance received from customers	96,569,899	54,468,143
	96,569,899	47,817,489

The unbilled installments on completed work represent payments which have not yet been received from customers, but which are recognised as income under the percentage of completion method.

Advance received from customers represent cash receipt from customers which have not yet been recognised as revenues.

9. Restricted bank deposits

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

10. Land, construction in progress, and equipment

(Unit : Baht)

	Land	Office equipment	Motor vehicles	Showroom and sale office	Furniture and fixture	Assets under construction	Total
Cost :							
31 December 2007	765,404,302	5,010,955	2,099,000	25,613,455	1,882,421	892,097,830	1,692,107,963
Additions	-	1,166,541	-	577,146	1,112,010	556,438,273	559,293,970
Disposals	(537,887,026)	(126,379)	-	(8,131,556)	-	(78,645,313)	(624,790,274)
Transfer in/out	-	-	-	(49,526)	49,526	-	-
Capitalised interest	-	-	-	-	-	51,158,671	51,158,671
31 December 2008	227,517,276	6,051,117	2,099,000	18,009,519	3,043,957	1,421,049,461	1,677,770,330
Accumulated depreciation :							
31 December 2007	-	2,539,470	1,929,833	3,583,548	1,377,191	-	9,430,042
Depreciation for the year	-	884,749	169,166	3,487,387	395,252	-	4,936,554
Depreciation on disposals	-	(66,348)	-	(3,842,930)	-	-	(3,909,278)
31 December 2008	-	3,357,871	2,098,999	3,228,005	1,772,443	-	10,457,318
Net book value :							
31 December 2007	765,404,302	2,471,485	169,167	22,029,907	505,230	892,097,830	1,682,677,921
31 December 2008	227,517,276	2,693,246	1	14,781,514	1,271,514	1,421,049,461	1,667,313,012
Depreciation for the year :							
2007							3,673,598
2008							4,936,554

During the year 2008, the Company included borrowing cost of Baht 51.2 million as cost of project. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was interest rate of the second loan, as discussed in Note 15.

As at 31 December 2008, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 5.3 million (2007 : Baht 0.1 million).

The Company has mortgaged land and construction in progress amounting to approximately Baht 1,650.8 million (2007 : Baht 1,659.7 million) as collateral for long-term credit facilities granted by commercial banks.

On 1 July 2008, the Company entered into an agreement to sell and to purchase property with a company, whereby the Company agreed to sell all land of the Metro Sathorn Tower Project at the price of Baht 1,400 million. The Company received payment and transferred the ownership of the land to the purchaser on 29 July 2008, and recognised a gain from sales of land (net of selling expenses) amounting to Baht 737.4 million. In addition, during the current year, the Company wrote off certain fixed assets and recognised loss from disposal of assets amounting to Baht 4.3 million.

11. Intangible assets

Details of intangible assets which are software are as follows :

	(Unit : Baht)	
	2008	2007
Cost	1,954,055	1,612,704
Accumulated amortisation	(655,375)	(308,875)
Net book value	1,298,680	1,303,829
Amortisation expenses included in the income statements for the year	345,569	255,256

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

		(Unit : Baht)	
	Interest rate (% p.a.)	2008	2007
Bank overdrafts	MOR	-	68,383,321
Short-term loans from financial institutions	5.25	-	70,000,000
Total		-	138,383,321

Bank overdrafts are secured by the most of land and construction thereon of the Company, fixed deposits and the directors' land and construction thereon, and guaranteed by the Company's directors.

13. Short-term loans from third parties

(Unit : Baht)

	Interest rate (% p.a.)	Maturity date	2008	2007
Promissory notes	10.50	Payable on demand	-	60,000,000
Promissory notes	10.50	Payable within August 2008	-	111,000,000
			-	171,000,000

These loans were secured by the Company's director.

14. Related party transactions

During the years, the Company 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 : Baht)

	2008	2007	Transfer pricing policy
Revenues from sales	-	19,745,860	Baht 50,000 - 53,000 per square meter
Office rental expenses	1,965,600	1,852,200	Baht 163,800 per month (2007 : Baht 126,000 - 163,800 per month)
Interest expenses	21,065,301	8,705,002	10.5% per annum (2007 : near market price and 10.5% per annum)

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

(Unit : Baht)

	Relationship	2008	2007
Short-term loans from related parties			
Related persons	Persons related		
	to directors	-	69,000,000
Ravipol Holding Co., Ltd.	Common shareholders		
	and common directors	-	100,000,000
		-	169,000,000
Trade accounts payable			
MTS Engineering and Rental Co., Ltd.	Common shareholders		
	and common directors	3,650,633	7,886,759
Accrued expenses			
Metro Machinery Co., Ltd.	Common shareholders		
	and common directors	327,600	327,600

During the year 2008, movements of short-term loans from and interest payable to related parties were as follow: -

(Unit : Baht)

	1 January 2008	Increase	Decrease	31 December 2008
Short-term loans from related parties				
Related persons	69,000,000	16,926,260	(85,926,260)	-
Ravipol Holding Co., Ltd.	100,000,000	194,139,041	(294,139,041)	-
	169,000,000	211,065,301	(380,065,301)	-

Directors and management's remuneration

In 2008, the Company paid salaries, bonus, meeting allowances and gratuities to its directors and management totaling Baht 12.7 million (2007 : Baht 15.7 million).

