

# 2010 Annual Report



**Marriott.**  
EXECUTIVE APARTMENTS  
SATHORN VISTA-BANGKOK



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



# Financial Highlights

(Unit : Million Baht)

	2006	2007	2008	2009	2010
<b>Operating Results</b>					
Total Revenue	550	418	960	347	320
Sales	541	413	213	337	142
Cost of Sales	349	286	214	296	70
Gross Profit form Sales	192	126	(1)	41	71
Net Profit (Loss)	40	(96)	348	(207)	62
Dividend Payment per Share (baht/share)	-	-	0.12	-	-
<b>Financial Position</b>					
Total Assets	3,109	3,197	3,386	2,839	2,198
Total Liabilities	2,067	2,223	2,097	1,757	1,055
Shareholders's Equity	1,042	974	1,289	1,081	1,143
Registered and Fully Paid - up Share Capital	450	459	467	467	467
Total Number of Shares	450	459	467	467	467
<b>Financial Ratio</b>					
Current Ratio	2.66	2.06	2.41	0.96	4.36
ROE	3.76%	-9.47%	30.72%	-17.49%	5.53%
ROA	1.38%	-3.03%	10.56%	-6.66%	2.44%
DE Ratio	1.98	2.28	1.63	1.62	0.92
Gross Margin	35.48%	30.62%	-0.44%	12.14%	50.32
Net Profit Margin	7.25%	-22.85%	36.22%	-59.70%	19.24
Diluted Earnings per Share	0.09	(0.21)	0.75	(0.44)	0.13

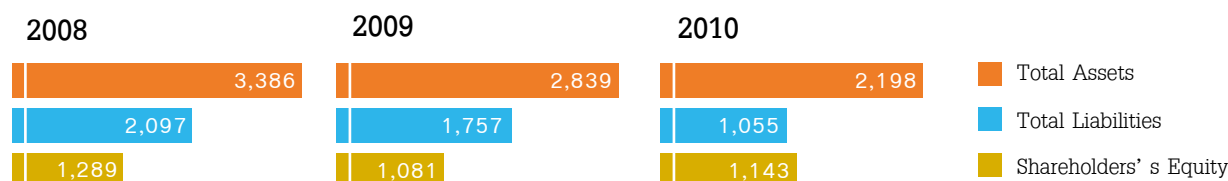
**Note :**

- For the year ended July 31, 2004 Par Value is 100 baht per share
- Since the year ended December 31, 2004 to 2005 Par Value is 2 baht per share and from December 31, 2006 Par value is 1 baht per share
- Diluted Earnings per share was calculated from Weighted Avarege Common Share (share) at par 1 baht

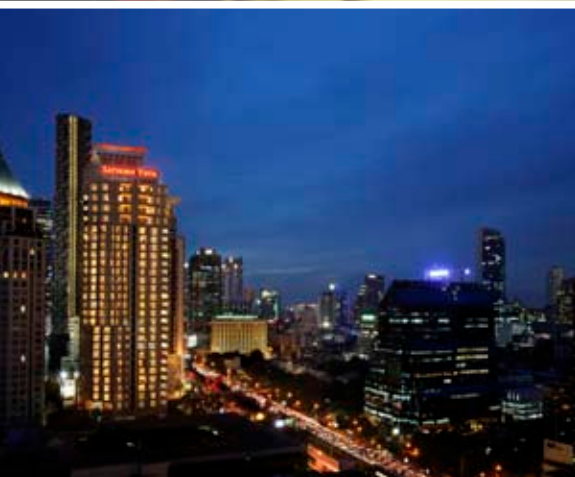
**Information to Shareholders :**

This information was approved from the Board of Directors meeting on March 14, 2011 and will be presented and approved from AGM for resolution on April 7, 2011 at 14.30 pm. at the Meeting Room on 1st floor Piyarom Sport Club Sukhumvit Road, Bangjak, Phrakonong, Bangkok

## Financial Position



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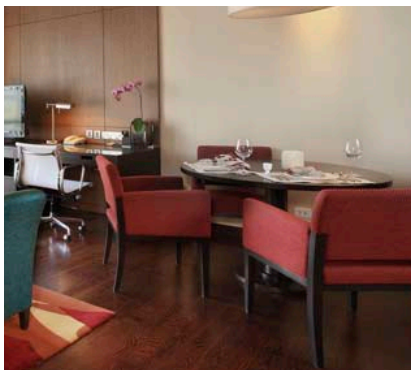
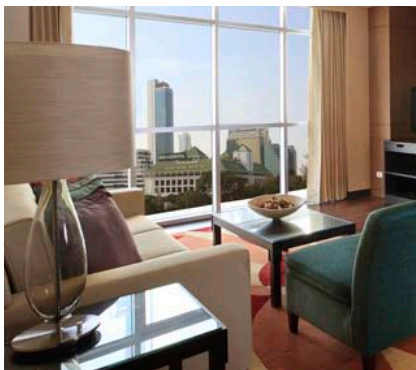
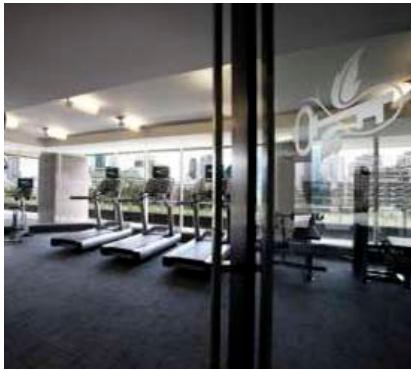


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**Marriott**  
EXECUTIVE APARTMENTS  
SATHORN VISTA – BANGKOK



# Message from the Chairman

Until the first half of the year 2010, economic downturn in Thailand has been adversely affected from 2009 market slumps. All sectors have not only solved the problems as resulted from negative factors constantly, but also having gained the understanding of the U.S.A financial crisis which has exacerbated in countries around the world inevitably. Moreover, the internal political turmoil during April – May 2010 has serious impacts on economics in the country. However, in the second half of the year 2010, the political turbulence becomes alleviated and economics has recovered resulting from the government's effort to cope with problems. It's expected that economics has a promising tendency in 2011.

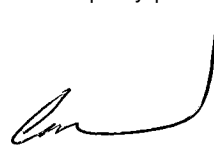
It's anticipated that the real estate market in 2010 has expanded positively and continuously after economic recovery despite the hardening Baht currency since late 2009. The real estate market is likely to expand until the next year, especially condominium, partly resulted from the government's measures to extend the telecommunication and mass transportation such as BTS, MRT and new projects which will happen in the next 3 – 5 years. The need for residences and the buying power among potential consumers remains dominant.

In 2010, the company continues to be a real estate developer pinpointing on central business district (CBD) and prime area; BTS and MRT area and surrounding. The company also has a plan to develop the projects in potential tourist attractions based on project nature and appropriate location that meets the prospective targets' need. In addition, the company expands the business opportunity by which 90% sales and 10% rental ratio has become 70% sales and 30% rental to survive the company's continuous profits in the future. By March 2009, the company launched the operation and had income recognition from rental and services for the first serviced apartment, the Marriott Executive Apartment – Sathorn Vista Bangkok. This is the way how business risk has been distributed and made the consolidated forecasted incomes growing.

The company's operational results in 2010, the company had 62 million Baht net profit, accounted for 19.24% of overall incomes and 0.13 Baht net profit per share.

The company's financial status in 2010 has been robust with overall assets valued 2,198 million Baht, 1,055 million Baht total liabilities, and 1,143 million Baht shareholder's equity. The company's assets decreased by 22.57% or 641 million Baht from last year because during the year the company transferred the land title and construction in progress as sale cost, and delivered the houses to customers, and begin to figure out the depreciation for Marriott Executive Apartment – Sathorn Vista Bangkok, apartment for rent. The construction has completed and launched the operation since March 2009. In addition, in 2010 the company cut off selling land and in-process construction due to land sale as of December 31, 2010, resulting that debt to equity ratio was 0.92:1, and the company's position was the same to the past year. However, it could further improve the company's' investment capacity.

The company's operation is still aware of the highest benefits of all stakeholders in accordance with the Good Governance, Best Practice, and Code of Conduct to convince the confidence and contribution of shareholders, clients, financial institutes, business alliances, mass media, government and private sector agencies, executives and employees who devote effort and time to perform duty and function effectively for the company's interest. To further create workmanship, the company ensures that we will keep on serving all of you the best quality products and service.



**Mr.Chatchaval Jiaravanon**

Chairman of the Board

# Audit Committee's Report

Dear Shareholders,

Auditing Committees consisted of four non - executive independent committees who are qualified and experienced in finance account and business administration. Khunying Nongkran Chandhanayingyong serves as Auditing Committee Chairman, Mrs.Pilai Piempongsarn, Mr.Paiboon Siripanusatien and Pol.Col.Kidanun Komkhum as Auditing Committee, and Miss Thiranan Saengpuengdhama as Audit Committee Secretary.

Auditing Committees perform their function under scope of duty and responsibility assigned by the Board of Directors in accordance with the SET requirements. In 2010, the company held total four meetings attended by Auditing Committees and executive, external auditors, and internal auditors, aiming to consider the issues and exchange ideas, and hear the explanation, and recommend the suggestion useful to business management. Khunying Nongkran Chandhanayingyong and Mrs.Pilai Piempongsarn attended all the meetings while Mr.Paiboon Siripanusatien attended three meeting and Pol.Col.Kidanun Komkhum has been appointed to the Audit Committee on 12 November 2010. The following matters were summarized;

1. Review the quarter financial statement and the 2010 financial statement, questioning and listening the auditors on the accuracy and reliability of the company's financial report, an adequate disclosure of information, and the change in accounting principles, the Auditing Committees were opinion that the company's financial report was accurate in accordance with the generally accepted accounting principles, which the auditors presented the report unconditionally.

2. Consider the results of internal audit and internal control evaluation, assessment and analysis of potential risks; they were opinion that the company provided effective internal control appropriately.

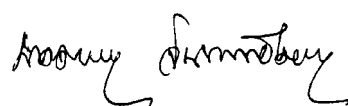
3. Review the compliance with the Securities and Stock Exchange of Thailand requirement and related business laws, company's rule and regulation; they were opinion that the company follows the law, rule and regulation effectively and continuingly.

4. Review and comment on entering the related transaction or any transaction that may cause the conflict of interest, to ensure the compliance with the SET requirement.

5. The Auditing Committees reviewed the performance undertaken by the auditors of the Ernst and Young Co., Ltd. They were opinion that auditors are so qualified and professional, and autonomous effectively that they were presented to the Board of Directors for approving and appointing Mr.Sophon Permsiriwanlop, certified auditor, license no. 3182 and/or Miss Pimjaj Manitkajonkit, certified auditor, license no. 4521 as auditor for year 2011.

6. Review and approve the update of the Auditing Committee's Charter properly in accordance with the internal audit practices set out by the Stock Exchange of Thailand (SET), and internal audit professional standard, emphasize the independence, fairness and neutrality.

7. Review and approve the 2011 internal audit plan, focus the internal control evaluation, assessment and analysis of potential risks increasingly.

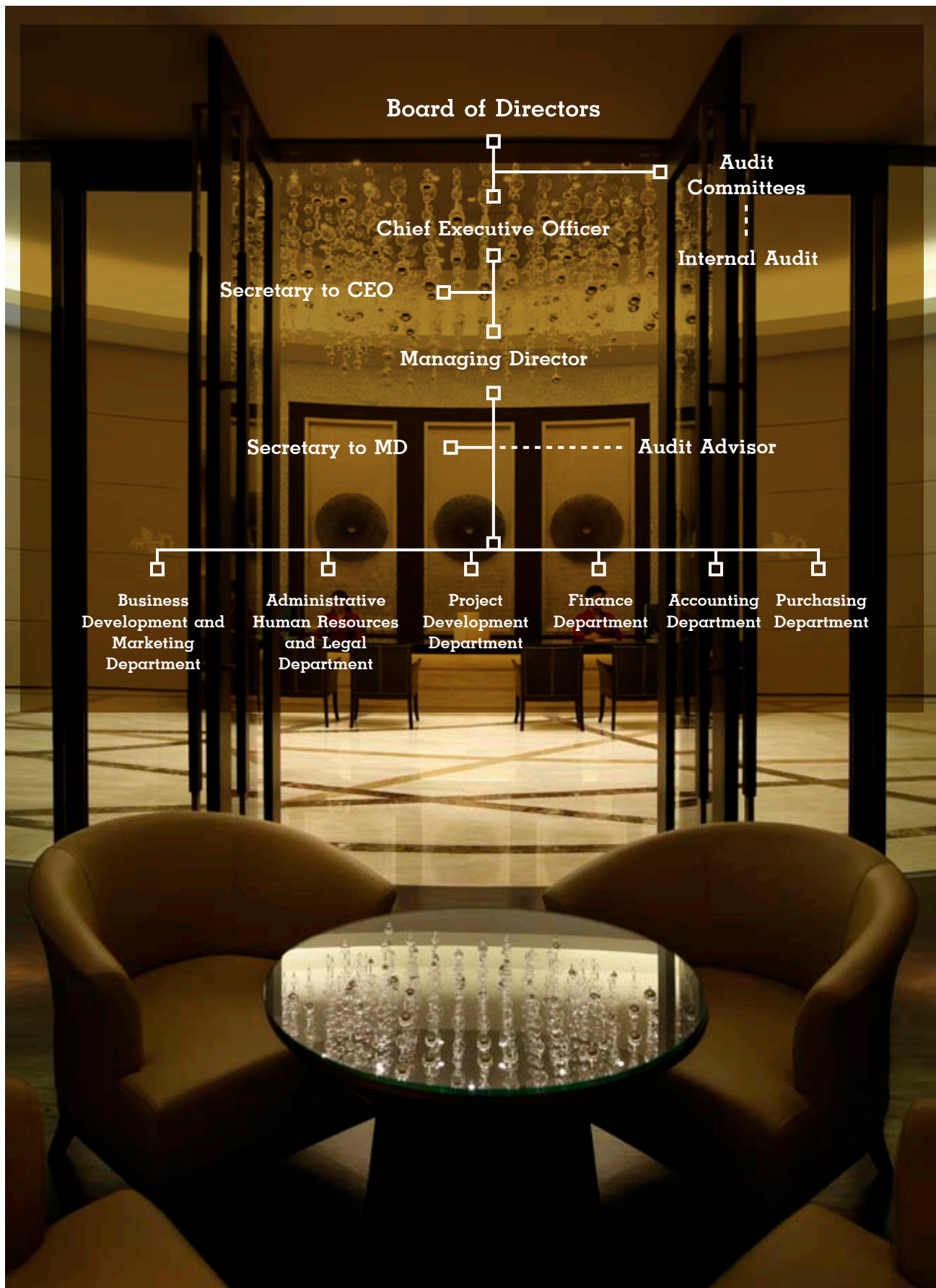


**Khunying Nongkran Chandhanayingyong**

Chairman of Audit Committee

28 February 2011

# Organization Chart



# Board of Directors and Chairman of the Board



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1. <b>Mr.Chatchaval Jiaravanon</b>	<i>Chairman of the Board</i>
2. <b>Mr.Veera Burapachaisri</b>	<i>Director, Chief Executive officer and Managing Director</i>
3. <b>Mrs.Vipavadee Burapachaisri</b>	<i>Director and Executive Director</i>
4. <b>Miss Pimjai Burapachaisri</b>	<i>Director</i>



# Director and Audit Committee

The page features a collage of images. On the left, there are four vertical portrait sections, each with a number in a gold box to its right. The portraits show: 1. A woman in a light purple jacket. 2. A woman in a dark suit and glasses. 3. A man in a dark suit and orange tie. 4. A woman in a dark military-style uniform. To the right of these portraits is a list of names and titles. Further right, there are framed botanical art pieces. At the bottom right, there are two images: a cityscape at night with a prominent blue skyscraper, and a modern interior with red armchairs and a large abstract painting.

