



Annual Report 2007





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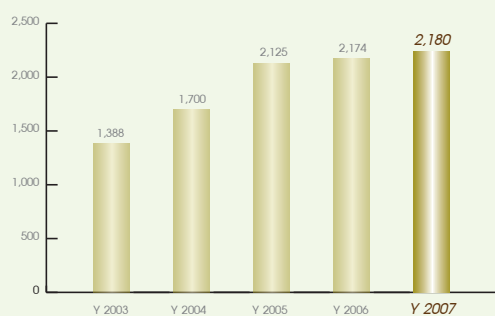


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## 5 Years Financial Highlights

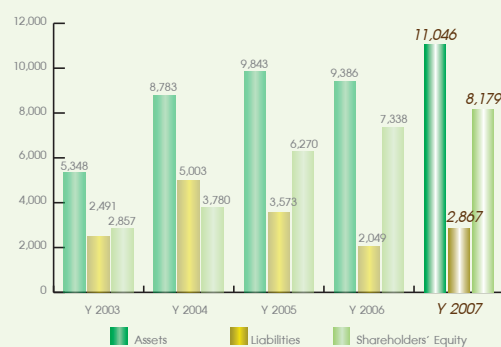
Issued and paid-up share capital

Million Baht



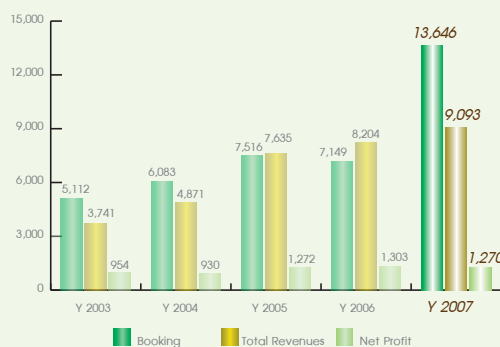
Asset-Liabilities-Equity

Million Baht



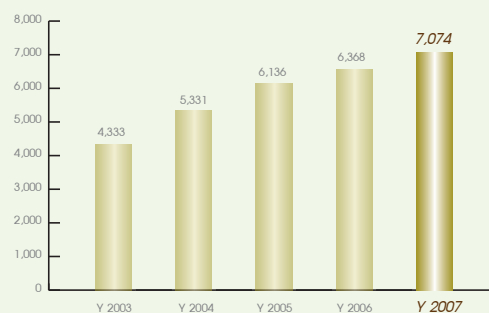
Results of Operations

Million Baht



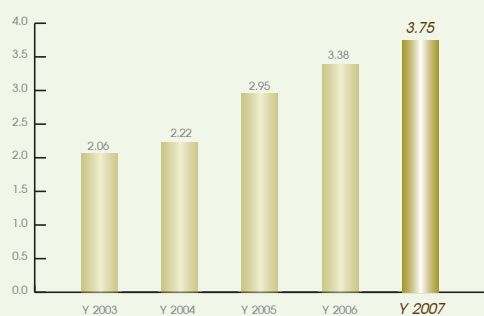
Housing units transferred

Units



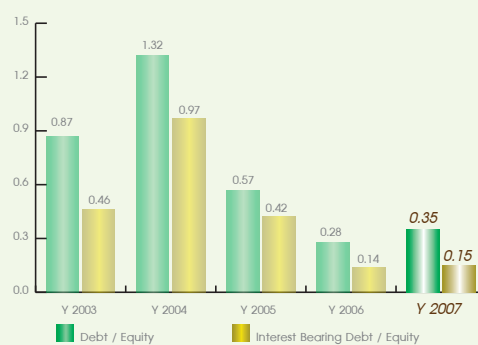
Book Value per Share

Baht



Debt-Equity Ratio

Times



## 5 Years Financial Information

	Y 2003	Y 2004	Y 2005	Y 2006	Y 2006
<b>Assets (million Baht)</b>					
Total Assets	5,348.4	8,783.3	9,842.8	9,386.2	11,046.4
Inventories	4,355.8	7,490.0	6,775.2	7,358.5	8,194.0
<b>Liabilities &amp; Equity (million Baht)</b>					
Short-Term Loans	908.5	1,442.5	1,770.6	538.1	0.0
Long-Term Loans / Debentures	400.0	2,228.3	849.9	491.4	1,219.3
Total Liabilities	2,491.2	5,003.1	3,573.0	2,048.6	2,867.4
Issued and paid-up share capital	1,388.0	1,700.0	2,125.0	2,173.9	2,180.2
Shareholders' Equity	2,857.2	3,780.1	6,269.9	7,337.6	8,179.0
<b>Results of operations (million Baht)</b>					
Revenue from sale of real estate	3,723.9	4,868.2	7,620.8	8,181.1	9,087.6
Total revenues	3,741.3	4,871.5	7,634.9	8,203.8	9,092.8
Gross profit	1,471.9	1,878.0	2,648.1	2,632.7	3,168.6
Net profit	953.6	930.2	1,272.4	1,303.3	1,269.9
<b>Total Booking (million Baht)</b>	<b>5,112.0</b>	<b>6,082.8</b>	<b>7,515.8</b>	<b>7,148.7</b>	<b>13,645.7</b>
<b>Liquidity ratio (times)</b>					
Current ratio	2.32	2.78	3.13	5.13	5.77
Quick ratio	0.18	0.06	0.55	0.30	0.67
<b>Profitability ratio</b>					
Gross profit margin	39.5%	38.6%	34.7%	32.2%	34.9%
Operating profit margin	29.4%	23.8%	22.8%	19.8%	18.2%
Net profit margin	25.5%	19.1%	16.7%	15.9%	14.0%
Return on equity	39.6%	28.0%	25.3%	19.2%	16.4%
<b>Efficiency ratio</b>					
Return on assets	23.0%	13.2%	13.7%	13.6%	12.4%
<b>Financial policy ratio (times)</b>					
Debt / Equity ratio	0.87	1.32	0.57	0.28	0.35
Interest Bearing Debt / Equity ratio	0.46	0.97	0.42	0.14	0.15
Interest coverage ratio	(5.70)	(14.48)	13.44	15.35	22.44
Dividend payout ratio	33.48%	49.98%	30.55%	33.36%	37.87%
<b>Number of outstanding shares (million shares)</b>	<b>1,388.0</b>	<b>1,700.0</b>	<b>2,125.0</b>	<b>2,173.9</b>	<b>2,180.2</b>
<b>Per share figure (Baht)</b>					
Earning per share	0.69	0.64	0.73	0.60	0.58
Book value per share	2.06	2.22	2.95	3.38	3.75
Market price at year-end	n.a.	n.a.	4.86	5.85	8.40



## Message from the Chairman



1. Dr. Pisit Leeahtam  
Chairman of the Board of Directors  
2. Mr. Thongma Vijitpongpan  
Chief Executive Officer

The year 2007 was the auspicious year with the auspicious occasion of His Majesty the King's 80th Birthday Anniversary. To commemorate this momentous occasion as well as to pay homage to His Majesty the King, Preuksa Real Estate Public Company Limited (PS) initiated a variety of programmes and activities by the end of 2006 and carried out during the year 2007. One of the activities of significance was "Joining PS in the donation to Chaipattana Foundation", by this activity, a total amount of Baht 10 million as a part of PS's revenue from every house sold during the year 2007 will make a contribution to Chaipattana Foundation in support of Royal-initiated projects, whereas another core activity was "Follow His Majesty the King's steps with the philosophy of sufficiency economy". These are parts of PS's mission, beside business sustainable growth, that is, to be a good corporate citizen with good Corporate Governance and commitment to Corporate Social and Environmental Responsibility, what the Company has committed throughout the fifteen years of operation.