15. Long-term loans

(Unit : Baht)

Loan	Interest rate (% p.a.)	Repayment schedule	2008	2007
1	MLR	Repayment installments as from 2009 - 2015	-	378,000,000
2	MLR-0.75*	Repayment installment in 2015	915,080,000	630,530,000
3	MLR-0.25	Repayment on transfer of ownership of project to customers with full repayment to be made within 2008	1,000	25,792,198
4	MLR-0.5**	Repayment installments in 2010	395,000,000	395,000,000
5	MLR-1	Loans amounting to Baht 26 million are to be repaid in installment every 2 months, from January 2007 to May 2007, with the balance to be repaid upon transfer of ownership of project to customer with full repayment to be made within 2009	150,000,000	122,000,000
6	MLR-0.25	Quarterly installments of not less than Baht 15 million to be completed within January 2010, and when mortgaged land is redeemed, the Company must repay not less than Baht 28,000 per square meter	91,415,774	-
Total			1,551,496,774	1,551,322,198
Less : Current portion			(150,001,000)	(39,792,198)
Long-term loans, net			1,401,495,774	1,511,530,000

Note * Interest rate for loan facility of Baht 694 million is MLR-0.75% per annum and interest rate of loan facility of Baht 335 million is MLR-0.50% per annum.

** Interest rate of the first year is MLR-0.50% per annum and the second year is MLR-0.25% per annum and after that MLR per annum.

The loans are secured by mortgage of all project land and construction thereon, and guaranteed by the Company's directors.

The loan agreement contains covenants as specified in the agreements that, among other things, require the Company to maintain debt to equity ratio according to the agreements.

As at 31 December 2008, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,288.8 million.

16. Support payment after project closure

In January 2008, the Company signed a memorandum of understanding to compromise with the juristic person of Silom Grand Terrace (Juristic Person) in respect of a complaint made to The Office of the Consumer Protection Board in 2007. The Company agreed make support payment to the Juristic Person after the project closure in the amount of Baht 9.7 million, which comprised the transfer of a condominium unit with a net book value as at 31 December 2007 of Baht 3.7 million and project decoration support amounting to Baht 6.0 million. During the current year, the Company transferred the condominium unit to the Juristic Person and paid project decoration support totally amounting to Baht 4.9 million.

17. Warrant to allocated to the directors and employees of the Company (ESOP)

On 15 September 2004, the General Meeting of shareholders of the Company approved the issue of 10 million registered, non-transferable warrants free of charge to its directors and employees. These warrants are exercisable at a price of Baht 5.95 per share in a ratio of 1 warrant to 1 new ordinary share and are to cover a period of 5 years from the issue date. Warrant holders can exercise not more than 25% of total warrants allotted, every 3 months beginning 15 months from the issue date (30 April 2007).

On 26 October 2005, the Company issued 10 million warrants to its directors and employees.

A resolution of a meeting of the Board of Directors of the Company held on 30 March 2006 and the Annual General Meeting of the shareholders of the Company held on 25 April 2006, approved the change of the exercise price of the warrants to its directors and employees, as a result of the change of par value. There are 20 million warrants and the new exercise price is Baht 2.975 per share, while the exercise ratio remains 1 warrant to 1 new ordinary share.

During the year 2008, the Company received payment for the exercise of the warrants, resulting in the Company's paid up share capital increasing from Baht 459,115,000 in the year 2007 to Baht 466,900,000. The increasing of the Company's share capital in the year 2008 is detailed below.

Date of exercise	Quantity of exercised warrants	Ordinary shares issued for exercised warrants	Exercise price	Date of registration with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
31 Jan. 08	2,085,000	2,085,000	2.975	5 Feb. 08	8 Feb. 08
30 Apr. 08	5,700,000	5,700,000	2.975	7 May 08	12 May 08
Total		7,785,000			

During the years, movements in the number of the warrants are as follows: -

(Unit : Units)

	2008	2007
Number of warrants at the beginning of the year	10,885,000	20,000,000
Less : Exercised during the year	(7,785,000)	(9,115,000)
Number of warrants at the end of the year	3,100,000	10,885,000

Reconciliation of number of ordinary shares

(Unit : Shares)

	For the years ended December	31
	2008	2007
<u>Registered ordinary shares</u>		
Number of ordinary shares at the beginning of the year	610,000,000	610,000,000
Number of ordinary shares at the end of the year	610,000,000	610,000,000
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at the beginning of the year	459,115,000	450,000,000
Increase in number of ordinary shares due to exercise of warrants	7,785,000	9,115,000
Number of ordinary shares at the end of the year	466,900,000	459,115,000

Registered ordinary shares which are not issued and paid-up are the ordinary shares which reserve for the exercise of warrants.