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**1. Khunying Nongkran Chandhanayingyong**

*Director and Chairman of The Audit Committee*

**2. Mrs.Pilai Piampongsarn**

*Director and Chairman of The Audit Committee*

**3. Mr.Paiboon Siripanusatien**

*Director and Chairman of The Audit Committee*

**4. Pol.Col.kidanun Komkhum**

*Director and Member of The Audit Committee*

# Management Team



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- |   |  |
|---|--|
| 1. <b>Mr. Damri Pattana-anake</b>         | <i>Executive Vice President-Business Development</i>                               |
| 2. <b>Mr. Thanadet Kupvong</b>            | <i>Director, Vice President-Financial and Acting for Vice President-Pruchasing</i> |
| 3. <b>Mr. Surath Parichatrungruang</b>    | <i>Vice President-Project Development</i>  |
| 4. <b>Miss Piyarat Watcharapongvinich</b> | <i>Vice President-Accounting</i>   |



## Details of Board of Directors and the Management of Company as at 31 December 2010

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, Chairman of Board	48	-Bachelor of Business Administration, University of Southern California, U.S.A. -Director Accreditation Program (DAP)	6.00	No	2007 - Present	Chairman of Board	Finasia Syrus Securities Pcl.
					2004 - Present	Associate Director	Metrostar Property Pcl.
					2004 - Present	Chairman of Board	CP Group Company
					2003 - 2006	Board of Associate Directors	Saving Bank
					2002 - 2006	Independence Director	Saving Bank
					2002 - 2007	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	Director, Management Vice President	True Corporation 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
Mr. Veera Burapachaisri, Director, Chief Executive Officer and Managing Director	44	- Bachelor of Mechanical Engineering University of Colorado at Boulder, U.S.A. - MBA in Finance & Marketing University of Illinois at Urbana - Champaign, U.S.A. - Director Accreditation Program (DAP)	46.63	Husband of Mrs. Vipavadee Burapachaisri	2008 - Present	Managing Director	Metrostar Property Pcl.
					2004 - Present	Director, Chief Executive Officer	Metrostar Property Pcl.
					1993 - Present	Executive Director	Metro Machinery Company Limited/ Import - Export, Retail Heavy Equipment, Engine and Spare Parts
Mrs. Vipavadee Burapachaisri, Director and Executive Director	44	- Bachelor of Business Administration - Finance Chulalongkorn University - MBA University of North Texas, U.S.A.	1.39	Wife of Mr. Veera Burapachaisri	1993 - Present	Executive Director	MTS Engineering and Rental Company Limited/Retails and Rent Machinery, Crane and Cat
					2000 - Present	Director and Executive Director	Metro Machinery Group of Company
					2000 - Present	Director	Metrostar Property Pcl.
Miss Pimjai Burapachaisri, Director	49	- Bachelor of Business Administration - Management Chulalongkorn University - MBA University of Hartford, Connecticut, U.S.A. - Director Accreditation Program (DAP)	0.60	Older sister of Mr. Veera Burapachaisri	2004 - Present	Director	Metrostar Property Pcl.
					1995 - Present	Executive Director of Finance and Administration	Metro Machinery Company Limited/ Import - Export, Retail Heavy Machinery, Engine and Spare Parts
					1995 - Present	Director	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	47	- Bachelor of Business Administration Marketing Assumption University (ABAC) -Master of Science, Computer Engineering Management, Assumption University (ABAC) -Master of Housing Development Program, Chulalongkorn University
Mr.Thanadet Kupvong, Director, Vice President - Finance and Acting for Vice President - Purchasing	42	-Bachelor of Accounting - Finance The University of The Thai Chamber of Commerce -MBA in General Management, NIDA -Director Accreditation Program (DAP)	-	No	2005 - Present 2008 - Present 2009 - Present 2009 - Present	Vice President - Finance Director Secretary of the Company Acting for Vice President - Purchasing	Metrostar Property Pcl. Metrostar Property Pcl. Metrostar Property Pcl. Metrostar Property Pcl.
Mr.Surath Parichatrungruang, Vice President - Project Development	43	-Bachelor of Engineering, Kasetsart University	-	No	2004 - Present	Vice President - Project Development	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
					Mr.Mongkol Tiyaintarasak <sup>1</sup> , Vice President - Project Development	44	- Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang -MBA in General Management, NIDA
Miss Piyarat Watcharapongvichit, Vice President - Accounting	45	- Bachelor of Accounting, Petchaburi Rajabhat University	0.09	No	2009 - Present 2003 - 2008	Vice President - Accounting Accounting Manager	Metrostar Property Pcl. Metrostar Property Pcl.
Khunying Nongkran Chandhanaying-yong, Director and Chairman of The Audit Committee	78	- Bachelor of Accounting, Chulalongkorn University - Director Accreditation Program (DAP)	0.07	No	2004 - Present 2001 - Present	Chairman of The Audit Committee Treasurer of an Association and Director	Metrostar Property Pcl. The Saijathai Foundation
Mrs.Pilai Plampongsarn, Director and Member of The Audit Committee	75	- Bachelor of Accounting, Chulalongkorn University - Certified Public Accountant (Thailand) (CPA. No. 2336) - Certified Internal Auditor - Auditor Honorary from Institute of Internal Auditors (CIA. No. 30861) - Director Certification Program (DCP)	-	No	2004 - Present 1999 - Present 1999 - Present 1999 - Present	Member of The Audit Committee Chief of The Company Member of The Audit Committee Member of The Audit Committee	Metrostar Property Pcl. Audit and Management Consultant Co., Ltd. Crown Seal Pcl. and Thairivat Insurance Pcl. Thai Wiwat Assurance 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
Mr.Paiboon Siripanusattien <sup>2</sup> , Director and Member of The Audit Committee	48	-Bachelor of Engineering, Chulalongkorn University -Master of Arts (Political Science), Sukhothai Thammathirat University -Graduate Diploma in Public Law and Management, King Prajadhipok 's Institute -Diploma in Politics and Governance in Democratic Systems for Executives, King Prajadhipok 's Institute -Diploma in High Level Executive, Capital Market Academy -Director Certification Program (DCP) -Audit Committee Program (ACP)	-	No	2009 - Present 2009 - Present 2008 - Present  2008 - Present 2008 - Present 1998 - Present	Director Director Director and Member of The Audit Committee Independence Director Independence Director Chairman of Board	The Government Saving Bank ACL Securities Co., Ltd. Metrostar Property Pcl.  Finansia Syrus Securities Pcl. Electricity Generating Pcl. Trinity Plus Co., Ltd.

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
Pol.Col.Kidanun Komkhum Director and Member of The Audit Committee	43	-Bachelor of Business Administration - Accounting Chulalongkorn University -MBA English Program Bangkok University -88 <sup>th</sup> Applied Psychology Operation Staff Course -52 <sup>nd</sup> Superintendent Course	-	No	2010 - Present	Director and Member of the Audit Committee	Metrostar Property Pcl.
					2009 - Present	Accountancy 1 Sub - Division Accountancy Division Superintendent	Royal Thai Police
					2008	ADC to Deputy Chief of Royal Court Security	Royal Thai Police
					2007	Police Superintendent	Royal Thai Police

Note:

\* Share holding as at 20 December 2010

<sup>1</sup> Mr.Mongkol Tiyaientarasak as Vice President - Project Development position resigned from The Company since 1 February 2010

<sup>2</sup> Pol.Gen.Nopadol Somboonsab, as Director and Member of The Audit Committee resigned from The Company since 1 January 2010 and Mr.Palboon Siripanusatien have been appointed to be Member of The Audit Committee instead since 7 January 2010

# 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	1758/4 Sukhumvit road, Bangjak, Prakhonong, Bangkok 10260
Branch	1 Soi Suanplu, Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120
Registration No.	0107547000869 (Old Registration No. 0107574700864)
Telephone	02-742-7887
Facsimile	02-742-7557
Website	<a href="http://www.metrostarprop.com">www.metrostarprop.com</a>

## Other Reference

<b>Share Registrar</b>	: Thailand Securities Depository Company Limited 7th Floor Stock Exchange of Thailand 62 Building, Ratchadapisek Road, Klongtoey, Bangkok 10110 Telephone 02-229-2800
<b>Auditor</b>	: 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"><li>● 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</li><li>● 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</li></ul>                      |
| February 2004  | <ul style="list-style-type: none"><li>● Fully paid up for capital of 100 million baht</li></ul>   |
| July 2004      | <ul style="list-style-type: none"><li>● 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</li></ul>   |
| August 2004    | <ul style="list-style-type: none"><li>● Started the construction of Saint Louis Grand Terrace</li><li>● Increased its authorized capital from 200 million baht to 300 million baht</li></ul>  |
| September 2004 | <ul style="list-style-type: none"><li>● 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</li></ul>  |
| June 2005      | <ul style="list-style-type: none"><li>● Started the construction of Marriott Executive Apartments Sathon Vista, Bangkok</li></ul>   |
| July 2005      | <ul style="list-style-type: none"><li>● Started the construction of Baan Ravipa Sukhumvit (Townhouse) project in Soi Udomsuk</li></ul>  |
| October 2005   | <ul style="list-style-type: none"><li>● Initially traded of the Company's stocks in the SET</li></ul>   |
| May 2006       | <ul style="list-style-type: none"><li>● 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</li></ul> |
| July 2006      | <ul style="list-style-type: none"><li>● The Company was nominated to be "Best Newly Listed Company" from SET AWARD 2006</li></ul>   |
| August 2006    | <ul style="list-style-type: none"><li>● Purchased land around Sukhumvit road to develop Metro Avenue Sukhumvit 66</li></ul>   |
| December 2006  | <ul style="list-style-type: none"><li>● Purchased land around Ratchayothin junction to develop Metro Avenue Ratchayothin</li></ul>  |
| March 2007     | <ul style="list-style-type: none"><li>● Grand Opening Metro Avaneue Ratchayothin and Metro Avenue Sukhumvit 66</li></ul>  |
| November 2007  | <ul style="list-style-type: none"><li>● Changing name of Sathorn Terrace to Marriott Executive Apartments Sathorn Vista, Bangkok</li></ul>  |
| December 2007  | <ul style="list-style-type: none"><li>● Planning to set up Property Fund</li><li>● 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</li></ul>   |

July 2008	<ul style="list-style-type: none"> <li>To sale Land Bank on Sathorn 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</li> </ul>
September 2008	<ul style="list-style-type: none"> <li>The Company was announced to be a Good Property Development Certificate of 2007 - 2008 form Office of the Consumer Protection Board (OCPB)</li> </ul>
December 2008	<ul style="list-style-type: none"> <li>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</li> </ul>
March 2009	<ul style="list-style-type: none"> <li>Construction of Marriott Executive Apartments Sathorn Vista, Bangkok completed and to start operation</li> </ul>
June 2009	<ul style="list-style-type: none"> <li>St. Louis Grand Terrace Project received The Outstanding Architecture Award, the 2008 type Residential Building from Her Royal Highness Princess Maha Chakri Sirindhorn which was selected by The Association of Siamese Architects under the Royal Patronage of His Majesty the King.</li> </ul>
January 2010	<ul style="list-style-type: none"> <li>To sell Land and Building around Ratchayothin junction area 5,921 sq. wah in sale value million baht 681</li> </ul>
December 2010	<ul style="list-style-type: none"> <li>To sell Land and Building on Sukhumvit road area 1,832 sq. wah in sale value million baht 513</li> </ul>

### 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, in year 2010 the Company have the projects for rent on operating.

- Marriott Executive Apartment Sathon Vista, Bangkok is 5 stars serviced apartment which is 31 storey building located in 1 Soi Sathon 3, South Sathon road, Tungmahamak, Sathon, Bangkok.

#### And 2 projects which are slowdown construction plan as follows:

- 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 (which have a plan to slowdown project since December 2008 to present). on 8 October 2010 the Company entered into an agreement to sell and to purchase land and construction thereon with a company and transferred ownership of the land to the purchaser on 15 December 2010
- 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 (which have a plan to slowdown project since December 2008 to December 2009) on 29 December 2009 the Company entered into an agreement to sell and to purchase land and construction thereon with a company and transferred ownership of the land to the purchaser on 7 January 2010.

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	2008		2009		2010	
Revenue from the sales of properties	213.48	22.25	260.30	74.99	31.65	9.90
Rental and services income	-	-	76.84	22.14	110.23	34.47
<b>Gain from sales of land, construction in progress and equipment*</b>	<b>733.14</b>	<b>76.40</b>	-	-	<b>175.57</b>	<b>54.90</b>
<b>Revenue from changing of contracts**</b>	-	-	-	-	-	-
<b>Other revenues***</b>	<b>13.03</b>	<b>1.35</b>	<b>9.95</b>	<b>2.87</b>	<b>2.32</b>	<b>0.73</b>
<b>Total revenue</b>	<b>959.65</b>	<b>100.00</b>	<b>347.09</b>	<b>100.00</b>	<b>319.77</b>	<b>100.00</b>

**Note:**

- \* Gain from sales of land, construction in progress and equipment which occurred in July 2008, the Company sold land bank of Metro Sathorn Tower and disposed some equipment and in December 2010 the Company sold land bank of Sukhumvit 66 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.

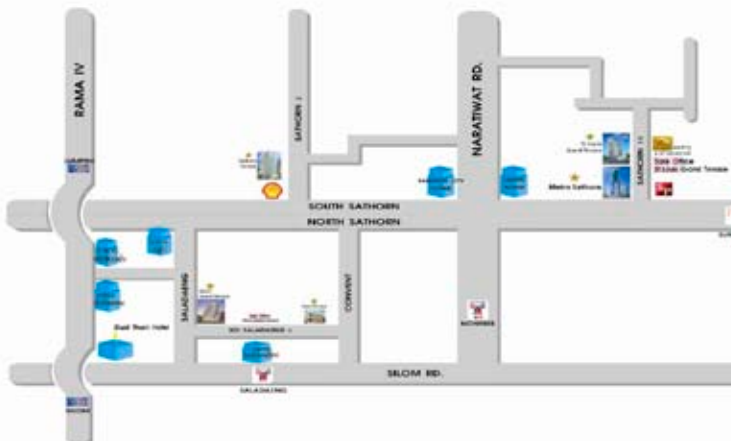
In the past, the Company's main revenues is only sales of property, in year 2009 the Company have started rental and services income from Marriott Executive Apartment Sathorn Vista, Bangkok which is the first residential for rent project which completed construction and started to operate since March 2009 and will generate continually revenue to the Company in the future. Although there is only Baan Ravipa Sukhumvit project for sale for the Company.