Amid economic fluctuations, slowdown of economy and negative growth of Thailand's property industry in the year 2007, Preuksa Real Estate Public Company Limited, however, had satisfactory operation results with a total presale of Baht 13,646 million, or a 91% growth from that of the year 2006 of Baht 7,149 million, and total revenues of Baht 9,093 million, or a 11% growth from that of the year 2006 of Baht 8,204 million.



This year favourable operation was a consequence of the clarification of business strategy to dominate in low-to-middle income market, by expanding property development areas to cover all of high potential locations in Bangkok Metropolis, its suburbs and also Bangkok's CBD, and by developing a diverse product arrays to satisfy needs of customers in the focused segments. To enable precise and speedy response to sudden changes in a dynamic business environment, the Company has adopted strategic business unit (SBU) organizational structure, as well as has formed a number of teams with experience and expertise in each business unit, resulted in greater efficiency in project management. To sustain long-term business growth, the Company therefore entered into condominium development market, of which indicated high demands during 2007. Besides, the Company has developed middle-income segment townhouses as well as middle-income segment single-detached house projects in the inner-Bangkok zone, and all have brought successful launches.

Despite aggressive business expansion, the Company's financial position remained strong, resulting from greater efficiency in property development and business operation accuracy. As a result, total assets turnover ratio was as high as 0.83 times, whereas debt to equity ratio was as low as 0.35 times, to enable the Company sustain its future growth.

Beside the aforementioned favourable operation, the Stock Exchange of Thailand (SET)'s Index Committee has selected "PS" security as the new entry of SET50 Index calculation constituents during the first half of 2008, and helps enhance the corporate image.



Nevertheless, the Company is always seeking for new investment opportunities, for instance, foreign investment in India and Vietnam, large countries with economic growth potential to attract foreign investments. Currently, the investments are under the feasibility study and investment decision-making process.

The year 2008 is defined as the "Year of PS Customer Value", the year that the Company is advancing efforts on delivery excellence in term of products and services with Customer Centricity - a positive attitude to fulfill customers' needs, satisfactions and expectations. All the achievements have been totally conducted from many crucial parties, which lead PS to be a leader in Thailand's property industry. On behalf of the Board of Directors of Preuksa Real Estate Public Company Limited, we would like to express our sincere thanks to the shareholders, customers, business partners, Management and employees for entrusting the Company with these responsibilities as well as for supporting the Company through the years. The Company will continue developments of quality products and services, while enhance and build upon corporate governance structure and CSR system that ensure fulfillment of social responsibility.

Chairman of the Board of Directors

(Dr.Pisit Leeahtam)

Chief Executive Officer

(Mr.Thongma Vijitpongpan)



## Vision & Mission

### Vision:

To be the top-ranked property developer in Thailand, highly valued, trusted and recognised as the highest top of mind brand by customers in all of our market segments from the "Value for money" house quality and excellent services we dedicate to deliver



### Mission:

1. To be the leader and the largest revenue earner among Thailand's property developers by the year 2010;
2. To be a strictly customer centric company, turning out innovative products and services with a positive attitude to fulfill customers' needs, satisfactions and expectations;
3. To be a Company employing sophisticated supply chain management and advanced technology to gain overall cost leadership and, in turn, to offer affordable housing to customers;
4. To be a Company full of proud and continuously self-developing employees and attractive as the Employer of Choice;
5. To be a Company with positive image and good Corporate Governance;
6. To be a good corporate citizen with commitment to Corporate Social and Environmental Responsibility;
7. To be a Company committed to adding value to Shareholders' wealth



## PS Value

1. Passion to win
2. Getting Things Done
3. Trustworthiness
4. Customer Focus
5. Delivery Excellence
6. Taking Ownership for Customer Experience
7. Synergy of Team
8. Creativity and Innovation
9. Pride in Belonging



## Competitive Business Strategy in Real Estate Sector

1. Manage a business with Win-Win situation in both product and service that customers, related business partners and employees can mutually enjoy the benefit and profit
2. Aim to developing a superior quality product and service
3. Always be innovative in product and service development
4. Focus on developing a leading product for each segment to guarantee customer need and enhance customer satisfaction
5. Create competitive products and differentiate service to ensure customer need and satisfaction
6. Be a leader in cost-reduction strategy
7. Unremittingly enhance business process



## Business Operations

The Company was founded by Mr.Thongma Vijitpongpun on April 20, 1993 as a limited company under the name of Preuksa Real Estate Company Limited with the initial registered share capital of Baht 50 million to carry on real estate business, concentrating on developing projects for townhouses, single-detached houses and condominiums. Mr.Thongma, the founder of the Company, had brought his experience and expertise in construction for both the government and private sectors into the business of the Company. Such factor together with professional management team, outsourcing consultants for continuous development of entire corporate operation process, as well as implementation of appropriate business strategy resulted in The Company's positive bottom lines throughout the past 15 years of operation even during the economic downturn.



The Company operates real estate development business in the categories of townhouses, single-detached houses and condominiums, focusing on Bangkok Metropolis and its suburbs in areas with high growth potential, divided into 6 zones: North zone, West zone, East zone, In-town zone, South zone and Commercial centre zone. As such, the Company has developed townhouses under the brands "Baan Preuksa", "Preuksa Ville" and "The Connect" focusing on low-to-middle income bracket market, single-detached houses under the brand "Preuksa Village", "Passorn" and "The Plant" for middle-to-high income bracket market, and condominium projects are under the brands "Ivy Condominium", "The Seed Condominium" and "City Ville Condominium".

Unlike most other real estate developers who generally hire contractors to handle construction work for the entire project, the Company is a real estate developer that adopts modern construction technologies from foreign countries to construct housing



units and manages the construction of projects itself. In operating a project, the Company will set up project specifications and detailed design. With respect to construction, the Company manages its own construction by dividing work into parts and hiring contractors to perform specific tasks such as constructing foundation, concrete work, building installation, tiling and roofing, whereas raw materials are bought in bulk by the Procurement Department. Engineers and foremen will oversee the construction work to ensure it is in compliance with the standards and specifications. With in-house construction management and adoption of such technologies, the Company can control quality, reduce construction time and also manage its cost of construction effectively, and has therefore become a low cost leader.