18. 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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

19. Expenses by nature

Significant expenses by nature are as follow:

(Unit : Baht)

	2008	2007
Purchase of land and payment of construction during the year	224,405,334	129,059,480
Changes in land and construction in progress	(9,896,376)	157,333,482
Salary and wages and other employee benefits	29,422,460	25,187,770
Depreciation	4,936,554	3,673,598
Loss on impairment of property, plant and equipment	32,912,467	-
Loss from the sale back of construction material	76,871,986	-
Amortisation expenses	345,569	255,256
Rental expenses	2,470,313	2,836,110
Provision for loss on contingent liabilities	4,000,000	-

20. Corporate income tax

Corporate income tax had been calculated at the rate of 25% of net income for the years 2008 and 2007, in accordance with the tax calculation method prescribed in the Revenue Code, whereby revenues are to be recognised under the installment method. However, such revenue recognition is different from accounting method, whereby revenues are to be recognised under the percentage of completion method. Revenues of the year 2007 recognised under the installment method exceed revenues per the accounts due to recognition of income from sales of condominium units of the projects when ownership is transferred. In addition, corporate income tax for the year 2008 was affected by the gain from sales of land, as described in Note 10.

21. 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 set forth the computation of basic and diluted earnings per share:

For the year ended 31 December 2008			
	Net income	Weighted average number of ordinary shares	Earnings per share
	(Baht)	(Shares)	(Baht)
Basic earnings per share			
Net income	347,575,331	464,880,697	0.75
Effect of dilutive potential ordinary shares			
Warrants issued to the directors and employees of the Company	-	806,764	
Diluted earnings per share			
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	347,575,331	465,687,461	0.75

There was no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2007 since the effect of diluted earnings per share was antidilutive.

22. Segment information

The Company's operations involve a single industry segment, the real estate business, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at rates of 2-5% of basic salary. The fund, which is managed by Thanachart Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company contributed Baht 618,504 (2007 : Baht 721,647) to the fund.

24. Dividends

(Unit : Baht)

Dividends	Approved by	Total dividends	Dividend per share
Interim dividend from the income of the period from January to September 2008	Board of Directors' meeting on 12 November 2008	56,028,000	0.12

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 31 December 2008, the Company had capital commitments of approximately Baht 77.6 million, relating to the design and construction contracts and interior design for the projects.

25.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally between 1 and 3 years.

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

	Million Baht
Payable within:	
Less than 1 year	5.6
1 to 2 years	0.5

25.3 Long-term service commitments

On 24 January 2007, the Company has entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartment. Under the conditions of the agreements, the Company is to pay remuneration to the hotel group at rates as stipulated in the agreements. The term of the serviced apartment management agreements are for 30

years, counting from commencement of operations, extendible for a further period of at least 10 years dependent upon certain conditions specified in the agreements being met. The fees for year 2008 amounted to Baht 0.4 million.

25.4 Guarantees

As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 13.0 million issued by the bank on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 12.8 million to guarantee payments due to creditor and Baht 0.2 million to guarantee contractual performance.

25.5 Litigation

During the current year, the Company's customer sued the Company for the refund of payments totaling Baht 0.5 million made for a condominium unit in the Company's project. The lawsuit is currently being heard by the civil court. However, the management believes that there will be no material impact to the Company, therefore no provision for contingent liability has been set aside in the accounts.

26. Financial instruments

26.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments : Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheets.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, and short-term and long-term borrowings. However, since most of the Company's 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, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Fixed interest rates

	Within		Floating	Non-interest	Total	Interest rate (% p.a.)
	1 year	1-5 years	interest rate	bearing		
	(Million Baht)					
Financial assets						
Cash and cash equivalents	-	-	198.1	-	198.1	0.25 - 0.85
Current investments	100.0	-	-	-	100.0	3.25
Trade accounts receivable	-	-	-	15.3	15.3	-
Restricted bank deposits	40.0	-	-	-	40.0	3.5
	140.0	-	198.1	15.3	353.4	
Financial liabilities						
Trade accounts payable and notes payable	-	-	-	255.1	255.1	-
Long-term loans	-	-	1,551.5	-	1,551.5	MLR - 0.25 - MLR
	-	-	1,551.5	255.1	1,806.6	

26.2 Fair values of financial instruments

For financial assets and liabilities which have short-term maturity and long-term loans which carrying interest approximate to the market rate, their carrying amounts in the balance sheet approximate their fair value.

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.

27. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Company's debt-to-equity ratio was 1.6:1 (2007: 2.3:1).

28. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classifications but with no effect on previously reported net loss or shareholders' equity. The reclassifications are as follow :

(Unit : Baht)

	As reclassified	As previously reported
Land, construction in progress, and equipment - net	1,682,677,921	1,683,981,750
Intangible assets - net	1,303,829	-

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2009.