## 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.



**Marriott**  
**EXECUTIVE APARTMENTS**  
**SATHORN VISTA – BANGKOK**



**Baan Ravipa  
 Sukhumvit  
 (Townhouse) Project**





### Saint Louis Grand Terrace Project

The outstanding Architecture Award, the 2008 type Residential Building from Her Royal Highness Princess Maha Chakri Sirindhon



A Good Property Development Certificate of 2007 - 2008 from office of the Consumer Protection Board (OCPB)



"Best Newly Listed Company" from SET AWARDS 2006

# 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 Sathorn 11.
- **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 (Soi Suanpul) located at Soi Sathon 3 as the first A - class serviced apartment project of the Company which construction completed and started to operate since March 2009. Besides the Company is looking for attractive land both in prime area and tourist destination area to develop good quality project.
- **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.

## Current projects Residential for Sales

### 1. Baan Ravipa Sukhumvit (Townhouse)

<b>Location</b>	Soi Udonsuk 39/1, Sukhumvit road, Prakhanong, Bangkok
<b>Project Area</b>	7-2-37 rai
<b>Project Detail</b>	75 units of 4 - storey townhouse with land size of 24 - 38 square wah and usage area of 244 - 306 square meter
<b>Project Highlight</b>	Located nearby transportation network in downtown Bangkok
<b>Target customers group</b>	Class B or above, or customers with household income of 50,000 per household per month or above
<b>Project Value</b>	Approximately 355 million baht
<b>Investment Value</b>	325 million baht
<b>Sale Period</b>	Since December 2005 - December 2009
<b>Construction Progress</b>	100 percent
<b>Sale Progress</b>	100 percent

## 2. Metro Avenue Sukhumvit 66

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<b>Location</b>	Sukhumvit road (opposite to Ubolsri market), Bangna, Bangna, Bangkok
<b>Project Area</b>	1,832.0 square wah
<b>Sale Area</b>	21,984 square meter
<b>Project Details</b>	Residential condominium with 2 buildings, 26-storey and 27-storey
<b>Target customers group</b>	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
<b>No. of Unit</b>	654 units, room size 32 – 65 square meter
<b>Project Highlight</b>	Near BTS station, the extension part Udomsuk station (Sukhumvit 103), (under construction, expected completion end of year 2009)
<b>Project Value</b>	Approximately 1,300 million baht
<b>Investment Value</b>	Approximately 825 million baht
<b>Construction Period</b>	Approximately 20 months
<b>Sale Period</b>	Since December 2006
<b>Construction Starting</b>	Completed in Foundation pile work (since December 2008 the Company have a plan to slow down)

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Remark: On 8 October 2010 the Company entered into an agreement to sell and to purchase land and construction thereon with a company and transferred ownership of the land to the purchaser on 15 December 2010.

## 3. Metro Avenue Ratchayothin

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<b>Location</b>	Pahonyothin road (opposite to Major Rachayothin Cinema and Avaneue), Chankasem, Jatujak, Bangkok
<b>Project Area</b>	5,921.0 square wah
<b>Sale Area</b>	54,637 square meter
<b>Project Details</b>	Residential condominium with 4 buildings, 2 building are 24-storey and 2 building are 25-storey
<b>Target customers group</b>	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
<b>No. of Unit</b>	Total residential room 1,594 units, room size 32 – 65 square meter
<b>Project Highlight</b>	Near BTS station, the extension part (Mochit – Saphanmai) Ratchayothin station
<b>Project Value</b>	Approximately 3,000 million baht
<b>Investment Value</b>	Approximately 2,100 million baht
<b>Construction Period</b>	Approximately 20 months of each phase
<b>Sale Period</b>	Since December 2006
<b>Construction Starting</b>	Completed in Foundation pile work (since December 2008 the Company have a plan to slow down)

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Remark: On 29 December 2009 the Company entered into an agreement to sell and to purchase land and construction thereon with a company and transferred ownership of the land to the purchaser on 7 January 2010.

## Residential for Rent

### Marriott Executive Apartment – Sathorn Vista Bangkok (Sathorn Terrace)

<b>Location</b>	1 Soi Sathorn 3 (Suanplu) , South Sathon road, Thoongmahamak, Sathon, Bangkok
<b>Project Area</b>	834.30 square wah
<b>Sale Area</b>	17,290 square meter
<b>Project Detail</b>	31-storey service apartment for rent
<b>Project Highlight</b>	High quality residential building five stars for rent in central business district of Bangkok included with full facilities.
<b>Number of Units</b>	Residential zone: 184 units, unit size 61 – 163 square meter
<b>Target customers group</b>	Businessmen and working people in Sathorn area (class A to A+) and Tourist would like to stay in full facilities room and long stay.
<b>Project Value</b>	Approximately 2,500 million baht
<b>Investment Value</b>	Approximately 1,800 million baht
<b>Operation Period</b>	Since March 2009
<b>Construction Progress</b>	100% (approximated by the project consultant)
<b>Construction Period</b>	Started in June 2005 and complete in March 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.

# 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 negatives 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%.

In brief, the real estate market in 2010 has improved and economic situation recovered resulting from government's policy on problem – solving. The operational result by the ended year 2010 was over expected, but circumstances and several factors must be cautious.

Overall, residential year 2010 would not differ from year 2009 both in term of sales and credit loan. however, residential price is not likely to be increase, except for new launch project nearly the BTS skytrain, which land cost is more expensive, due to the pressure of the influx low – level residence at great deal. Nevertheless, if measures to support the reduction of transfer fee and a renewal of the mortgage from the government to extend the due and not renewed in the year 2010. Which affect the selling prices increased by approximately 4 – 5%.

**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	2006	2007	2008	2009	2010	Increase (Decrease) %
Detached houses	42,764	38,705	34,618	28,998	31,891	10
Duplexes	965	1,556	2,296	1,138	1,431	26
Townhouses and Commercial buildings	17,421	17,837	14,616	11,116	14,663	32
Condominiums	18,607	17,432	34,049	53,725	57,167	6
<b>Total</b>	<b>79,757</b>	<b>75,530</b>	<b>85,579</b>	<b>94,977</b>	<b>105,152</b>	<b>11</b>

Source: Real Estate Information Center

As seen in the Table, there were about 105,152 units of all types of residences in 2010, increased by 11% from year 2009, including single houses, twin houses, town houses, commercial building, and condominiums, respectively. Most condominiums increased were condominium at price ranged 0.5 – 3.0 million Baht. Since consumers' buying behavior turn to focus on condominium located along the TBS sky train and their lifestyle has been changed innovatively, many operators turn to pay attention to this customer groups.

In regard of residences supply, it's anticipated that figures of house registration in 2010 was greater than that in 2009, resulted from the recovered economics since the second half of the year 2010. Some analysts are worried about the oversupply and greater number of registering the condominium residence where new condominium projects during 2007 - 2010 have been emerged and registered consequently in 2010.

During 1995 - 1996, it found that residence price and real estate loan had expanded increasingly. However, the price is stable currently because of a growing number of low to medium price residences while real estate loan has been static. During 2008 - 2010 real estate loan expanded averagely at 9.2% as compared to 10.5% real estate loan granted by commercial banks as whole. In addition, the market structure has changed into more robust direction; there is greater number of business experts with strong financial status. Over 2 of 3 residence projects belong to those holding companies.

Currently, there are no sign of bubble economics, the real estate price has not been adjusted unusually. However, it found the stiff competition for house loan among commercial banks where allowed 90% LTV loan increasingly and increasingly during the past year.

To launch a new project. If considering the confidence of entrepreneurs conducted by the Bank of Thailand found that business confidence index of the month in January 2011 and in the next 3 months stood at 52.8 and 56.1 respectively. Which is considered quite good, reflecting the confidence of entrepreneurs on the economic circumstances and investment decisions. Which, if coupled with economic factors to begin to recover and if the political factor is not severe, it is important to make the launch of new projects in 2011 more than the year 2010. However, the operate in the year of 2011 will have to bear the burden of higher interest burden will increase as well as prices of construction materials and fuel prices. This will make home prices from 1.5 - 3 million Baht needed to adjust prices higher, while home prices 1.2 million Baht to the price stable because it can reduce the cost of obtaining the promotion of investment in residence for low - income and moderate. For the house price of 4 million Baht or higher, the price level is still maintained because of its profitability.

In regard of residence demand, the figures of title assignment and post financial loan in 2010 were not declined from 2009 despite the financial institutes formulated strict measures and more rigorous on loan, particularly, loan control measures set forth by Bank of Thailand in 2010 to be in full force and effective by 2012. If the economics recovers continuously without government measures, the buying power in 2011 remains stable as compared to that in year 2010, especially 70 - 80% consumers demanding for residences price ranged not exceeding 3 million Baht.

### **Factors supporting the demand of customers to purchase condominiums:**

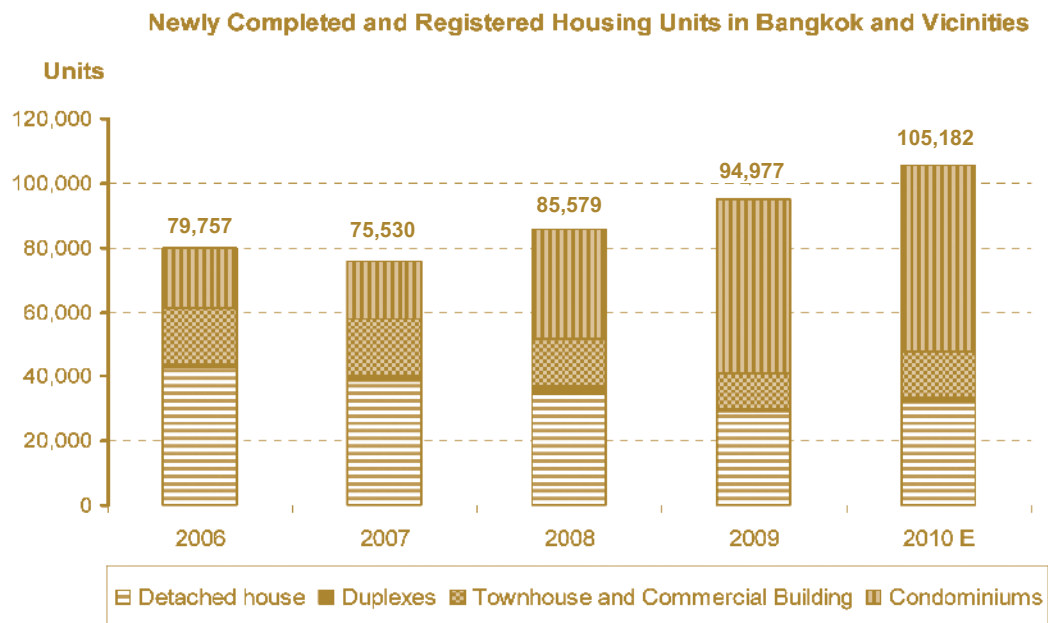
1. Lifestyles of people have changed. The transportation is relying more on BTS and MRT.
2. There are lots of low - price condominiums opening especially in the area along BTS and MRT routes, which attractive to middle - income groups to low.
3. Condominium is the residence that response to the need 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.
5. The government policy for urging the real estate property was aimed to contribute more people to buy the residences.

## 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 2009 because of excellent responses from customers. The competition concentrated only in certain areas, especially projects located around BTS and MRT routes. In addition, small and medium scaled houses price not exceeding million baht which has been promoted by the BOI and government house project was aimed to meet the demand of the low and moderate earners.

Diagram and tables represent newly completed and registered housing units in Bangkok and vicinities

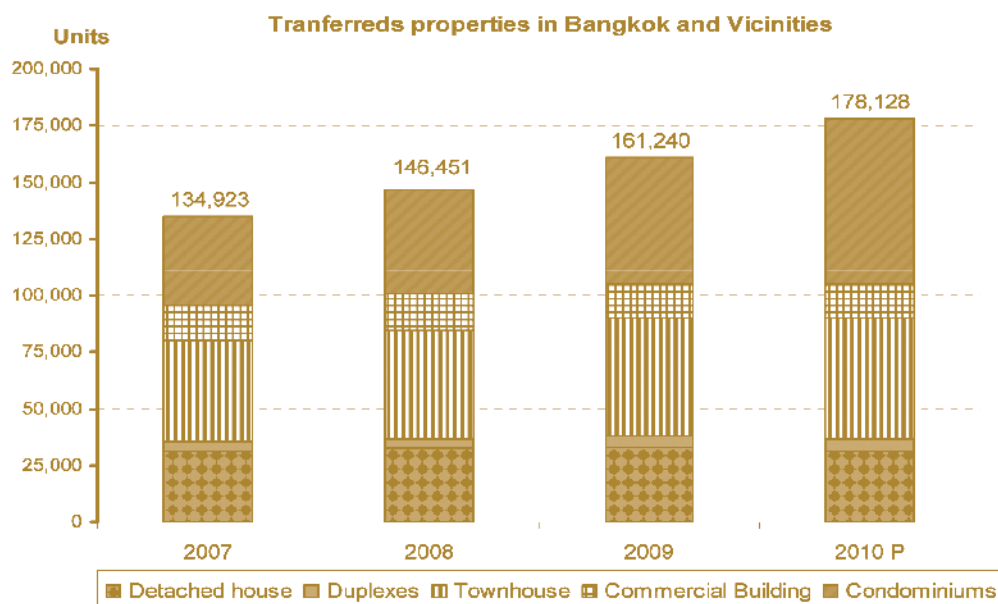


Types / Year	2006	2007	2008	2009	2010E
Detached house	42,764	38,705	34,618	28,998	31,891
Duplexes	965	1,556	2,296	1,138	1,461
Townhouse and Commercial Building	17,421	17,837	14,616	11,116	14,663
Condominiums	18,607	17,432	34,049	53,725	57,167
<b>Total</b>	<b>79,757</b>	<b>75,530</b>	<b>85,579</b>	<b>94,977</b>	<b>105,182</b>

Remark: E means estimated

Source: Real Estate Information Center

Diagram and tables represent the transferred properties in Bangkok and Vicinities



Types / Year	2007	2008	2009	2010 P
Detached house	31,457	32,338	33,268	31,102
Duplexes	4,058	4,610	4,577	5,334
Townhouse	44,234	47,947	51,892	53,442
Commercial Building	15,977	15,741	15,389	15,337
Condominiums	39,197	45,815	56,114	72,913
<b>Total</b>	<b>134,923</b>	<b>146,451</b>	<b>161,240</b>	<b>178,128</b>

Remark: P means preliminary, short of data from some land offices

Source: Real Estate Information Center

From the above table show the demand (conveyancing) by type of residential in 2010. The resident condominiums are still being sought by the consumer sales of 40.94% when compared to other types of residential. Particularly at lower prices than a million and priced from 1 - 3 million Baht as the price level that consumers demand the most. This data shows that residential condominium still able to grow, especially condominiums, low - cost level is not very high.