On April 27, 2005, the Company converted itself into a public company and received approval from an Extraordinary General Meeting of Shareholders, held on April 22, 2005, to increase its registered capital by issuing 532.5 million new shares with par value of Baht 1. Later on December 6, 2005, the Company started trading on the Stock Exchange of Thailand (SET) under the ticker "PS". At present (as of February 13, 2008), the Company's registered share capital was Baht 2,255.75 million with paid-up share capital of Baht 2,185.95 million.

### Subsidiaries

The Company has 3 subsidiaries. One of the subsidiaries, Kaysorn Construction Company Limited, was established on February 2, 2005 to operate as a contractor for housing decoration with a registered capital of Baht 1.0 million. The Company holds 9,993 shares, representing 99.93% of the total registered capital of the subsidiary.

On September 26, 2006, the Board of Directors at the Meeting no.4/2006 approved the establishment of the two new subsidiaries named Putthachart Estate Company Limited and Phanalee Estate Company Limited, operates as property developers for greater flexibility in business operation. The two subsidiaries were incorporated on October 2, 2006, with an initial registered share capital of Baht 1.0 million each (10,000 shares at Baht 100 par value), and the Company holds 99.99% of the total registered capital of each subsidiary. Later on, the two subsidiaries had registered to increase authorised share capital from Baht 1 million to Baht 50 million (500,000 shares at Baht 100 par value) on November 22, 2006. The Company increased its investment in the two subsidiaries during 2007, and on September 12, 2007, a subsidiary named Phanalee Estate Company Limited had registered to increase authorised share capital from Baht 50 million to Baht 200 million (2,000,000 shares at Baht 100 par value) with the Ministry of Commerce without additional cash received.



## Major Developments during the past 5 years

### Year 2003

The Company's paid-up capital was increased from Baht 920 million to Baht 1,388 million

### Year 2004

The Company's paid up capital was increased from Baht 1,388 million to Baht 1,700 million

The Company commenced the construction of a Precast Concrete Factory with a semi-automated pallet circulating system which is the most modern technology in Thailand with the project cost of approximately Baht 650.0 million (excluding the cost of land)

The Company has enhanced its operating work system by employing Enterprise Resource Planning or ERP framework and using SAP computer software for the system, to support the Company's growth, and to upgrade its accounting system. The investment in the system was Baht 30 million

### Year 2005

The Precast Concrete Factory was completed and has started producing housing parts

The Precast Fence and Pillar Factory, which has a project value of approximately Baht 150 million (excluding the value of the land where this factory is located), was completed and has commenced production

The Company set up Kaysorn Construction Company Limited to be a contractor for housing decoration

The Company set up the Business Processes Improvement and Workforce Management Systems, a solution offered by IBM (Thailand) Co., Ltd. The value of the project is Baht 12.7 million. The systems are designed to improve the business processes (including construction, sales, marketing and services) of the Company and personnel management. The purpose of this improvement is to support the business expansion, to increase the competitive edge in the future and to reduce the operating cost

The Company converted itself into a public company and increased its registered capital from Baht 1,700



million to Baht 2,232.5 million and reduced the par value from Baht 100 to Baht 1

The Stock Exchange of Thailand has granted a listing of common shares of Preuksa Real Estate Public Company Limited under the ticker "PS" of which trading began on December 6, 2005

### Year 2006

The Company increased its paid-up capital from Baht 2,125.0 million to Baht 2,159.7 million on January 9, 2006

The Company increased its paid-up capital from Baht 2,159.7 million to Baht 2,166.7 million on July 5, 2006, to accommodate the first exercise of warrants by the Company's directors, employees and advisors and/or the subsidiaries (PS-WA), in a total amount of 6,992,400 units on June 30, 2006

The Company has adopted Business Process Improvement (BPI), Business Intelligence (BI) and Balance Score card Software to enhance the Company's operations and management

Precast Concrete Factory was modified for more efficiency in production process

The Company has set up two new subsidiaries named Putthachart Estate Company Limited and Phanalee Estate Company Limited, with an initial registered share capital of Baht 1 million each and later registered to increase the authorised share capital to Baht 50 million on November 22, 2006

The Company was granted approval of issuance of short-term Bill of Exchange (BE) (within 270 days) to investors at a total amount of Baht 1,000 million

### Year 2007

The Company increased its paid-up capital from Baht 2,166.7 million to Baht 2,173.8 million on January 10, 2007, to accommodate the second exercise of warrants by the Company's directors, employees and advisors and/or the subsidiaries (PS-WA), in a total amount of 7,104,600 units, on December 29, 2006

As per the 2007 Annual General shareholders' Meeting's approval, the Company registered the decrease in authorised share capital through eliminating non-traded shares of the Company in the amount of 7,746,600 shares at a par value of Baht 1, and also registered the Amendment of Memorandum of Association Article no.4 to be in line with the decrease of the Company's registered capital, from Baht 2,232.5 million to Baht



2,224.75 million, with the Ministry of Commerce, on April 20, 2007

As per the 2007 Annual General shareholders' Meeting's approval, the Company registered the increase in authorised share capital and also registered the Amendment of Memorandum of Association Article no.4 to be in line with the increase of the Company's registered capital, from Baht 2,224.75 million to Baht 2,255.75, with the Ministry of Commerce, on April 23, 2007

As per the 2007 Annual General shareholders' Meeting's approval, the Company registered the Amendment of Memorandum of Association Article no.3 in respect of the Company's Objectives, from 36 to 42 clauses, with the Ministry of Commerce, on April 23, 2007

At the 2007 Annual General shareholders' Meeting held on April 9, 2007, the shareholders approved the issuance and offer for sale of Debt Securities under the project (Shelf Filing) to decrease the financial cost of the Company and to provide an alternative of sources of funds for project development. The maximum amount of Debt Securities must not exceed Baht 2,000 million within three years. The Company issued 2 Tranche of unsubordinated and unsecured debentures in an aggregate amount of Baht 1,000 million as follow:

- Tranche 1: Debenture of Baht 600 million (600,000 units at Baht 1,000), issued on August 8, 2007, bears interest at 4.91% per annum, semi-annually payable and matures on August 9, 2010.
- Tranche 2: Debenture of Baht 400 million (400,000 units at Baht 1,000), issued on August 15, 2007, bears interest at 4.68% per annum, semi-annually payable and matures on August 17, 2009.