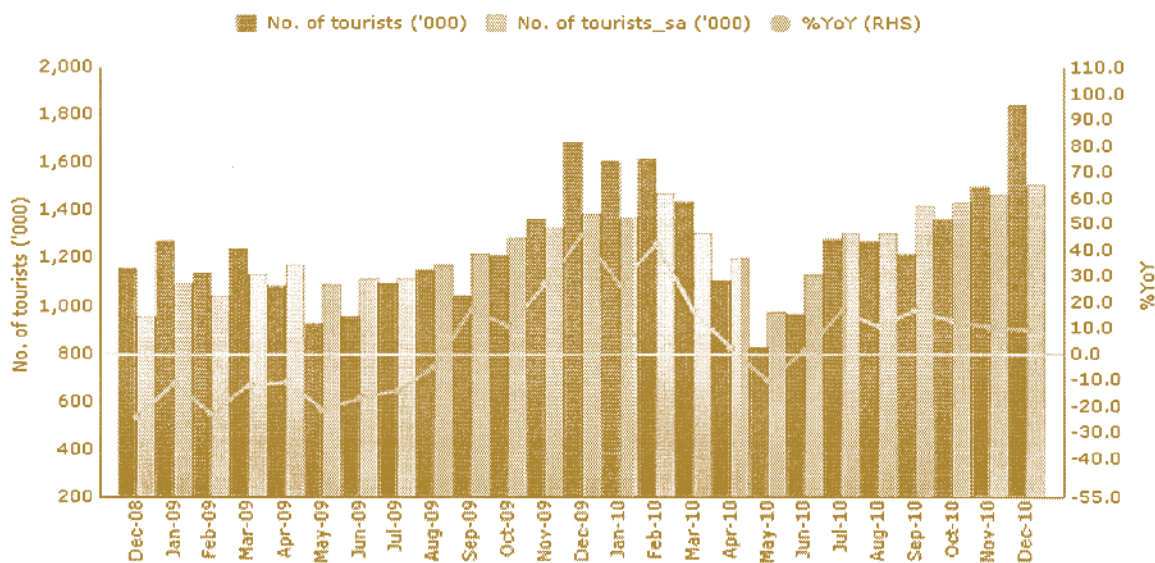
The completeness and readiness of information as well as self-adjustment of property developer companies as abovementioned are key factors that create confidence on residential market. This confidence was not only from people who intended to purchase residential properties, but also financial institutions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

## Service Apartment

The 2010 analysis of residence market for foreigners was performed by the Office of Foreign Workers Administration (Work permit), reporting that there were 1,300,281 and 1,554,902 foreign workers in Thailand as of December 2010 and 2009, respectively, reduced by 16.38% from year 2009. Of them, 329,097 foreigners lived in Bangkok while 971,178 foreigners lived in other parts of Thailand. The reduction in number of foreign workers reflected their uncertainty to work in Thailand because Thailand has encountered several issues, for examples, political problems which have negative effect on new demands for foreigner's residence market, especially, high - end service apartment in Bangkok business square. Major factors influencing the continuous expansion of service apartments included political stableness, government policy on alien's investment and tourism promotion.

As seen in the Table, the reported number of foreign tourists in Thailand in 2010 and 2009 was 16 million and 14 million persons, respectively, increased by 13.2% from 2009. Surprisingly, number of foreign tourists in second quarter was lower than other quarter despites in high season. This was because political turbulence which was considered key factor that has affected the tourism industry and reduction in number of foreign tourists. However, the number of foreign tourists in 2010 increased from the previous year, indicating that the foreign tourists still are interested to visit Thailand country because of abundance of interesting tourist attractions. In 2011, if the political security permits and there are no negative factors, certainly it's anticipated that number of foreigner tourists increase.

### Diagram and tables represent the number of foreign tourists



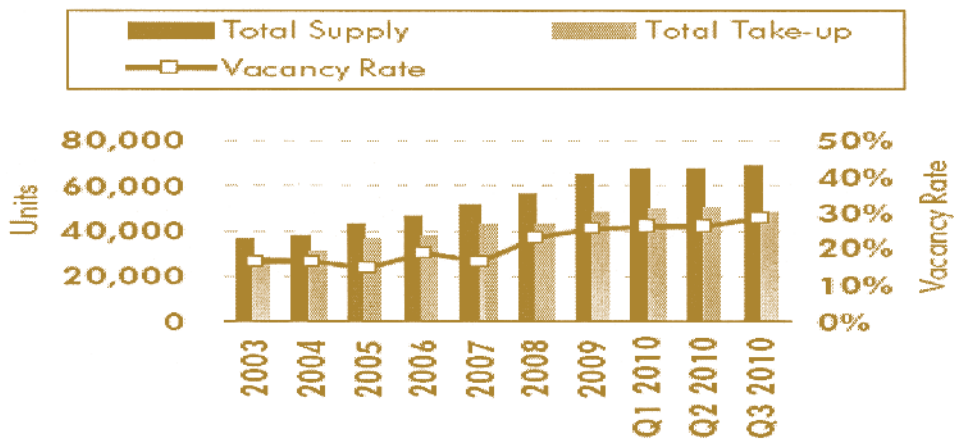
%YoY	2010							
	2009	2010	Q1	Q2	Q3	Q4	Nov	Dec
No. of tourists ('000)	14,150	16,021	4,660	2,900	3,761	4,700	1,500	1,840
%YoY	-3.0	13.2	27.8	-2.2	14.5	10.4	10.2	9.2
Occupancy rate (%)	49.2	50.1	61.0	38.9	46.7	54.1	55.4	58.2

Source: Bank of Thailand

The diagram represented the number of apartment service and number of guests, check - in rate for Thailand apartment during 2003 - 2010

## Demand

### Supply, Demand and Vacancy Rate in Downtown Bangkok (Freehold), 2003-Q3 2010

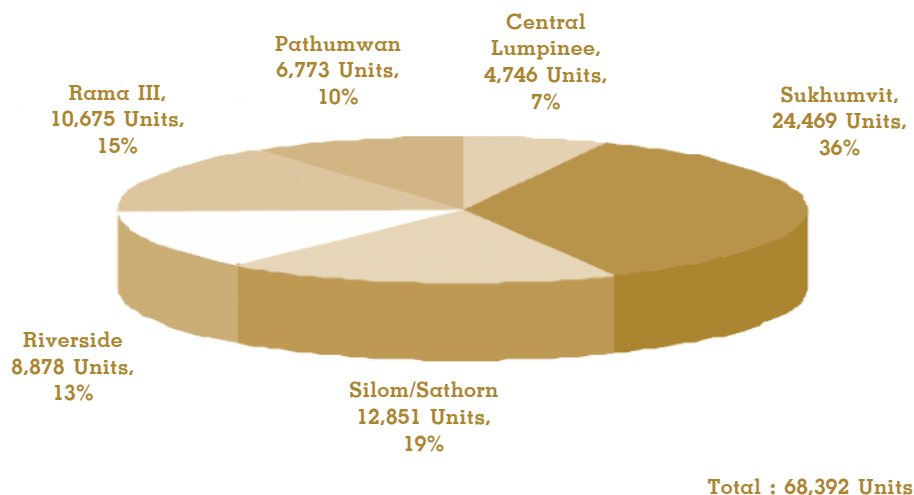


Source: CB Richard Ellis (Thailand) Co., Ltd.

The diagram represented the number of apartment service opened in business center in Bangkok city in the 3rd quarter of the year 2010

## Supply

### Existing Supply (Units) by Area, Q3 2010



Source: CB Richard Ellis (Thailand) Co., Ltd.

## Factors Influencing the Real Estate Industry Tendency in 2010

### Political situation

The domestic politics has been unstable and been facing the Thai - Cambodia relationship. Moreover, the political situation in abroad, which has affected the residence tendency in 2011 because the consumers remain unsure in buying the real estate.

### Interest Rate

The U.S.A economic and financial crisis has affected the countries worldwide, including Thailand. The interest rate decreased by the first half of the year to 0.75 - 1.00 Baht and become static in the second half of the year 2008. Following the second half of the year 2008, the U.S.A economic has recovered along with other countries gradually. The buying power comes from potential consumers who need for residence primarily. However, the interest rate in the second half of the year 2010 increased slowly until 2011. The Bank of Thailand has a period of time to evaluate the economic condition prior to signal the strict control on finance by increasing interest rate.

If the interest rate tends to rise up, it's possible that the operator's financial cost will rise. Despite higher price adjustment of the residence, such situation could not recover the real estate industry because it's directly affected the buying power and loan repayment. Consequently, the customers may be slow down buying the house because they are unsure of whether the economic situation would be recovered as reported or not.

### Fuel Price

Retail price for fuel oil is a major cost for any business. As Thailand's logistic system has neither been perfect nor cost - efficient as compared to that of other countries, the business has been strongly affected by fuel hike has. Fuel price in the first half of the year had insignificant impact on product cost, but in the second half of the year when economics has recovered, the constructing material price was adjusted highly, the real estate entrepreneurs have to adjust higher price to compensate the higher cost consequently.

Despites fuel hike in 2010, the operators and consumers are still confident in consumption and investment continuously. The tendency of fuel hike in 2011 must be followed - up and evaluated, especially the domestic effect on constructing material prices.

### BTS and MRT construction project

In 2009, the consumers became assured of BTS skytrain as a fundamental necessity for Bangkok metropolitan and its vicinity. The government sector has to complete the construction whether be the Airport Link which operated and service in 2010. It's expected that the project in adjacent to the BTS will be given more attention due to the linkage between the BTS and MRT. Metro extension project On Nuch - Baring the service will be available in 2010. In addition, the government has approved the purple BTS project (Bangsue - Bangyai), and red BTS project (Bangsue - Talingchun) which is expected to be completed by 2014. The government also proclaimed to construct additional BTS projects continually 12 route with 20 year construction period (2010 -2029). The BTS new routes will not be different from the BTS carried out by former government.

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**

The announcement of land appraisal which is effective from January 1, 2012 has resulted the referred price mainly has been adjusted highly and even so highly in some plots that causes higher cost in form of transfer fees and others. These factors cause the operator's higher cost. The current issue is the appraised value of real estate development business, has announced several major with new housing prices increased by 5 - 10% in year 2010 while price in 2011 has no adjustment, except for new project nearby the BTS which land price is higher. Because of the pressure of the influx of the low-level residence quantity, along with tax measures stimulating the real estate that contributes the reduction in transfer fee, special business tax, and mortgage registering which will be due on March 28, 2010. After, not to renew it affects the cost of operators and increase the burden on the consumer immediately.

### **Condominium Market Adjustment**

The condominium operators and developers have to make constant adjustment. The costly to premium condominium have to reduce in number and change to pay attention to medium - price condominium, for examples, an increased number BOI projects. The anxiety of the bubble economics during 2010 has been existent, but lesser than a year earlier. This also affected the consumer's decision - making on buying the condominium because the construction must be complete before moving in. Should consumer's anxiety of the bubble economics diluted, it then comes positive consequence of condominium market as whole.

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. The condominiums constructions were completed and ready to move - in the year 2009 and will complete several projects launched since 2008 - 2009.

In summary, the 2010 real estate business is likely to recover with the recovering economics while other risks factors remain so exist that calls for the operators to be watchful. The operators have faced a stiff competition caused by the facilitation of positive factors. The operators have launched more new projects than previous year. In addition, the effect of no extension of validity for tax measures which will be due on March 28, 2010 will result in the increased sales. This must be taken into consideration as well. In addition, credit control measures set out in 2010 that will be effective to sale contract by 2012 include loan to value (LTV ratio) required by the Financial Institutions Policy Committees, Bank of Thailand, aiming to control and prevent the risk of bubble economics in real estate business on loan granted by financial institutions.

## 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 in development projects of the company such as Silom Terrace project the first development project in the year 2000, Silom Grand Terrace project, Baan Ravipa Sukhumvit project and Marriott Executive Apartment – Sathorn Vista Bangkok project. Although some time will be in a stagnant economy it is proven as well.
- 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, Saint Louis Grand Terrace project and Baan Ravipa Sukhumvit 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 in Project Development

The company’s futuristic projects have been in process of seeking for prime location in both Bangkok metropolitan and vicinity nearby the BTS and MRT, and potential tourist attraction for further development of quality projects.

## 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.

- **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.
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.

Since 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. However, the increase of the strict regulations that may cause problems to the company, reflecting the better quality of life of consumer in the long run.

# 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 341.8 million Baht. 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 1,245 million Baht, which title assignment had been made to customers during year 2006, and secondly; “St. Louis Grand Terrace” with project value of 1,036 million Baht. Its construction had completed in 2007. In 2008, 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, construction was completed and began operation in March 2009 and “Rawipa House” project on Sukhumvit Road, located in community area, its project value was approximate 355 million Baht. The construction was completed in 2007, and about 98% of overall units were sold as of 31 December 2009.

During 2010, the Rawipa Sukhumvit Village Project has pursued on selling and assigning the customers the ownership entirely while the Marriott Executive Apartment Sathorn Vista Bangkok completed the construction and launched the operation since March 2009, it generates the rental and service income continuously. The Metro Avenue Sukhumvit 66 and the Metro Avenue Ratchayodhin are apartments for sale, which the company moves with care of the both projects since December 2008, and later in 2010 the land property of both projects, were sold out. However, the company is seeking for prime area located in central business district nearby the BTS sky train for convenience of transportation, and other prime zones surrounding the city that can be served as potential tourist attractions to accommodate other diverse development projects in the future.

Since 2000, the company’s accounting cycle during August – July, the company has recognized the income based on installment due. However, in the year 2005 – 2010, 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 2010

### 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.

#### Sale revenues of real estate

The revenues generated from selling the real estate property in 2010 accounted for 32 million Baht. Of them, 9% recognized income generated from Rawipa Sukhumvit Village. The income reduced by 229 million Baht (87.84%) in 2009 because the company had income recognition from only one project.

In 2010, the company sold the land property in 2 projects; Metro Avenue Sukhumvit 66 and the Metro Avenue Ratchayodhin since December 2009, causing the company could not gain the income recognition from these both projects.

Currently, The company without project to recognize revenue from sale.

#### **Rental Income**

As of December 31, 2010, the company earned rental and service income from the Marriott Executive Apartment Sathorn Vista Bangkok, the first project that has been completed and launched the operation since March 2009. The rental and service income in 2010 and 2009 was 110 and 77 million Baht, respectively. Income grew by 33 million Baht (43.45%) from 2009, which is considered extra continuous income for the company in the future in addition to sales income only since the past.

#### **Other Income**

As of December 31, 2010, the company earned other incomes amounted 178 million Baht, including 176 million Baht land sales profit and in - process construction and materials. Land sale profit was earning from premises at Sukhumvit Road which it has been moving with care. The miscellaneous income was 1 million Baht and interest income was 1 million Baht, resulting that the company earned other incomes amounted of 168 million Baht (increased by 16.88%) from 2009.

#### **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. In 2010, the company's cost of sales was 35 million Baht, or cost of sales income accounted for 109.83%. Cost of sales reduced by 234 million Baht (87.07%) from year 2009 because income recognition came from only one project. Cost of sales calculation is based on cost of sales income ratio for horizontal project. Obviously, in 2010 the company had higher cost of sales than sale income. The increased cost of sales was resulted from global economic downturn that has affected Thailand's economics - real estate transaction among consumers. The company had to accelerate sales transfer to close the project and improve the company's liquidity. Consequently, the company was unable to raise the sale price due to stiff competition. By overall values of the projects, the company still had gross profit from selling the projects.

#### **Rental and Service Cost**

Rental and Service Cost includes accommodation rental and services relevant to the Mariort Executive Apartment Sathorn Vista Bangkok which construction was completed and the operation launched since March 2009. In 2010 and 2009, rental and service cost was 36 (32.40%) and 27 (35.20%) million Baht of rental and service income, respectively. Obviously, cost of sales in 2010 was lower than that of year 2009, because the company in 2009 had relevant transaction cost.

### **Gross Profit**

Gross Profit includes gross profit from selling the real estates and rental and service. The company's gross profit in 2009 and 2010 was 71 and 41 million Baht, respectively, or accounted for 50.30% and 12.14% of overall sales, rental and service income, respectively. In 2010, gross profit increased by 30 million Baht (74.42%) from year 2009 because of an increased amount of rental and service income. Generally, rental and service cost was not costly because cost largely involves accommodation and food shops.

### **Sale and Administrative Cost**

Sale and Administrative Cost mainly includes advertisement and promotion cost, employee wage cost, business tax cost, depreciation, and other related expenses. Sale and administrative cost in 2010 accounted for 136 million Baht, accounted for 42.62% of overall incomes, reduced by 43 million Baht (24.04%) from a year earlier. Major causes of the reduction in sales and administrative cost were that the company had reduced sale and administrative cost in 2010.

In 2010, the company had expenses amounted 51 million Baht, accounted for 16.10% of overall revenues, which decreased 34.52% or 27 million Baht from previous year. Due to the company has reduced liabilities from loans for the project to pay a lower interest burden.

**In 2009, the company had no expenses relevant to juristic person tax.**

### **Operational Profit**

As of December 31, 2009, the company had an operational loss of 65 million Baht, accounted for 45.74% of sale revenues, rental income and service. The loss decreased by 53.17%, or 74 million Baht from a year earlier. The reasons for loss has been resulted from the company gross profit rental and services increased an extra income, in addition to the income generated from real estate sales only.

### **Net Profit (Loss)**

For net profit (loss) at ended December 31, 2010 and December 31, 2009, the company had net loss of 207 million Baht and net profit of 62 million Baht. The net profit and loss overall income ratio was 19.24% and 59.70% respectively. The company's net profit increased by 129.69% or 269 million Baht in the year 2009 – 2010 for the following reasons;

1. As resulted that the company earned profits generated from selling 1,832 square wah lands with structure located on Sukhumvit Road, in - process construction and equipment, causing the company had 175.57 million Baht profits from selling such property.
2. In 2010 and 2009, the company's sale and administrative cost was 136.29 and 178.51 million Baht respectively. Sale and administrative cost reduced by 43.21 million Baht (24.07%) because of reduced sale and administrative cost and expenses.
3. In 2010 and 2009, the company's financial cost was 51.47 and 78.61 million Baht respectively. The financial cost reduced by 27.13 million Baht (34.52%) because of reduced liabilities and reduced interest through loan settlement.

The operating results mentioned above as of December 31, 2010, the company had net profit per share was 0.13 Baht (par value 1.0 Baht each), net profit per share was fully diluted.

### Return on Equity

As of ended December 31, 2010, the company has ROE to 5.53%, increased from 2009 which ROE equated was -17.49% because of its profit from operations.

## 2.2 Financial Position

### 2.2.1 Consolidated Assets

The company's consolidated assets as of ended December 31, 2010 and 2009 was 2,198 million Baht and 2,839 million Baht respectively, decreased 22.57% or 641 million Baht from previous year. The detailed consolidated assets included;

- Land and In - process Construction Work: As of December 31, 2010 and 2009, the company possessed land and the in - process construction work valued 0 million Baht and 990 million Baht, accounted for 0% and 45.05% of overall assets respectively. Below detailed the land and the in - process construction work as of December 31, 2010 and 2009 (Includes land and construction in progress in current assets and non - current assets.);

Type	2009		2010	
	Amount	Percent	Amount	Percent
Land costs and costs of land development	712.01	71.91	-	-
Constructions in progress	170.74	17.24	-	-
Other costs related to the projects	32.51	3.28	-	-
Deferred interest expenses	74.91	7.57	-	-
<b>Total</b>	<b>990.17</b>	<b>100.00</b>	-	-

Unit: Million Baht

Land and In - process Construction included land property and development cost, in - process construction, project - related expenses and deferred paid interest as shown in Table. Overall, land and in - process construction value reduced by 990 million Baht (100%) from 2009. Major causes of such reduction was from transfer cut into cost of sales Rawipa Sukhumvit Village Project, and amortization for The Metro Avenue Sukhumvit 66 and the Metro Avenue Ratchayodhin Project which selling and assignment was done in 2010.

- Trade Account Receivable: Net account receivables in 2010 included those debtors undue 5 million Baht repayment in the Marriott Executive Apartment - Sathorn Vista Bangkok. The outstanding balance as of December 31, 2010 was 5 million Baht for rental and services.
- Property, plant and equipment: Land building and equipment of 1,680 million Baht net value consisted of the land and in - process construction work of the Marriot Executive Apartment - Sathorn Vista Bangkok and equipment and office decorating cost amounted of 1,677 million Baht and 3 million Baht, respectively.

### 2.2.2 Sources of Fund

#### Liabilities

Company's overall liabilities reduced from 1,757 to 1,055 million Baht, or reduced by 39.97% (702 million Baht) because the company repaid the trade account payables, performance bond amount, accrued expenses, and loan repayment for Metro Avenue Sukhumvit 66 and the Metro Avenue Ratchayodhin due to land selling, and the Marriott Executive Apartment - Sathorn Vista Bangkok upon due payment. However, the company had also loan for developing the Marriott Executive Apartment - Sathorn Vista Bangkok project which needed for large sum of investment with scheduled repayment.

### Details of loan from financial institutes as on 31<sup>st</sup> December 2010

Unit : Million Baht

Types of loans	Amount of loans	Outstanding amount 31st Dec 2010	Interest Rate	Beginning Date of principle repayment	Due Date	Principle repayment's condition	Collateral
<b>Short - Term Loan</b>							
Promissory Note	-	-	-	Jan 07	-	-	(a)
Repay Loan within 1 year	-	46	MLR-1			Project Finance	(c)
O/D Account	10	-	MOR				(b)
<b>Long - term Loan</b>							
Promissory Note	70	20.40	-	-	-	-	-
Loan	1,079	996	MLR-1% - MLR	Sep 05 - Jan 09	2008 - Dec 10	Project Finance	(c)
<b>Total</b>	<b>1,159</b>	<b>1,062.40</b>					

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 46 million Baht long - term loans which due was scheduled within 1 year period; it includes loans for development projects that payment will be due of "Marriott Executive Apartments - Sathorn Vista Bangkok"

Regarding to 996 million Baht long - term loans for land purchase and construction purposes, composing of "Marriott Executive Apartments - Sathorn Vista Bangkok" The said loan was a project finance where repaying is scheduled upon completion of the contract it gradually repaid when income has derived from rental and service.

In addition, the company had other liabilities including short - term loan amount of 19 million Baht (1.80% of overall liabilities) borrowed from financial institutes in format of promissory note for current capital with 1 year due payment. Trade account payables and notes payable amounted 15 million Baht (1.44% of overall liabilities). Most account payables were contractors. Liability from deferred income amounted 5 million Baht 0.49% of overall liabilities) from accommodation rental in the Marriott Executive Apartment - Sathorn Vista Bangkok.

#### Obligation and Contingent Liabilities

As at December 31, 2010, the company entered an agreement with other companies with the objectives to executive the projects as follows;

- As of ended December 31, 2008, the company had fund expenses was 6 million Baht 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 - 4 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 its contractual period lasts 30 years and has the right to renew this contract at least 10 years during in 2010, the Company had consultants and expenses under these agreements totaling approximately 6 million Baht.
- In 2009, the company was charged by customer of 0.5 million Baht refund previously paid to buy the condominium. The litigation stays pending in Appeal Court. However, the top management believed that it would not jeopardize the company substantially; therefore no provision for liabilities has been set hereto.
- In 2009, the company was charged by St. Louis Grand Terraces Corporate of land assignment as servitude or compensation for damages partly. The company was obliged to provide additional parking lot or compensation amounted of 106 million Baht, including 4 million Baht condominium repairing. The Civil Court had a verdict of dismissal such a case in December 2010
- In present year, the company has been charged by five customers of compensation for default against the condominium sale agreement which such customers already paid reserve amount, contract amount, and installment amount. The company in this case had placed such amount with court and has set allowance for loss of the contingencies amounted of 1.25 million Baht.

#### **Shareholder's Equity**

As of December 31, 2010, the shareholder's equity valued of 1,143 million Baht, increased by 62 million Baht from year 2009, resulting from an increased amount of retained profit which the company had 62 million Baht net profit in 2010.

As of December 31, 2010, the company's book value was 2.45 Baht while 2.32 Baht in 2009. The book value increased 0.13 Baht due to net profit in 2010.

#### **Capital Structure Appropriateness**

In regard of debt to equity ratio (D/E ratio), the company had considerable debt to equity ratio since the past, but gradually reduced until 2005. The company's debt to equity ratio in 2009 was 1.62 times and became 0.92 times in 2010 as compared to a year earlier. This is considered a sharp reduction of debt to equity ratio because the company paid a large sum of debts in 2010, especially project - related debts. Debt to equity ratio was rated fairly to the company. However, the company plans to minimize the debt to equity ratio consistently with real estate sector, and continues to keep debt to equity ratio at appropriate level.

#### **2.2.3 Liquidity**

As of December 31, 2010 The Company spent cash flow on business activities for 77 million Baht, reduced by 164 million Baht from year 2009. Major causes of such reduction came from reduced amount of current liabilities including trade account payable and performance bond security, and reduced amount of paid interest for short - term long and long - term loan for development projects; the Metro Avenue Sukhumvit 66, the Metro Avenue Ratchayodhin, and the Marriott Executive Apartment - Sathorn Vista Bangkok. The company received

990 million Baht cash flow on investment activities due to the company selling land property in two suspended projects. The cash flow on funding was 698 million Baht. Repaying short – term loan borrowed from financial institutions was 46 million Baht and 571 million Baht long – term loan of due repayment.

#### Liquidity Ratio

In 2010 and 2009, company's liquidity ratio was 4.36 and 0.96 times respectively. The increased liquidity was because current assets in 2010 decreased by 273 million Baht (1319.23%), and increased amount of current assets including cash flow and cash equivalent of 275 million Baht from year 2009 (1593.72%), increased amount of transient investment of 150 million Baht (100%) due to land sales income. At the same time, current assets decreased with a decrease in land and net in – process construction work as land cost. In 2010, current liabilities decreased by 650 million (86.22%), mainly caused by short – term loan borrowed from financial institutions and loan due upon 1 year course, paying the trade account payables, and performance bond amount. The proportion of reduced current assets was inconsistent with reduced current liabilities which were more decreased. The company had 458 million Baht current assets while current liabilities were 150 million Baht.

Debt Paying Ability In 2010 and 2009 the company's ability to pay the interest was -0.25 and -1.79 times. The negative figures were because the company spent 77 million Baht cash flow on operation activities in 2010 and 241 million Baht in 2009, reduced by 164 million Baht from year 2010. Major causes stemmed from the reduction in paying the trade account payables, performance bond amount, loan interest, and construction and decoration cost for the Marriott Executive Apartment – Sathorn Vista Bangkok, as well as paying the loan interest for the Metro Avenue Sukhumvit 66 and the Metro Avenue Ratchayodhin, which settlement was complete fully. The company has potential to pay debts continuously.

### 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 2010. The resolution made at Shareholder General Meeting FY 2008, 2009, and 2010 can be summarized as follow;

Unit: Million Baht			
Details	31 Dec 08	31 Dec 09	31 Dec 10
Remuneration to auditor	0.80	0.75	0.70
Other services*	0.01	0.02	0.01
<b>Total</b>	<b>0.81</b>	<b>0.77</b>	<b>0.71</b>

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 of Income Discontinuity:** The Company sold all houses together with assignment for the Ravipa Sukhumvit Village Project in 2010 and sold lands with construction in two suspended projects, resulting in discontinued income recognition from project for sale. Such data has impact on income recognition which income would be persistent for a period until commencement of new development projects.

However, since 2009 the company had the rental and service earning from the Marriott Executive Apartment - Sathorn Vista Bangkok which income can be recognized every year and it would be extra income when company's earning is discontinued. In regard of new development project, the company has been in duration of feasibility study for location which is considered a prime area for development. However, the company needs time to consider carefully which tendency the country's economics is.

**Risks of Constructing Material Price Fluctuation:** The global crude oil has been fluctuated since 2005. Upon fuel hike, it has negative impact on inflation rate and increased production cost; material cost as major cost in real estate development, leading to higher project cost, and has affected the company's earning in the future.

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.

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 product 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 Risk

**Major current transaction of the company involves real estate business:** Before year 2009, the company has operated core activity; real estate development business. As the company's revenue recognition is based on percentage of finished work, resulted in the discontinuity of recognized revenues. In addition, the company has had a few development projects, especially in the economic downturn since 2008 until today. However, in 2009 the company has expanded the additional premise rental business; including residential building which is costly and must take time to cover the break - even point. Despite economic downturn, the company's revenues remain constant. The rental business has led to higher debt and capital ratio and longer period of interest paid than selling as it takes time to collect the debts.

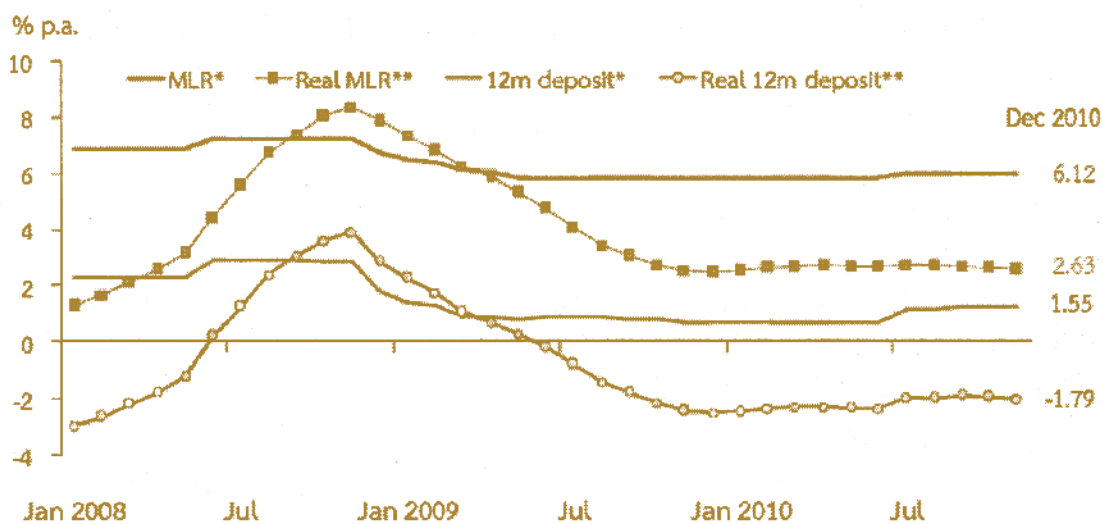
Overall, company's financial statement in the past year, the income recognition continued. In addition to project for sale, the company had real estate for rent since 2009, which it would generate the earning continuously and regularly, including Marriott Executive Apartment Sathorn Vista Bangkok which construction was complete and the operation launched since March 2009.

**Risk of Interest Rate Change:** Following the U.S.A economics and finance have been severely affected by subprime crisis since 2007. The interest rate decreased since late 2008 until the second quarter of the following year, and was likely to be higher since the third quarter of the same year. In addition, the interest rate continued increasing by 2011 and it's anticipated that inflation increased with the promising economic tendency in the country. The increased interest rate caused an increased burden on operators' higher financial cost and the debt repayment on house loan customers. With tendency of increased interest rate in the second quarter of the year 2010, this had a direct impact on customer's buying power and debt payment, and operators' higher cost.