The Company has adopted a SBU (Strategic Business Unit) structure to accommodate its long-term growth

The Company increased its paid-up capital from Baht 2,173.8 million to Baht 2,180.2 million on August 9, 2007, to accommodate the third exercise of warrants by the Company's directors, employees and advisors and/or the subsidiaries (PS-WA), in a total amount of 6,327,800 units on July 31, 2007

A subsidiary named Phanalee Estate Company Limited had registered to increase authorised share capital on September 22, 2007, from Baht 50 million to Baht 200 million (2,000,000 shares at Baht 100 par value) with the Ministry of Commerce without additional cash received



## Year 2008

The Company increased its paid-up capital from Baht 2,180.2 million to Baht 2,185.95 million on February 6, 2008, to accommodate the fourth exercise of warrants by the Company's directors, employees and advisors and/or the subsidiaries (PS-WA), in a total amount of 5,774,500 units on January 31, 2008

## Revenue Structure

The Company's core revenues were from the sales of real estate. In addition, the Company generated other revenues from rental, interest, and sales of unusable assets. Details are as follows:

Unit in million Baht

	For the year ended 31 December					
	2005		2006		2007	
	Amount	%	Amount	%	Amount	%
Sale of real estate	7,620.8	99.8	8,181.1	99.7	9,087.6	99.9
Other revenue <sup>(1)</sup>	14.1	0.2	22.7	0.3	5.2	0.1
Total	7,634.9	100.0	8,203.8	100.0	9,092.8	100.0

Source: Preuksa Real Estate Public Company Limited

### Notes:

(1) Income from sales of unusable assets, rental income and others



## Product Category

The Company operates real estate development and construction management business in the categories of townhouses, single-detached houses and condominiums, in high growth potential areas with high population growth rate, focusing on 6 zones of Bangkok Metropolis, its suburbs and its commercial centre as aforementioned. Townhouse projects under the brands "Baan Preuksa", "Preuksa Ville" and "The Connect" target low-to-middle income customers, single-detached house projects under the brands "Preuksa Village", "Passorn" and "The Plant" focus on middle-to-high income customers, whereas condominium projects under the brands "Ivy" and "The Seed" are for middle income customers and a condominium project "City Ville Condominium" is for low income customers.





From 1993 to December 31, 2006, the Company has launched 104 housing projects with total revenues from sales of real estate in the amounts of Baht 7,620.8 million, Baht 8,181.0 million, and Baht 9,087.6 million in 2005, 2006, and 2007 respectively. The revenues are divided as follows:

For the year ended 31 December						
Product Category	2005		2006		2007	
	Million	%	Million	%	Million	%
Townhouses	4,255.9	55.8	4,840.8	59.2	5,302.3	58.3
Single-detached Houses	3,339.1	43.8	3,309.1	40.4	3,735.7	41.1
Condominiums	-		-		17.0	0.2
Other <sup>(1)</sup>	25.8	0.3	31.1	0.4	32.6	0.4
Total	7,620.8	100	8,181.1	100	9,087.6	100

Source: Preuksa Real Estate Public Company Limited

**Notes:**

(1) Revenues from cancellation and amendment of contracts to purchase and to sell the units, sales of vacant land

In 2007, the Company's sale of real estate by selling price per unit is as follows:

Revenue (Million Baht)	Revenue (Million Baht)	%
Below Baht 1 million	3,112.7	34.4
Between Baht 1 million - Baht 3 million	4,331.0	47.8
Between Baht 3 million - Baht 5 million	1,008.4	11.1
Over baht 5 million	602.9	6.7
Total	9,055.0	100.0

**Notes:**

Revenues shown above excluded revenues from cancellation and amendment of contracts to purchase and to sell the units, sales of vacant land, and others including sales of unusable assets, rental income



## Active Projects

Townhouse Projects				
No	Project	Location	Units	Project Value
(million Baht)				
1	Baan Preuksa 5 <small>(New launch)</small>	Petchkasem, Nakhonprathom	195	183.62
2	Baan Preuksa 18	Bangyai, Nonthaburi	1,586	1,382.06
3	Baan Preuksa 20	Lumlukka Klong 2, Patumthani	2,975	2,910.24
4	Baan Preuksa 21	Bangyai, Nonthaburi	497	468.92
5	Baan Preuksa 23	Klong Luang, Patumthani	831	698.80
6	Baan Preuksa 24	Bangnamprew, Chachoengsao	482	417.41
7	Baan Preuksa 25	Bangyai, Nonthaburi	480	432.50
8	Baan Preuksa 26	Bangyai, Nonthaburi	435	407.92
9	Baan Preuksa 27	A.Muang, Chachoengsao	532	450.52
10	Baan Preuksa 28	Teparak, Samutprakarn	2,166	2,290.20
11	Baan Preuksa 29	Bangkhunthien, Samutsakon	483	445.58
12	Baan Preuksa 30	Bangbuathong, Nonthaburi	698	700.22
13	Baan Preuksa 31	Budhamonthon, Nakhonprathom	470	402.46
14	Baan Preuksa 32	Lumlukka, Patumthani	562	457.30
15	Baan Preuksa 33	Bangbuathong, Nonthaburi	621	540.54
16	Baan Preuksa 34	Pracha Uthit 90, Samutprakarn	959	864.92
17	Baan Preuksa 36	Onnut-Ladkabang, Chachoengsao	448	416.69
18	Baan Preuksa 37	Soi Kaew in, Nonthaburi	457	494.20
19	Baan Preuksa Rim Klong 4	Bangbuathong, Nonthaburi	92	111.78
Total : Baan Preuksa		19 Projects	14,969	14,075.88



Townhouse Projects				
No	Project	Location	Units	Project Value
(million Baht)				
1	Preuksa Ville 1	Lumlukka Klong 2, Patumthani	495	814.64
2	Preuksa Ville 3	Donmuang, Bangkok	160	235.12
3	Preuksa Ville 4	Petkasem 69, Bangkok	235	331.48
4	Preuksa Ville 5	Nimitmai, Minburi, Bangkok	199	293.61
5	Preuksa Ville 6	Bangchan, Minburi, Bangkok	294	375.29
Total: Preuksa Ville		5 Projects	1,383	2,050.14
1	The Connect 1	A.Muang, Samutprakarn	309	568.12
2	The Connect 2	Bangna-Trad Km.10	310	557.22
3	The Connect 3	Donmuang, Bangkok	357	630.94
4	The Connect 4	Petkasem 77, Bangkok	163	310.65
5	The Connect 5	Pranakorn, Bangkok	329	570.80
Total: The Connect		5 Projects	1,468	2,637.73
Total: Townhouse Projects		29 Projects	17,820	18,763.75

Single-detached house Projects				
No	Project	Location	Units	Project Value
(million Baht)				
1	Passorn 2	Rangsit Klong 3, Patumthani	455	1,279.24
2	Passorn 4	Rangsit Klong 3, Patumthani	541	2,861.88
3	Passorn 7	Rattanathibete, Nonthaburi	476	2,131.18
4	Passorn 9	Vibhavadee 60, Bangkok	71	437.84
5	Passorn 11	Prachachuen, Bangkok	65	594.10
6	Passorn 12	Rangsit Klong 3, Patumthani	492	1,096.01
7	Passorn 13	Suwintawong, Bangkok	308	997.28
8	Passorn 14	Bangyai, Nonthaburi	350	894.64
9	Passorn 15	Saimai-Donmuang, Bangkokhen, Bangkok	124	428.84
Total: Passorn		9 Projects	2,882	10,721.01



#### Single-detached house Projects

No	Project	Location	Units	Project Value
				(million Baht)
1	Preuksa Village 1	Lumlukka Klong 6, Patumthani	486	969.54
2	Preuksa Village 2	Thanyaburi Klong 7, Patumthani	486	983.32
3	Preuksa Village 3	Rangsit Klong 3, Patumthani	299	581.93
4	Preuksa Village 4	Soi Kaew in, Nonthaburi	255	511.17
5	Preuksa Village 5	Bangyai, Nonthaburi	320	633.02
6	Preuksa Village 6	Rama 2 - Bangkhun thien, Bangkok	486	916.88
7	Preuksa Village 7	Na Gluer, Samutprakarn	244	435.04
8	Preuksa Village 8	Wacharapol, Bangkok, Bangkok	232	584.31
9	Preuksa Village 9	Rangsit Klong 3, Patumthani	161	393.61
10	Preuksa Village 10	Bangyai, Nonthaburi	269	580.54
<b>Total: Preuksa Village</b>		<b>10 Projects</b>	<b>3,238</b>	<b>6,589.36</b>

<b>Total: Single-detached house Projects</b>	<b>19 Projects</b>	<b>6,120</b>	<b>17,310.37</b>
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#### Condominium Projects

No	Project	Location	Units	Project Value
				(million Baht)
1	City Ville Condominium 1	A.Muang, Samutprakarn	369	263.82
<b>Total: City Ville Condominium 1 Project</b>			<b>369</b>	<b>263.82</b>
1	Ivy - River	Chaophaya - Ratburana, Bangkok	1,267	3,216.10
2	Ivy - Ratchada	Ratchadapisek 20 - MRT, Bangkok	399	816.98
3	Ivy - Sathon 10	Sathon Soi 10, Bangkok	290	931.60
<b>Total: Ivy</b>			<b>1,956</b>	<b>4,964.68</b>
1	The Seed	Phaholyothin 14, Bangsue, Bangkok	117	194.32
<b>Total: The Seed</b>			<b>117</b>	<b>194.32</b>

<b>Total: Condominium Projects</b>	<b>5 Projects</b>	<b>2,442</b>	<b>5,422.82</b>
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<b>Grand Total</b>	<b>53 Projects</b>	<b>26,382</b>	<b>41,496.94</b>
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## 1. Townhouses

The Company has undertaken townhouse construction under the brands “Baan Preuksa”, “Preuksa Ville” and “The Connect” with 3 price ranges:

- Baht 0.6-1.2 million per unit under the brand “Baan Preuksa”; and
- Baht 0.9-1.4 million per unit under the brand “Preuksa Ville”; and
- Baht 1.4-1.8 million per unit under the brand “The Connect”

The Company aims to focus on low-to-middle income earners who desire to have their own houses and are not buying for speculation. The Company has constructed townhouses under the concept “A House for Everyone” in order to respond to basic needs of customers for housing of comparable quality but lower prices when compared to other developers’ housing of similar



designs, sizes, and locations. Generally, the Company’s sale prices for townhouses are 15-20% lower than those offered by other developers. This is because the Company manages the construction itself and, as a result, it can efficiently control the costs of construction.

In 2005, 2006 and 2007, the Company transferred 5,041, 5,374 and 5,716 units of townhouses, respectively whereas revenues from sales of townhouses were Baht 4,255.9 million, 4,840.8 million and 5,302.3 million, or 55.8%, 59.2 and 58.3%, of total revenues from sales of real estate, respectively



### Construction Management

The Company organises construction management into two departments as follows :

- Construction Management Department : This department supervises and implements the construction of all projects under the agreed plans and models. Besides, it has a duty to keep the construction costs within the budget and to coordinate with the Company's Budget Department.
- Quality Assurance Department : This department has a duty to inspect the quality of each individual housing unit to ensure that it is up to the standards required.

Besides, the Company has central departments to support construction management, with duties to support both townhouse and single-detached house projects. The support departments are as follows :

- Contractor Recruiting Department : This department has a duty to recruit specialized contractors and laborers to help in each project as required.
- Research and Development Department : This department has a duty to introduce appropriate technologies for application in design and construction work.
- Project Development Department : This department serves as the coordinator and participates in the development of housing designs.
- Purchasing Department : This department has a duty to purchase materials for use in construction.

House Design: In designing housing units for each project, the Marketing and Sales Department will coordinate with the Project Development Department to determine conceptual design guidelines, including the budget for construction. After that the Project Development Department will hire outside architects to design the project under the guidelines on the agreed conceptual design. If the





project design proposed by the architect is agreed by the Project Development Department, the architect will continue with the detailed design to ensure completeness of the design before the launch of each project.

In a townhouse construction project, the Company divides the work into production lines, each of which is able to build about 40 townhouse units per month. In each project, there may be more than one production line, depending on the size of the project. The Company assigns about 10 staff members to supervise the construction work at each production line, with the project manager being the project supervisor, and project engineers, field engineers, and foremen supervising construction work at each stage and specialised contractors hired to carry out detailed work, such as foundation work, masonry, parts installation, floor tiling, and roofing. The Company hires specialised contractors and labourers at appropriate numbers for each production line. During the construction period, the Company's quality assurance department inspects the house quality periodically and the overall quality after completion of the house construction, prior to sale or delivery to the customer.

The Company is able to build this type of house at a lower cost, with comparable quality and more useable area than houses built by other developers, with similar designs, sizes and locations. In addition to the ability to manage construction work by itself, the Company has another advantage, i.e., the Company employs production technologies to reduce the construction period. This can save costs and labour expenses, while maintaining work quality. The Company uses Cast-Institu Load Bearing Wall Structure system in the construction of Baan Preuksa projects and the RC Load Bearing Wall Prefabrication system in the construction of single-detached houses in the "Preuksa Ville" and "The Connect" projects.

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For Cast-Institu Load Bearing Wall Structure system, the Company purchased this technology from France. This system uses walls to bear the weights in place of pillars and beams, skipping the step of cement pouring for pillars and beams. The walls are assembled and installed at the construction site. Then the walls are tied with a steel structure into which cement is poured. By this method, the work is done more quickly. The Company was among the first few developers that employed this system in the construction of one-story townhouses, requiring about 30 days from the commencing date to complete the construction of a house, which is more efficient than the conventional method of construction, which requires about 90 days. The Company had used the conventional method in the construction of early townhouse projects such as Baan Preuksa 1 and Baan Preuksa 2.