Table and Diagram Represent the Tendency of Minimum Loan Rate (MLR)

### Commercial Banks' Real Interest Rates

End-month	Dec 09	Jan 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
MLR	5.86	5.86	5.86	6.00	6.00	6.00	6.00	6.00	6.12
12 - m deposit <sup>1/</sup>	0.70	0.70	0.68	1.12	1.12	1.26	1.26	1.26	1.55



\* Interest rates quoted by 4 largest Thai banks

\*\* Real MLR and Real 12m deposit rates are adjusted by expected headline inflation 12 months ahead.

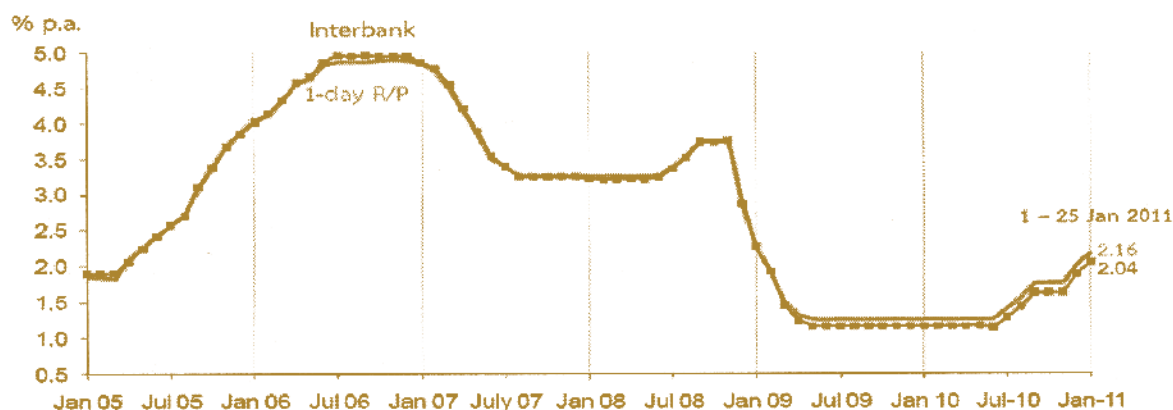
<sup>1/</sup> Average Min-Max

Source : Bank of Thailand

**Table and Diagram Represent Interest Rates Policy**

**Money Market Rates**

(average over period)	2009	2010	Q3/10	Q4/10	Oct 10	Nov 10	Dec 10	1 - 25 Jan 11
R/P 1 day	1.42	1.48	1.57	1.83	1.75	1.75	2.00	2.16
Interbank (mode)	1.34	1.36	1.44	1.71	1.62	1.62	1.88	2.04



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 year 2009, Marriott Executive Apartments - Sathorn Vista Bangkok had been constructed completely. The company can start repay the project loan with the lower interest rate due to the effect of the recession of the world economic. Though there is a tendency of the higher interest rate in year 2010 as the economic recovery, the company still waits to the economic certainty for a period of time as the continuity of the government's economic stimulation policy still maintains. The interest rate is expected to be unaffected to the company's financial cost.

**Effect of increased interest rate and customer's installment has been illustrated in the TABLE**

Case1 THB 1 million loan for 20 year period. How does the installment vary with different interest rate?

Interest rate	Installment	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 or 589 Baht per month. The increase of 2% interest rate affects 16% increase of the installment amount or 1,200 Baht per month. The MLR of the bank on December 31, 2010 is about 6.67% which affects the increase of installment amount only 291 Baht per month.

### 1.3 Legal Risk

Besides the interest rate, fuel price, and inflation that have affected the economics, the unrest in three southern provinces, political uncertainty such as changes in the government and policy, have also affected the legal provision and policies pertaining to the domestic business operation. For examples, the Bangkok City Plan Proclamation (new version), effective from May 16, 2006 to May 15, 2011, many changed syllabuses have affected various areas significantly, for examples, Floor Area Ratio (FAR) and Opens Space Raito (OSR). In 2007, there included new additional legislation on environment in relation to real estate that focuses the effect of the global warming on applying for license, and building structure requirement that accommodates the earthquake, resulted that the cost increased by 2 - 5%. These requirements have significant impact on the real estate entrepreneurs in various areas, particularly, the real estate entrepreneurs who desire to buy new land plot for development. The profitability opportunity decreases with higher operating cost, leading to the project attrition on the same space, or in case of the condominium, unit attrition on the same space, or space attrition in case of office and supermarket. On February 27, 2008, the Condominium Act B.E 2551 (4th edition), a revised provision on condominium, stating the restriction on human right and freedom, or modifying condition and residence sale price for low to middle - income earners to promote the investment on real estate consistently with the current economic situation, and stimulate the real estate operators to make an investment increasingly.

In 2010, the economics has recovered while real estate entrepreneurs compete on new development projects increasingly. This resulted that the Financial Institutes Policy Committee, Bank of Thailand set forth additional measures by requiring Loan to Value Ratio (LTV) for house loan and enabled the house buyers to borrow from the financial institutes. This was to control house loan among public investors who target on speculation. Moreover, the Treasury Department prepared to reproclaim the list of land estimated price throughout the country, and will be in force from January 2012 to December 31, 2015, which may affect land price consequently.

Nonetheless, according to the restriction on new city plan, it has not impact on the future development project of the company. This is because the company has examined the project feasibility considerably in term of legal, marketing, financial, financial feasibility; income and cost in advance prior to buying the land plot. The section of the LTV ratio of the Bank of Thailand. Have a negligible impact on the buyer. Because the majority of the down payment for the project than the rate at which the existing measures.

# Management Structure

## 1. Shareholders

The top ten shareholders with highest shares are as follows: As of 20 December 2010

No.	Name	No. of shares	%
1.	Mr.Veera Burapachaisri	217,700,000	46.63
2.	Mr.Chatchaval Jiaravanon	28,000,000	6.00
3.	Mr.Visoot Luan - chawee	21,989,400	4.71
4.	Mrs.Yeak - seang Luan - chawee	20,457,100	4.38
5.	Mrs.Jinda Burapachaisri	15,792,500	3.38
6.	Thai NVDR Co., Ltd.	12,965,000	2.78
7.	Ravipol Holding Co., Ltd.	10,000,000	2.14
8.	Mrs.Wannapa Burapachaisri	6,557,500	1.40
9.	Mrs.Vipavadee Burapachaisri	6,500,000	1.39
10.	Mr.Nakorn Hankraivilai	4,450,000	0.95
<b>Total</b>		<b>344,411,500</b>	<b>73.77</b>
11.	Other	122,488,500	26.23
<b>Total Paid up Capital</b>		<b>466,900,000</b>	<b>100.00</b>

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

Board of Committee of Metrostar Property Public Company Limited compose of qualification persons who are knowledge and experience to the Company' s benefits nine Board of Directors members as follows:

No.	Name	Position	No. of Meeting in Jan. - Dec. 2010
1.	Mr.Chatchaval Jiaravanon	Chairman	6
2.	Mr.Veera Burapachaisri	Director	7
3.	Mrs.Vipavadee Burapachaisri	Director	7
4.	Miss Pimjai Burapachaisri	Director	7
5.	Khunying Nongkran Chandhanayingyong	Director	7
6.	Mrs.Pilai Piemphongsarn	Director	7
7.	Mr.Paiboon Siripanusatien	Director	6
8.	Pol.Col.Kidanun Komkhum	Director	1
9.	Mr.Thanadet Kupvong	Director	7

- Remarks
- Seven times Board of Meetings were convened during Jan - Dec 2009.
  - Pol.General Nopadol Somboonsub resigned from Director and Member of Audit Committee effective since 1st January 2010.
  - The resolution of Board of Director's Meeting No.1/2010 held on February 6, 2010, appointed Mr.Paiboon Siripanusatien to be a Member of Audit Committee instead of Pol.Noppadol Somboonsub effect since February 7, 2010.
  - The resolution of Board of Director's Meeting No.6/2010 held on November 12, 2010, appointed Pol.Col.Kidanun Komkhum as Independent Director and Member of Audit Committee.

### 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.

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.

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.

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. Scope of the Company Secretary

1. Preparing and keeping the Company's important documents.
2. Keeping stakeholder information report and doing other business according to requirements specified by the Capital Market regulator.
3. Organize meeting of Board of Director and Audit's Committee in specified subject.
4. Preparing report of meeting and important documents such as to find place for board of meeting, shareholder's meeting, to specify meeting agenda and documents of the meeting, record report of meeting.
5. Preparing annual report to present shareholder's meeting.
6. To coordinate and organize shareholders' meetings, take care shareholder and investor.
7. To draft the Company's management policy.
8. To look after the Company and the Board of Directors to comply with the rules and regulations of the Stock Exchange Commission and the Stock Exchange market (SEC) and the Stock Exchange of Thailand (SET).
9. To promote the Company have suitable Good Corporate Governance standards.
10. To be registrar of the company and coordinate for dividend payment.
11. To conduct the resolution of the Board of Directors or shareholders' meeting.

### 3. Executive committee

In the year 2010 three Executive Committee members as follows:

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

#### 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.

#### 4. Audit Committee

Audit Committee include with three independent directors or 1 – 3 of the Board of Directors and one of Member of Audit Committee have knowledge, understanding and experience in accounting or finance enough to do function to review a trust of financial statement. The company's member of audit committee does not concern to manage the company operation as regulations or conditions of SET. Term of position is 3 years and when the term expire the Audit Committee can re – appointment the position, the company have four of Member of Audit Committee as follows:

No.	Name	Position
1.	Khunying Nongkran Chandhanayingyong	Chairman of Audit Committee
2.	Mrs.Pilai Piemphongsarn	Audit Committee
3.	Mr.Paiboon Siripanusatien	Audit Committee
4.	Pol.Col.Kidanun Komkhum	Audit Committee

Remarks :

- Pol.General Nopadol Somboonsub resigned from Director and Member of Audit Committee effective since 1st January 2010.
- The resolution of Board of Director's Meeting No.1/2010 held on February 6, 2010, appointed Mr.Paiboon Siripanusatien to be a Member of Audit Committee instead of Pol.Noppadol Somboonsub effect since February 7, 2010.
- The resolution of Board of Director's Meeting No.6/2010 held on November 12, 2010, appointed Pol.Col.Kidanun Komkhum as Independent Director and Member of Audit Committee.

#### Role and responsibilities of the Audit Committee

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:
  - (a) Its opinion on the accuracy, completeness and reliability of the Company's financial statements
  - (b) Its opinion on the adequacy of the Company's internal control systems
  - (c) 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
  - (d) Its opinion on the suitability of the auditors
  - (e) Its opinion on likely to give rise to a conflict of interest
  - (f) The number of times the Audit Committee has met, together with individual attendance details
  - (g) Its opinion or general observations based on the performance of its duties as per its charter
  - (h) 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.

## 5. Management Team

The company has 8 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.Thanadet Kupwong	Director, Vice President - Financial and Acting for Vice President - Purchasing
4.	Mr.Surat Parichatrungruang	Vice President - Project Development
5.	Mr.Mongkol Thiyaintharasak	Vice President - Project Development
6.	Miss Piyarat Watcharapongvinit	Vice President - Accounting
7.	Mr.Thanaphat Sombatpaiwan	Assistant Vice President - Legal
8.	Miss Thiranan Sangphungtham	Assistant Vice President - Coordinated Affairs

Remarks: Mr.Mongkol Thiyaintharasak resigned from employee and executive of the company since 1st February 2010.  
Mr.Thanaphat Sombatpaiwan resigned from employee and executive of the company since 1st October 2010.

### 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

## 1. Monetary remuneration

The Member of the Board of Directors		Meeting Allowance (million baht)	Bonus (million baht)
1.	Mr.Chatchaval Jiaravanon	0.070	0.23
2.	Mr.Veera Burapachaisri	-	-
3.	Mrs.Vipavadee Burapachaisri	-	-
4.	Miss Pimjai Burapachaisri	0.080	0.18
5.	Khunying Nongkran Chandhanayingyong	0.105	0.22
6.	Mrs.Pilai Piemphongsarn	0.105	0.20
7.	Mr.Paiboon Siripanustein	0.090	0.14
8.	Pol.Col.Kidanun Komkhum	0.010	-
9.	Mr.Thanadet Kupvong	-	-
<b>Total</b>		<b>0.460</b>	<b>0.97</b>

### Managements

Nine executives are composed of 9 senior executives as specified under the item 9.1(5) have 8 persons and Mrs. Vipavadee Burapachaisri, Executive Director. The remuneration of the management is as follows:

	Baht
Salary	10,060,400
Bonus	1,177,050
Provident Fund and Other	79,500
<b>Total</b>	<b>11,316,950</b>

## 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	Former Director	2,400,000	12.00
6.	Mr.Phisith Tangkhanich	Former 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	Former 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 2010

# 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

The company respects for the fundamental right of all shareholder as investor and business owner. They all are treated equitably and fairly. They are allowed to know the operational result, management policy, or conducting the related transactions accurately, completely through the Stock Exchange of Thailand (SET)'s website ([www.set.or.th](http://www.set.or.th)). The shareholders can be always ensured of such right, protection and non - discrimination, for examples,

- Right of attending the Shareholder's General Meeting which is held once yearly on date and place specified properly. The company notifies them of the meeting by mailing the letter of meeting and necessary documents that represent the background and the Board of Directors' comment at any occasion with the following detail;
  - Information about nominated persons as member of the Board of Director upon expiry term of the office.
  - Information about nominated person as Director
  - Information about the Article of Association
  - Attendant's document and evidence showed prior to attending, proxy algorithms, registration, and voting in the Shareholder's Meeting
  - Map of meeting place
  - Letter of Attorney Type B (Form with specified detail) The company provides three types of the Letter of Attorney according to the Announcement, Ministry of Commerce; including Type A, Type B, and Type C. Any of three types mentioned can be downloaded via the company's website. This is intended that the shareholders shall be provided with the information supporting their decision and voting no less than seven days in advance. The company also has it posted in the local newspaper for sequential 3 days period. To smooth the meeting, the registration can be done no less than an hour prior to commencement of the meeting.
- The company provides additional channels to disseminate the invitation of meeting and necessary documents through company's website [www.metrostarprop.com](http://www.metrostarprop.com) so that the shareholders shall have sufficient time to consider what matters appropriately.

- The company grants the right for the shareholders who attend the meeting late after the meeting gets started. They have right to vote for the current agenda during consideration when resolution is not made and accounted for a quorum since attending and voting onward.
- In the Shareholder's Meeting, prior to commencement of the meeting, all members of the Board of Directors and company's auditors will be introduced. The shareholders will be informed of how to vote and shareholder's right. The meeting chairman is responsible for supervising the meeting accordingly with the agenda specified in the letter of invitation, setting aside time adequately and reasonably for presentations at each session, open the opportunity for shareholders to express their opinion and comments or to enquire any doubt matters pertaining to the company's operation. The meeting minutes will be recorded completely, and to finalize the solution and votes transparently and equitably.
- In the Shareholder's General Meeting 2009, it's term to appoint the directors to replace the expired ones. The shareholders are given a chance to vote the members of the Board as they actually prefer.
- During the Board of Directors' Meeting, the shareholders are given a chance to express their opinion and comments and suggestions or enquire any questions independently prior to making a resolution.
- The company conducts the Shareholder's meeting minutes after the end of the meeting completely and thoroughly accordingly to the fact cited in the meeting, and submit them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days of the meeting date, and publicized through the company's website, [www.metrostarprop.com](http://www.metrostarprop.com)
- The company is in duration of examining the criteria, appropriateness, and feasibility to give the minor shareholders a chance to nominate the committee and agenda through company's website, based on the maximum interest of the company.