Later, with constant development efforts, the Company has come up with new construction technologies to boost house construction efficiency. The Company has employed the Tunnel Technology in the construction of two-story townhouses. The construction starts with the fitting of steel-framed walls and the upper floor at the same time, followed by the step of concrete pouring for the lower walls and the upper floor, also as one step. Then the upper walls and roof frames are fitted in. By this method, the outside working period is much shorter than the conventional method and a solid, strong and beautiful house is obtained. By using Tunnel Technology in construction, a house is completed in about 60-80 days. This method is much quicker, compared with the conventional method, which requires about 180 days. The Company has used this technology in the construction of Baan Preuksa 3 project and the subsequent projects. In addition to the construction of townhouses, this technology can be used in the construction of 8-storey condominiums.

**The advantages of this technology are as follows :**

- 1) The house structure is solid and strong because the precast steel-reinforced concrete walls are longer lasting than walls built by conventional methods.
- 2) Easier quality control as the system has an assured standard.
- 3) The construction period can be easily controlled as unnecessary construction steps are skipped, thus requiring shorter time for the construction than the conventional method.
- 4) It depends less on skilled labour, which is an important part of the construction cost.



- 5) It depends less on skilled labour, which is an important part of the construction cost.
- 6) Bricklaying and masonry on walls is omitted in addition to concrete pouring for beams and pillars.
- 7) The problem on wastes from work - which is a major problem in construction - is reduced, resulting in cost saving and an orderly working condition in the construction site.

For the details of RC Load Bearing Wall Fabrication technology, please see item construction management of Single-detached housing projects

Besides using the aforementioned technology in the construction of townhouses, the Company has a factory, using a battery mold system, to produce precast fences and pillars for single-detached houses and townhouses ("Preuksa Ville" and "The Connect" projects).

Therefore, the Company is able to build townhouses in mass and in effect to manage construction costs efficiently, thus achieving the economies of scale.

#### **BOI promotion Privileges**

The Company is one of a very few real estate developers granted with the Board of Investment (BOI) promotion privileges. Realising the demand of the low-to-middle income earners to have their own residence, the Company has a policy to build houses at a unit price not exceeding Baht 600,000 as the Company's construction costs are lower than those of other real estate developers, most of whom are not granted BOI promotional privileges as they are not able to manage construction costs so efficiently. The Company has exercised the granted BOI privileges in implementing townhouse projects under major BOI-prescribed conditions as follows :

1. The Company must have Thai nationals holding in aggregate not less than 51 % of its registered capital
2. The sale price of a housing unit shall not exceed Baht 600,000, including the land cost
3. The useable area of each unit shall not be less than 31.0 square
4. The project must contain no less than 150 units and be located in an area as prescribed
5. The Company must have a certificate of quality at ISO9000 standard or equivalent



**Major BOI privileges granted to the Company are as follows:**

1. Exemption from corporate income tax on net profits derived from sale of residential units in the promoted projects for a period of five years commencing from the date income from such projects is first generated. The total amount of tax exemption for each promotional certificate, however, varies (from Baht 6.6 million to Baht 183.4 million, according to investment capital excluding land cost, and net working capital on the commencement date of operation of such projects

2. In case a BOI-promoted project incurs losses during the period of corporate income tax exemption, the Company can carry such losses forward for deduction from net profits for up to five years after the expiration date and the Company may choose to take the deduction in either any specific year or over several years.

In addition, the Company's shareholders are exempt from income tax on dividend income from the BOI-promoted activities during the corporate income tax exemption period.

In 2006 and 2007, the Company's incomes from the BOI-promoted townhouse projects were Baht 2,021.1 million and Baht 2,612.1 million, representing 24.7% and 28.9% of the total revenue from sales of real estate, respectively.

Income Category From townhouse projects	For the year ended December 31,					
	2005		2006		2007	
	Million Baht	%	Million Baht	%	Million Baht	%
BOI-promoted townhouse projects	1,913.3	45.0	2,021.1	41.8	2,612.1	49.3
Non-BOI-promoted townhouse projects	2,342.6	55.0	2,819.7	58.2	2,690.2	50.7
Total income from townhouse projects	4,255.9	100.0	4,840.8	100.0	5,302.3	100.0

**Future Plan**

With the successful launches of the two new townhouse products under the brands "The Connect" and "Preuksa Ville" in Bangkok Metropolis and its suburbs as well as the successful expansion of its coverage areas during 2007, the Company will enhance this growth of townhouse business, and will even enter into the new segment by launching 3-storey city townhouse projects under the brand "The Plant" at the price range of Baht 2.0 - 3.5 million per unit.



## 2. Single-detached Houses

The Company has constructed single-detached houses under the “Preuksa Village” and “Passorn” names, with the price ranges as follows :

- Baht 1.7 - 2.2 million per unit under the brand “Preuksa Village”; and
- Baht 2.4 - 5.0 million per unit under the brand “Passorn”

The Company focuses on customers in the low-to-middle income brackets responding to their demand for ownership of a large single-detached house with internal useable areas that offers the most “Value for money”, compared with single-detached houses with similar designs, sizes and locations offered by other developers. Generally, the prices of the Company’s single-detached houses are about 10-15 % lower than those of other developers. By rebranding one of its single-detached house products - “Passorn” and promoting another - “Preuksa Village” during 2007 brought the Company success launches of certain housing projects. For the year 2008, the Company will enter into new single-detached house market by developing a new product under the brand “The Plant”, stylish single-detached house with price range of Baht 2.5 - 5.0 million per unit.



In 2005, 2006 and 2007, the Company transferred the ownership of 1,093, 1,193 and 1,331 units of single-detached houses, respectively, with the sales revenues of Baht 3,339.1 million, Baht 3,309.1 million, and Baht 3,735.7 million, representing 43.8%, 40.4%, and 41.1% of the Company’s total revenue from sales of real estate, respectively.



### Construction Management

Managing a single-detached house project is similar to managing a townhouse construction project. However, for the construction of each project, the Company divides responsible staff by project rather than by product line, as the number of housing units in each single-detached house project is smaller than that of a townhouse project. About 30-40 staff members are assigned to supervise the construction of each project and specialised contractors and daily-wage workers are hired for each project as appropriate.

**RC Load Bearing Wall Prefabrication:** At the beginning, the Company cooperated with the Asian Institute of Technology (AIT) in developing the RC Load Bearing Wall Prefabrication technology (or “**precast wall technology**” as it is often referred to) for its construction work at each site. Later, in 2004, the Company built its own Precast Concrete Factory by purchasing the technology from Germany, which uses the Semi-Automated Pallet Circulating System, the most advanced system in Thailand. The Company has used this construction technology with two-story single-detached house projects as single-detached houses have diverse wall designs. Each house has 30-60 parts, which under this technology are precast in the factory and delivered to the construction site for assembly.

Besides, the similar advantages to those of Cast-Institu Load Bearing Wall Structure, this technology has other major advantages including more useable area as a space for beams and pillars is not needed. Moreover, the walls are better fire-proof, heat insulating, sound-opaque, and water-proof than those built by other materials. In addition, houses built under this technology require low maintenance as it has a precast structure and the insurance premium is low as a precast structure house is better fire resistant, more solid and more durable.

The construction period is about 75 - 90 days for a house under this technology, compared with approximately 180 days required for constructing a house by a conventional method. However, in the early stage of using this technology, each part was cast on the construction site and not all of the parts were able to be cast. Therefore, the early housing projects had to use parts produced under this technology and those produced under conventional methods (except for single-detached houses under Passorn 11 project, which were entirely built under conventional methods.) The Company built



the Precast Concrete Factory by using this technology in producing the parts. The factory, built in 2004 and completed in January 2005, has a capacity to build parts for up to 3,600 single-detached houses per year. The factory has started production of parts and the production increased from 60 % to 80 % of the total capacity in June 2006. Average utilisation of the Precast Concrete Factory's production for 2007 was at 54% of its maximum capacity.

The Company also has a factory to produce finished fences and pillars by using the Battery Mold system. In the production process, steel molds are placed and removed by a hydraulic control system to ensure the exact distance required between the molds before cement pouring. The factory has a total capacity to produce fences and pillars for 12 houses per day. At present, the factory also produces decoration pillars and townhouse parapets.



### 3. Condominium

As anticipated rapid changes in lifestyles and housing demands in Bangkok Metropolis and its suburbs, especially increasing demands in condominium development in areas surrounding the new extensions of the mass transit systems i.e. sky train and subway, the Company clarified its marketing strategy and revenue structure in 2007, together with adopted Strategic Business Unit organizational structure to swiftly identify and respond to market as well as satisfy certain customer demands, resulted in successful launches of new condominium projects under the brands "Ivy", "The Seed" and "City Ville Condominium". The Company is then recognised as an emerging leader in condominium market within a short period of time. In 2008, the Company will develop condominium projects under new brands to respond and satisfy those modern lifestyle segments, as well as will continuously piece into the same condominium market developed in 2007 for the greater expansion.



In 2007, the Company transferred the ownership of 27 condominium units, with the sales revenues of Baht 17 million, representing 0.2% of the Company's total revenue from sales of real estate.

#### Distribution and Channels of Distribution

*The Company has strategies to promote its products as follows :*

**Product strategies :** In 2007, the Company developed a number of new products and expanded coverage areas with the objective of being the leader in middle-to-low income market in all of products covering all of Bangkok Metropolis, its suburbs and also commercial centre areas. Besides, the Company has continued to use more efficient construction technologies, enabling it to complete



the construction quickly. The Company also has inventory management methods to maintain the inventory level appropriate to the sales of housing units.

**Pricing strategies** : With a view of a niche in the real estate market for low-to-middle income earners, the Company has focused on this segment. The Company's construction costs are also lower than those of other developers as the Company manages construction work itself and uses advanced and efficient construction technologies. The Company is therefore able to maintain low production costs and shorten the construction periods. Therefore, the Company is able to offer prices lower than those of other developers by 15-20% for townhouses and 10-15% for single-detached houses. And since the Company's main objective is to build housing units for low income earners, in order to help society, the Company is one of the very few real estate developers granted BOI promotional privileges, with corporate income tax exemption for incomes from sales of housing units with a selling price not exceeding Baht 600,000 each.

**Advertising and public relations strategies** : To support sales, the Company has launched advertising and public relations campaigns through newspapers, in addition to billboards that advertise the Company's projects in their respective localities. Besides, the Company has advertising campaigns for brand-building purposes, aiming to boost public awareness of the Company, by sponsoring various TV programs such as "Faen Phan Thae" or applying the concept of Customer Relation Management, such as offering scholarships to the children of dwellers in the Company's housing projects, providing mobile medical services to the Company's housing project dwellers for free health check-ups and organising various activities in the housing projects.

**Distribution Strategies** : The Company has a direct channel of distribution, mainly through the Company's sales offices, in addition to sales offered at housing fairs. Besides, the Company offers the sales of the Company's new housing projects to expand the Company's customer base by various means, such as the "Members Get Members" project, where the customer who introduces new customers to the Company are entitled to referral fees. Currently, the Company has a customer base of over 40,000 households.

Besides, the Company has a plan to expand business units in order to be support units and to help increase competitiveness of the major business of the Company as well as to utilise the customer base of over 40,000 households for the long-term growth.



## Procurement of New Products and Services

### 1. Land Purchase

The Company has no policy to hold a land bank. If it is interested in developing a real estate in a certain area, it will conduct a project feasibility study, and market condition and competition surveys, including the customer demand in the target location. Then it will negotiate the land purchase directly with the land owner or broker, comparing the proposed price with the official valuation price or market price, to ensure that the land prices are not unreasonably high.

### 2. Construction Materials

Since the Company manages construction work itself, it is the direct buyer of construction materials. After the Purchasing Department is informed of the material requirements in detail, it will contact each material producer directly to compare prices. Generally, the Company is given a considerable discount as its purchases are of high volumes. After the Company has agreed with the producer on the material quantities and prices, it will order the materials through the producer's agent for delivery to the project sites. The Company has a credit term of 15 — 90 days. Since 2006, it made change to the procurement of major construction materials, such as cement, steel, and tiles, by inviting tenders and entering into long-term price agreements, such as one year or 3-6 months. These methods have reduced the risks of price fluctuations. Having good relationship with suppliers, the Company is able to obtain construction materials at a desired quantity and has never suffered a shortage of construction materials. However, it does not rely on any one supplier of construction materials.

### 3. Construction Contractors

The Company is one of the very few real estate developers who manage construction work themselves. In running a project, it determines the project concept and details of the design, and for project construction. The Company manages the construction work by dividing it into parts such as foundation work, masonry, parts installation, floor tiling, and roofing. It hires specialized contractors to implement the work and supervises the implementation by assigning its engineers and foremen to



work at the project site to ensure that construction specifications and standards are met. The Company is also able to manage construction costs efficiently as it procures construction materials itself.

#### 4. Production Technologies

The Company utilises construction technologies in the construction of townhouses, single-detached houses and condominiums

#### 5. Environmental Impact

The project's housing and utilities constructions are subject to the Ministry of Natural Resources and Environment's Notification on the Criteria, Methods, Procedures, and Guidelines on the Preparation of the Report on Environmental Impact Analysis issued by virtue of the Environment Quality Promotion and Maintenance Act B.E. 2535. The notification requires companies engaged in land development for housing or commercial purpose in a plot divided into 50 or more sub-plots or in a plot of over 100 rai to submit a report on the environment impact analysis (EIA) together with the application for land development under the land development law. Prior to the project construction, the companies must also submit the EIA report to the Office of Natural Resources and Environment Plans and Policy. On this matter, the Company has the required EIA report prepared by outside experts and has never had any problem on environment impact.