### 3. Equitable Treatment on Shareholders

The company has operated the business based on integrity, code of conduct, social responsibility and those concerned parties. The Board of Directors performs the duty respective of the optimal benefits of shareholder equitably, respect for and value the right of ownership of the shareholder without discriminative act. The shareholder can be ensured of their right protection and non - discrimination.

- The company discloses the accurate sufficient information about the operational result, management policy, and related transaction to shareholders on timely manner, including information necessary to shareholder's decision - making through the SET website [www.set.or.th](http://www.set.or.th), and company's website, [www.metrostarprop.com](http://www.metrostarprop.com). The company conducts the meeting orderly in agreement with the letter of meeting invitation.
- The company shall not add any agenda without a prior notice. If there is any topics other what's specified in the letter of meeting invitation, it shall be approved at the shareholder's meeting with votes no less than one third of overall shares sold with a right of vote.
- At any Shareholder's Meeting, the company mails the letter of meeting invitation along together with supporting detailed accurate documents and the Board of Directors' comments for each session sufficiently within a period defined by law to all shareholders. In addition, necessary meeting information shall be posed on the company's website [www.metrostarprop.com](http://www.metrostarprop.com) in advance so that the shareholder shall have sufficient time on contemplating.

- If any member fails to attend the meeting, in the letter of meeting invitation, the letter of attorney according to the form specified by the Ministry of Commerce is enclosed so that the shareholder authorizes a proxy or independent committee to join the meeting instead.
- Voting right at the shareholder's meeting shall be consistent with a number of shares hold. One share is equal to one vote.

#### 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 Minutes of Meeting.

#### 5. 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.

#### 6. 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.

## 7. 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.

## 8. 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.

## 9. 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 2 persons (one - two of all members)
- Audit Committee 4 persons (one - four of all members)

## 10. 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.

## 11. 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.

## **12. 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.

## **13. 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.

## **14. 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, has independently to result report Audit Committee. The meeting of the Audit Committee would be held at least three months prior to the meeting of the Board of Directors.

## **15. Report of the Board of Directors**

The Board of Directors' 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.

## **16. 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](mailto:mtsp@metrostarprop.com) or through the website [www.metrostarprop.com](http://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.
  - 3.4 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, 2010, the Company had total of 28 employees (including Executives).

(Unit : Person)

Order	Department	Number of Employees
1.	Finance Department	5
2.	Accounting Department	4
3.	Business Development and Marketing Department	4
4.	Project Development Department	4
5.	Administrative and Legal Department	7
6.	Purchasing Department	1
7.	Office of the Directors	3
<b>Total</b>		<b>28</b>

Besides the company have no. of employees 114 who work at Marriott Executive Apartments Sathorn Vista, Bangkok which is under Management Agreement of Metrostar Property Public Company Limited and Marriott Hotels (Thailand) Limited.

#### Remuneration type (excluding Executives)

(Unit : Baht)

Remuneration Type	January - December 2010
Salary	5,734,085.62
Bonus	422,950.00
Provident Fund and Others	179,832.46
<b>Total</b>	<b>6,336,868.08</b>

Remarks: Benefits of the company employees were not added executives and employees of Marriott Executive Apartments Sathorn Vista, Bangkok.

#### 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
			2009	2010	
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 20 December 2010).	<ul style="list-style-type: none"> <li>To take land and building to be collateral to promissory note in amount of 70.- million baht which pledge of amount 60.- million baht.</li> <li>Collateral bank overdraft, bill of exchange and promissory note to financial institution in total amount of 10.- million baht.</li> </ul>	45	19	<ul style="list-style-type: none"> <li>Guarantee of Promissory Note for the Company's projects.</li> <li>Audit Committee 's opinion to this transaction that was proper for the Company's liquidity.</li> </ul>
		<ul style="list-style-type: none"> <li>Collateral long term loan to financial institution in total amount of 2,493.- million baht.</li> </ul>	1,567	996	<ul style="list-style-type: none"> <li>Guarantee of Bank overdraft the Company's working capital.</li> <li>Audit Committee 's opinion to this transaction that was necessary for the Company's operation.</li> </ul>
2. Mrs.Vipavadee Burapachaisri	As Director, Executive Director and wife of Mr.Veera Burapachaisri and shareholder (hold shares 1.39% as of 20 December 2010)	<ul style="list-style-type: none"> <li>Collateral long term loan to financial institution altogether with Mr.Veera Burapachaisri in total amount of 2,493 million baht.</li> <li>Collateral bank overdraft, bill of exchange and promissory note to financial institution in total amount of 10.- million baht.</li> </ul>	1,567	996	<ul style="list-style-type: none"> <li>Guarantee of Project Loans for the Company's projects.</li> <li>Audit Committee 's opinion to this transaction that was necessary for the Company's operation.</li> <li>Guarantee of Project Loans for the Company's projects.</li> <li>Audit Committee 's opinion to this transaction that was necessary for the Company's operation.</li> <li>Guarantee of Bank overdraft the Company's working capital.</li> <li>Audit Committee 's opinion to this transaction that was necessary for the Company's operation.</li> </ul>

Person/Juristic Person with conflict of interest	Relations	Details	Value of Transaction (Million Baht)		Necessary/Reasonability/ Audit Committee's comments
			2009	2010	
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 20 December 2010) take a position of Director (Authorized Director who can perform) and shareholder hold share 3.50%.	<ul style="list-style-type: none"> <li>Office Rental</li> </ul>	1.96	0.98	<ul style="list-style-type: none"> <li>To pay for the office rental expense since year 2007, with the space of about 450 square meter at 280 baht per square meter. The rental rate have included infrastructure and renovation expenses. The total contract period is 5 years which ended at year 2010. The building owner can adjust the rental rate under the condition that it would be changed according to 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.</li> <li>Audit Committee 's opinion to office rental rate that was fair price when compared with office around area.</li> </ul>
4. MTS Engineering and Rental Co., Ltd. (prior named was 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 20 December 2010) take a position of Director (Authorized Director who can perform) and shareholder hold share 10.00	<ul style="list-style-type: none"> <li>Trade Accounts Payable</li> </ul>	4.03	-	<ul style="list-style-type: none"> <li>To purchase materials and equipments include installation for the Company's projects.</li> <li>Audit Committee 's opinion to this transaction that was suitable of purchasing assets for the Company's operation.</li> </ul>

## **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 be 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 the year 2010 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 20 December 2010), is the authorized Director of the MTS and holds 10 percent ownership of total shares. In year 2009 the purchased price was set at 4,026,556 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 20 December 2010).

### **Subsidiary and Joint Venture Company Investment Policy**

As of 31 December 2010 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.

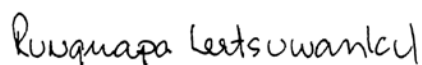
# Report of Independent Auditor

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 2010 and 2009, 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 2010 and 2009, 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: 24 February 2011

# Balance sheets

## Metrostar Property Public Company Limited

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	2010	2009
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	292,148,849	17,248,929
Current investment	6	150,000,000	-
Trade accounts receivable - net	7	5,495,709	28,393,824
Inventories		185,790	215,383
Land and construction in progress - net	8	-	674,459,936
Other current assets			
Value added tax refundable		6,832,153	6,847,456
Others		3,069,885	3,233,975
<b>Total current assets</b>		<b>457,732,386</b>	<b>730,399,503</b>
<b>Non - current assets</b>			
Restricted bank deposits	10	40,000,000	40,000,000
Property, plant and equipment - net	11	1,679,711,215	1,742,799,605
Land and construction in progress	8	-	315,707,833
Intangible assets - net	12	4,368,994	5,873,047
Other non-current assets			
Prepaid corporate income tax		16,002,244	3,721,567
Deposits		45,800	113,280
<b>Total non - current assets</b>		<b>1,740,128,253</b>	<b>2,108,215,332</b>
<b>Total assets</b>		<b>2,197,860,639</b>	<b>2,838,614,835</b>

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

# Balance sheets (continued)

## Metrostar Property Public Company Limited

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	2010	2009
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short - term loans from financial institutions	13	19,000,000	65,400,000
Trade accounts payable	14	15,186,304	32,537,758
Current portion of long - term loans	15	46,000,000	571,000,000
Other current liabilities			
Advance received from customers	9	5,178,858	27,900,419
Advance received to return to customers		-	2,755,575
Retention		2,883,423	21,605,241
Deposit received from sale of land	8	-	20,000,000
Accrued expenses	14	13,420,377	16,693,441
Others		3,217,308	3,269,387
<b>Total current liabilities</b>		<b>104,886,270</b>	<b>761,161,821</b>
<b>Non - current liabilities</b>			
Long - term loans - net of current portion	15	950,000,000	996,000,000
<b>Total non - current liabilities</b>		<b>950,000,000</b>	<b>996,000,000</b>
<b>Total liabilities</b>		<b>1,054,886,270</b>	<b>1,757,161,821</b>

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

## Balance sheets (continued)

### Metrostar Property Public Company Limited

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	2010	2009
<b>Shareholders' equity</b>			
Share capital			
Registered			
610,000,000 ordinary shares of Baht 1 each		610,000,000	610,000,000
Issued and fully paid - up			
466,900,000 ordinary shares of Baht 1 each		466,900,000	466,900,000
Premium on share capital		390,990,000	390,990,000
Retained earnings			
Appropriated - statutory reserve	17	36,180,000	33,080,000
Unappropriated		248,904,369	190,483,014
<b>Total shareholders' equity</b>		<b>1,142,974,369</b>	<b>1,081,453,014</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,197,860,639</b>	<b>2,838,614,835</b>

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

# Income statements

## Metrostar Property Public Company Limited For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	2010	2009
<b>Revenues</b>			
Sales		31,650,800	260,300,164
Rental and services income		110,227,137	76,839,872
Gain from sales of land, construction in progress and equipment	8	175,573,190	-
Interest income		809,195	3,292,818
Other income		1,508,614	6,657,030
<b>Total revenues</b>		<b>319,768,936</b>	<b>347,089,884</b>
<b>Expenses</b>			
Cost of sales		34,762,053	269,155,954
Cost of rental and services		35,719,028	27,049,886
Selling expenses		10,347,781	13,078,119
Administrative expenses	14	113,546,426	117,383,031
Other expenses	8	-	37,561,746
Management benefit expenses	14	12,397,450	11,482,400
<b>Total expenses</b>		<b>206,772,738</b>	<b>475,711,136</b>
<b>Income (loss) before finance cost</b>		<b>112,996,198</b>	<b>(128,621,252)</b>
Finance cost		(51,474,843)	(78,607,233)
<b>Net income (loss) for the year</b>	19	<b>61,521,355</b>	<b>(207,228,485)</b>
<b>Basic earnings per share</b>			
Net income (loss)	20	0.13	(0.44)

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 2010 and 2009

(Unit: Baht)

	Issued and paid - up share capital	Premium on share capital	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2008</b>	<b>466,900,000</b>	<b>390,990,000</b>	<b>33,080,000</b>	<b>397,711,499</b>	<b>1,288,681,499</b>
Net loss for the year	-	-	-	(207,228,485)	(207,228,485)
<b>Balance as at 31 December 2009</b>	<b>466,900,000</b>	<b>390,990,000</b>	<b>33,080,000</b>	<b>190,483,014</b>	<b>1,081,453,014</b>
<b>Balance as at 31 December 2009</b>	<b>466,900,000</b>	<b>390,990,000</b>	<b>33,080,000</b>	<b>190,483,014</b>	<b>1,081,453,014</b>
Net income for the year	-	-	-	61,521,355	61,521,355
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	3,100,000	(3,100,000)	-
<b>Balance as at 31 December 2010</b>	<b>466,900,000</b>	<b>390,990,000</b>	<b>36,180,000</b>	<b>248,904,369</b>	<b>1,142,974,369</b>

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 2010 and 2009

(Unit: Baht)

	2010	2009
<b>Cash flows from operating activities</b>		
Net income (loss) before tax	61,521,355	(207,228,485)
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	-	36,800,000
Provision for loss on contingent liabilities (reversal)	1,250,000	(3,838,590)
Depreciation and amortisation	64,107,478	55,111,788
Allowance for doubtful accounts (reversal)	(10,307)	42,430
Loss (gain) from sales of land, construction in progress and equipment	(175,573,190)	701,465
Cost of sales	34,762,053	269,155,954
Interest income	(809,195)	(3,292,818)
Interest expenses	51,382,243	78,321,368
Income from operating activities before changes in operating assets and liabilities	36,630,437	225,773,112
Decrease (increase) in operating assets		
Trade accounts receivable	22,908,422	(13,103,689)
Inventories	29,593	(215,383)
Land and construction in progress	(8,118,169)	(6,124,441)
Other current assets	1,556,946	61,790,587
Other non - current assets	67,480	1,411,172
Increase (decrease) in operating liabilities		
Trade accounts payable and notes payable	(17,351,454)	(222,588,042)
Advance received from customers	(25,477,136)	(65,913,905)
Specific business tax payable	-	(239,087)
Retention	(18,721,818)	(33,589,988)
Deposit received from sale of land	-	20,000,000
Other current liabilities	(4,498,024)	(13,060,818)
Cash flows used in operating activities	(12,973,723)	(45,860,482)

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

# Cash flow statements (continued)

**Metrostar Property Public Company Limited**  
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	2010	2009
Cash paid for interest expenses	(51,459,362)	(90,398,394)
Cash paid for corporate income tax	(12,280,677)	(104,409,699)
<b>Net cash flows used in operating activities</b>	<b>(76,713,762)</b>	<b>(240,668,575)</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in current investments	(150,000,000)	100,000,000
Interest income	431,642	4,926,928
Acquisition of property, plant and equipment and intangible assets	(7,440,159)	(126,104,402)
Net proceeds from sales of land, construction in progress, and equipment and intangible assets	1,126,022,199	113,734
<b>Net cash flows from (used in) investing activities</b>	<b>969,013,682</b>	<b>(21,063,740)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short - term loans from financial institutions	(46,400,000)	65,400,000
Cash receipt from long - term loans	-	106,920,000
Repayment of long - term loans	(571,000,000)	(91,416,774)
<b>Net cash flows from (used in) financing activities</b>	<b>(617,400,000)</b>	<b>80,903,226</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>274,899,920</b>	<b>(180,829,089)</b>
Cash and cash equivalents at beginning of year	17,248,929	198,078,018
<b>Cash and cash equivalents at end of year</b>	<b>292,148,849</b>	<b>17,248,929</b>

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

# Note to financial statements

## 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 residential building rental business. The registered office of the Company is at 1758/4 Sukhumvit Road, Bangjak, Prakhanong, Bangkok. The Company has a branch located at 1 Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, Bangkok.

## 2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions 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 30 January 2009, 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 the Thai language financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements

## Note to financial statements

TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised an expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefit using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

# Note to financial statements

## **TAS 18 (revised 2009) Revenue**

This accounting standard requires entities to recognise revenue from sale of goods, which includes real estate developed for sale, when significant risks and rewards are transferred to the buyer. Currently, the Company can elect to use the percentage-of-completion method in recognising revenue from real estate sales. However, the change in this accounting policy in 2011 will have no the effect of the beginning balance of retained earnings because the Company had already recognised the revenue from real estate from all projects and transferred the right to its customers within 2010.

## **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.

#### *Rental and services income*

Rental and services income from units in residential buildings are recognised on an accrual basis. Recognised revenue does not include valued added tax and state net of discounts.

#### *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.

## Note to financial statements

### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and 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 Property, plant and equipment/Depreciation

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

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

Building and improvements	-	20 and 40	years
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.

The cost of linen, crockery, glass, silver and kitchen utensils purchased to meet the normal requirements of the serviced apartment operations have been regarded as a base stock and subsequent purchases are expended when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

## Note to financial statements

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

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

### 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.

## Note to financial statements

### 4.12 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and 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 at the amount expected to be paid to the taxation authorities, 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 from these estimates. 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.

## Note to financial statements

### **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 and recorded certain contingent liabilities as at the balance sheet date. However, actual results could differ from the estimates.

## Note to financial statements

### 6. Cash and cash equivalents/Current investment

Cash and cash equivalents consist of

	(Unit: Baht)	
	2010	2009
Cash	144,900	153,000
Bank deposits	18,003,949	17,095,929
Bills of exchange	274,000,000	-
<b>Total</b>	<b>292,148,849</b>	<b>17,248,929</b>

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.50% and 2.00% per annum (2009: between 0.50% and 1.25% per annum).

Current investment of Baht 150 million represents a bill of exchange which carried interest at the rate of 2.25% per annum and mature in June 2011.

### 7. Trade accounts receivable

	2010		2009	
	Total value of contract signed (Million Baht)	Percentage to total projected sale value (%)	Total value of contract signed (Million Baht)	Percentage to total projected sale value (%)
Saint Louis Grand Terrace	-	-	1,036	100
Baan Ravipa	352	100	349	98
Metro Avenue Sukhumvit 66*	-	-	9	1
Metro Avenue Ratchayothin*	-	-	10	-

Note \* The Company's management approved a plan to slow down work on these projects, beginning December 2008, and sold the land of these projects in the year 2010, as described in Note 8.

The trade accounts receivable classified by types of business are as follows: -

	(Unit: Baht)	
	2010	2009
<b>Accounts receivable - real estate business</b>		
Installments due	351,789,424	1,381,392,771
Less: Collections	(351,789,424)	(1,359,340,671)
Overdue installment receivables	-	22,052,100
<b>Accounts receivable - residential building rental business</b>	<b>5,527,832</b>	<b>6,384,154</b>
<b>Total</b>	<b>5,527,832</b>	<b>28,436,254</b>
Less: Allowance for doubtful accounts	(32,123)	(42,430)
<b>Accounts receivable - net</b>	<b>5,495,709</b>	<b>28,393,824</b>

## Note to financial statements

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due date, are summarised below.

	(Unit: Baht)	
	2010	2009
Age of receivables		
Not yet due	5,501,232	12,396,864
Past due:		
Up to 30 days	26,600	4,646,590
31 - 60 days	-	3,518,700
61 - 90 days	-	7,874,100
Total	5,527,832	28,436,254
Less: Allowance for doubtful accounts	(32,123)	(42,430)
Accounts receivable - net	5,495,709	28,393,824

### 8. Land and construction in progress

	(Unit: Baht)	
	2010	2009
Land and land development	692,759,003	1,050,331,953
Construction in progress	263,260,304	938,538,115
Expenses related to projects	23,398,221	61,785,079
Interest cost	65,278,622	130,404,384
Total	1,044,696,150	2,181,059,531
Less: Provision for loss on diminution in value of projects	-	(36,800,000)
Net	1,044,696,150	2,144,259,531
Less: Amount charged to earnings for units already sold	(360,364,969)	(1,121,179,295)
Transfer out due to the sell of slow down projects during the year	(647,531,181)	-
Reverse provision for loss on diminution in value of projects	(36,800,000)	(32,912,467)
Transfer to non - current assets due to the slow down projects	-	(315,707,833)
	-	674,459,936

In 2009, the Company included borrowing costs of Baht 1.5 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 rates of the second and third loans, as discussed in Note 15.

In December 2008, the Company's management approved a plan to slow down the construction of two residential projects because of the negative economic climate at that time and a lack of progress with sales of the two projects. The Company sent letters to notify its contractors and customers of the decision, and offering the customers a full refund of their all booking deposits, contract fees and installments received. However, on 29 December 2009, the Company entered into an agreement to sell and to purchase land and construction thereon with a company, whereby the Company is to sell land and construction thereon of the Metro Avenue Ratchayothin Project at the price

## Note to financial statements

of Baht 680.9 million. The Company received a deposit for the sale of land of Baht 20 million on the agreement date, transferred ownership of the land to the purchaser on 7 January 2010, and recognised a loss from the sale of land (net of selling expenses) amounting to Baht 36.87 million. The Company's management has therefore decided to record provision for loss on diminution in value of the project of Baht 36.8 million in the account "Other expenses" the income statement of 2009.

In addition, on 8 October 2010, the Company entered into an agreement to sell and to purchase land and construction thereon of the Metro Avenue Sukhumvit 66 Project at the price of Baht 512.96 million. The Company received a deposit for the sale of land of Baht 51.3 million on the agreement date, transferred ownership of the land to the purchaser on 15 December 2010, and recognised a gain from the sale of land (net of selling expenses) amounting to Baht 176.76 million.

### 9. Advance received from customers

	(Unit: Baht)	
	2010	2009
<b>Advance received - real estate business</b>		
Installments due	351,789,424	1,381,392,771
Less: Revenue recognised	(351,789,424)	(1,356,091,971)
	-	25,300,800
<b>Advance received - residential building rental business</b>	5,178,858	2,599,619
<b>Total</b>	<b>5,178,858</b>	<b>27,900,419</b>
The balance comprise:		
Advance received from customers	5,178,858	27,900,419

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

### 10. Restricted bank deposits

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

## Note to financial statements

### 11. Property, plant and equipment

(Unit: Baht)

	Land	Building and improvements	Office equipment	Motor vehicles	Showroom and sale office	Furniture, fixture and equipment supplies	Total
<b>Cost</b>							
31 December 2009	227,517,276	1,413,756,483	5,727,256	2,099,000	14,105,808	142,680,897	1,805,886,720
Additions	-	7,250,060	-	-	-	109,803	7,359,863
Disposals	-	-	(277,815)	(2,099,000)	(13,266,708)	(274,492)	(15,918,015)
Transfer in/out	-	-	-	-	(839,100)	839,100	-
31 December 2010	227,517,276	1,421,006,543	5,449,441	-	-	143,355,308	1,797,328,568
<b>Accumulated depreciation</b>							
31 December 2009	-	30,753,460	3,968,987	2,098,999	5,171,611	21,094,058	63,087,115
Depreciation for the year	-	37,474,590	675,254	-	927,052	23,446,233	62,523,129
Depreciation on disposals	-	-	(236,843)	(2,098,999)	(5,519,766)	(137,283)	(7,992,891)
Transfer in/out	-	-	-	-	(578,897)	578,897	-
31 December 2010	-	68,228,050	4,407,398	-	-	44,981,905	117,617,353
<b>Net book value</b>							
31 December 2009	227,517,276	1,383,003,023	1,758,269	1	8,934,197	121,586,839	1,742,799,605
31 December 2010	227,517,276	1,352,778,493	1,042,043	-	-	98,373,403	1,679,711,215
<b>Depreciation for the year</b>							
2009							53,939,790
2010							62,523,129

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 7.3 million (2009: Baht 5.1 million).

The Company has mortgaged property, plant and equipment and intangible assets amounting to approximately Baht 1,680.4 million (2009: Baht 1,734.6 million) as collateral for long-term credit facilities granted by commercial banks.

### 12. Intangible assets

(Unit: Baht)

	Computer softwares
<b>Cost</b>	
31 December 2009	7,893,335
Additions	80,296
31 December 2010	7,973,631
<b>Accumulated amortisation</b>	
31 December 2009	2,020,288
Amortisation for the year	1,584,349
31 December 2010	3,604,637
<b>Net book value</b>	
31 December 2009	5,873,047
31 December 2010	4,368,994
<b>Amortisation for the years included in administrative expenses</b>	
2009	1,171,998
2010	1,584,349

## Note to financial statements

### 13. Short - term loans from financial institutions

Short - term loans from bank amounting to Baht 19 million carry interest at the rate of 3.15% per annum and are payable within January 2011. The loans secured by all land and construction thereon of the Company, fixed deposits and the directors' land and construction thereon, and guaranteed by the Company's directors. However, the Company had repaid these loans in January 2011.

### 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)

	2010	2009	Transfer pricing policy
Office rental expenses	982,800	1,965,600	Baht 163,800 per month

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related companies are as follows:

(Unit: Baht)

	Relationship	2010	2009
<b>Trade accounts payable</b>			
MTS Engineering and Rental Co., Ltd.	Common shareholders and common directors	-	4,026,556
<b>Accrued expenses</b>			
Metro Machinery Co., Ltd.	Common shareholders and common directors	982,800	2,293,200

### Directors and management's benefits

In 2010, the company had salaries, bonuses, meeting allowances and gratuities of its directors and management recognised as expenses totaling Baht 12.4 million (2009: Baht 11.5 million).

### 15. Long-term loans

Loan	Interest rate (% p.a.)	Repayment schedule	2010	2009
1	MLR - 0.75*	Repayment installment in 2016	996,000,000	1,022,000,000
2	MLR	Repayment installments in 2010	-	395,000,000
3	MLR - 1	Loans amounting to Baht 26 million are to be repaid in installment every 2 months, from January 2007 to May 2007, and the remaining balance are to be repaid within 2010	-	150,000,000
Total			996,000,000	1,567,000,000
Less: Current portion			(46,000,000)	(571,000,000)
Long - term loans, net			950,000,000	996,000,000

**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.

## Note to financial statements

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 agreement that, among other things, require the Company to maintain debt to equity ratio according to the agreement.

### 16. Warrant 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.

As at 26 October 2010, there are 3.1 million warrants remained unexercised which were expired during the year.

### 17. 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.

During the year 2010, the Company set aside Baht 3,100,000 to the statutory reserve.

### 18. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)	
	2010	2009
Purchase of land and payment of construction during the year	8,118,169	7,600,844
Changes in land and construction in progress	(1,026,967,769)	(290,755,035)
Salary, wages and other employee benefits	41,889,679	40,046,692
Depreciation	62,523,129	53,939,790
Management fee	5,980,730	5,697,905
Loss on diminution in value of projects	-	36,800,000
Amortisation expenses	1,584,349	1,171,998
Rental expenses from operating lease agreements	1,804,382	2,207,893
Provision for loss on contingent liabilities	1,250,000	-

## Note to financial statements

### 19. Corporate income tax

The Company was not liable to corporate income tax for the year 2010 due to tax losses brought forward from previous year.

### 20. 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.

There was no disclosure of diluted earnings per share in the financial statements for the years ended 31 December 2010 and 2009 since the exercise price exceeded the fair value of the Company's ordinary shares and the effect of diluted earnings per share was antidilutive, respectively.

### 21. Segment information

The Company's segmented financial information, divided between the real estate business and residential building rental business, as presented in the financial statements for the years ended 31 December 2010 and 2009 is as follows: -

(Unit: Million Baht)

	For the years ended 31 December					
	Real estate business		Residential building rental business		Total	
	2010	2009	2010	2009	2010	2009
Revenues from external customers	31.7	260.3	110.2	76.8	141.9	337.1
Segment loss	(17.1)	(110.1)	(86.1)	(91.0)	(103.2)	(201.1)
Unallocated income and expenses:						
Gain from sales of the land, construction in progress and equipment					175.6	-
Other income					2.3	9.9
Other expense					-	(0.7)
Management benefit expenses					(12.4)	(11.4)
Finance cost					(0.8)	(3.9)
Net income (loss) for the year					61.5	(207.2)

## Note to financial statements

(Unit: Million Baht)

	As at 31 December					
	Real estate business		Residential building rental business		Total	
	2010	2009	2010	2009	2010	2009
Land and construction in process - net	-	990.2	-	-	-	990.2
Property, plant and equipment - net	3.0	13.1	1,676.7	1,729.7	1,679.7	1,742.8
Intangible assets - net	0.6	0.9	3.8	5.0	4.4	5.9
Unallocated assets					513.8	99.7
Total assets					2,197.9	2,838.6

### 22. 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 2010, the Company contributed Baht 152,055 (2009: Baht 285,570) to the fund.

### 23. Commitments and contingent liabilities

#### 23.1 Capital commitments

As at 31 December 2010, the Company had capital commitments of approximately Baht 6 million, relating to the design and interior design for the projects.

#### 23.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of equipment and service agreements. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2010, future minimum lease payments required under these non-cancelable contracts were as follows:

	Million Baht
Payable within:	
Less than 1 year	2.4
2 to 4 years	0.1

#### 23.3 Long - term service commitments

On 24 January 2007, the Company 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 2010 amounted to Baht 6.0 million.

## Note to financial statements

### 23.4 Litigation

- a) In 2009, 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 appeal court. However, the management believe that there will be no material impact to the Company, therefore no provision for contingent liability has been set aside in the accounts.
- b) In 2009, the Company was sued by the juristic person of Saint Louis Grand Terrace to transfer title deed servitude or pay compensation of Baht 48.6 million and to provide parking areas or pay compensation of Baht 105.8 million, included payment of building maintenance compensation of Baht 4.0 million. The Court of First Instance dismissed the case in December 2010.
- c) During the current year, five customers of the Company sued the Company for pay compensation of Baht 8.6 million due to cancellation the agreements to sell and to purchase condominium units. These customers have already paid booking deposits, contract fees and installments of Baht 2.9 million and these amounts have been pledged with the court. The Company has set aside provision for loss in respect of the contingent liabilities of Baht 1.25 million in the 2010 financial statements.

## 24. Financial instruments

### 24.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investment, trade accounts receivable/payable, 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 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 2010 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.

## Note to financial statements

	Fixed interest rates (within 1 year)	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	(Million Baht)				
<b>Financial assets</b>					
Cash and cash equivalents	287.4	-	4.7	292.1	0.50 - 2.00
Current investment	150.0	-	-	150.0	2.25
Trade accounts receivable - net	-	-	5.5	5.5	-
Restricted bank deposits	40.0	-	-	40.0	1.50
	477.4	-	10.2	487.6	
<b>Financial liabilities</b>					
Short - term loans from financial institutions	19.0	-	-	19.0	3.15
Trade accounts payable	-	-	15.2	15.2	-
Long - term loans	-	996.0	-	996.0	MLR - 0.5 MLR - 0.75
	19.0	996.0	15.2	1,030.2	

### 24.2 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.

## 25. 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.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreement with a financial institution, which requires the Company to maintain a debt - to - equity ratio of not more than 2.5:1.

## Note to financial statements

### 26. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net loss or shareholders' equity. The reclassifications are as follow:

(Unit: Baht)

	As reclassified	As previously reported
Value added tax refundable	6,847,456	-
Deposits - equipment	-	753,326
Other current assets	3,233,975	9,328,105

### 27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2011.