In housing construction, especially in a single-detached house project, there may be environment impact from waste water. The Company therefore has provided a waste water treatment system for each individual house and set up a central waste water treatment system for each project, so as to avoid any impact on public water sources.

As for the Company's Precast Concrete Factory, which is subject to the provisions of the Factory Act B.E. 2535, the Company has established standards and methods to control the release of pollutants or any substances that may have environmental impact as a result of the factory's operations. To ensure that it operates with responsibility for environmental impact, the Company has three pollution control measures; (a) water pollution control by providing water treatment ponds and



water sediment ponds to prevent the release of waste water to the community areas; (b) air pollution control by installing water sprays in the factory area to prevent dust. In early July 2005, the Company installed vapor fans inside the factory to reduce heat and also prevent dust; (c) noise pollution control by installing noise barriers to prevent noise pollution that may arise from construction work inside the factory.



## Trend of Real Estate Business and Key Factors Affecting the Business in 2008

With respect to external factors, the credit squeeze from the subprime mortgage crisis in the US, the ever upwards movement of oil prices in the world market, as well as rising prices of steel and copper, have had severe adverse effects on Thailand's economy and property development sector in 2007 and continue into 2008, reflected through Thailand's economic data, as follows:

### Important Economic Statistical Data

	2003	2004	2005	2006	2007	2008 (F)
Nominal GDP (Baht billion)	5,917.4	6,489.5	7,095.6	7,830.3	8,485.2	NA
Real GDP 1988 (Baht billion)	3,468.2	3,685.9	3,855.1	4,052.0	4,244.6	NA
GDP Growth (%)	6.9	6.1	4.5	5.0	4.6	4.5-5.5
One-year bank deposit rate	0.75	0.75	2.25-4.0	3.5-5.13	2.0-3.5	2.5-3.5
Minimum Lending Rate (MLR)	5.69	5.69	6.81	7.99	6.88	6.0-6.5

Source: Bank of Thailand, (F) from consensus



According to the aforementioned external threats, coupled with crucial internal factors, that is, the government reformation after the election at the beginning of 2008, Gross Domestic Product (GDP) growth rate in 2008 is forecasted, by Management of Preuksa Real Estate Public Company Limited, to expand by a similar percentage in 2007 at 4.5% despite falling trends of interest rates by 0.5% which should be positive factors that produce beneficial effects on the real estate sector. A number of factors influencing real estate business that the Company has to take into consideration, and implement appropriate strategies to response to, are as follows:

**1. Lower consumer confidence** The external threats along with Thailand's economy in 2008 may create lower consumer confidence, reflecting sluggish consumption that provides a direct adverse impact on the real estate industry. The Company, therefore, has to closely monitor and implement the appropriate strategy in handling certain factor.

**2. Fluctuation in housing demands** Rising trends of oil prices in the world market that reached their highest ever level during 2007 have created higher oil prices in Thailand. This coupled with provisions for infrastructure improvement, especially extensions of mass transit systems in the inner Bangkok for more travel convenience, leads to rapid changes in the demand structure. Developers, therefore, have to adjust of investment structure to cope with certain changes.

**Table showing types of housing registered for ownership transfer in Bangkok and the Greater Metropolitan Area, categorised by type**

	2003			2004			2005			2006			2007 (Jan.-Nov.)		
	Units	% Growth	%	Units	% Growth	%	Units	% Growth	%	Units	% Growth	%	Units	% Growth	%
Owner's Built	18,598	5.1	36.8	19,859	6.8	31.6	25,241	27.1	37.2	28,949	14.7	37.1	23,530	(12.6)	35.8
Developer's Built															
Townhouse, Duplex House and Commercial Building	12,177	111.1	24.1	14,121	16	22.5	12,046	(14.7)	17.8	15,501	28.7	19.6	12,886	(8.3)	19.6
Single-detached house	17,911	108.2	35.4	26,631	48.7	42.4	23,889	(10.3)	35.2	16,700	(30.1)	21.4	14,185	(10.8)	21.6
Condominium	1,908	(3.2)	3.8	2,185	14.5	3.5	6,653	204.5	9.8	16,966	155.0	21.7	15,201	(4.1)	23.1
Total houses built by Developers	31,966	95.8	63.2	42,937	34.2	68.4	42,588	(0.8)	62.8	49,167	15.4	62.9	42,272	(7.7)	64.2
Grand Total	50,594	48.7	100.0	62,769	24.1	100.0	67,829	8.0	100.0	78,116	15.2	100.0	65,802	(9.5)	100.0

Source: National Housing Authority and Government Housing Bank (2003 — 2007 (Jan.-Nov.))



**3. Government policy to help stimulate the economy** Property development and construction sectors are leading factors driving Thailand's economy, affecting the national GDP at the rate of 6-10%. Both sectors, in particular, consume local content up to 80-90% and are also multiplier effects driving other related business up to 2.5 times. As above-mentioned, the new government's policy is expected to drive the Thailand's economy in 2008 though its policies providing beneficial effect on the whole property development and construction sectors.

**4. Stringent Law and Regulations** There are a number of law, its amendments and regulations that the Company is required to comply, including environmental impact assessment (EIA) regulation, and the escrow account law (Escrow Account). Certain law and regulations will largely affect the Company's operation as well as the Company's business models and also capabilities in conducting property development business. Developers, therefore have to redefine their strategies along with enhance their project development processes and strengthen their financial structures to cope with certain challenges, to lower the risks and to continue business growth.

**5. High costs pressure** One of influential factors affecting property development business in 2008 is high costs pressure. Rising costs of sales, construction costs and other, are all derived from soaring oil prices. Property developers, therefore, need to clarify a number of strategies along with work process enhancement to encounter such pressure, to manage costs efficiently, and hence maintain their margins during 2008

**6. Public utilities development** From 2008 onwards, improvement of public utilities and communication, for instance, expansion of mass transit systems and road network, are likely to have significant impacts on property development model. Therefore, developers have to anticipate the changes, meanwhile develop and refine their organizational structure to respond to the changes, for their long-term sustainable growth.



## Risk Factors

### Risks relating to the Company and its business

#### 1. Inconsistency of policy on mortgage loans

More than 90 percent of company's customers borrow mortgage to purchase their land and houses. As a result, the inconsistency of policy from commercial banks or Government Housing Bank on mortgage loans, loan controlling procedures and available funds would directly cause to the customer purchasing power, which would have an impact on



the company's revenue as the consequence.

From the aforementioned risk, the Company has appoint the working committee to regularly monitor and track on the banks' loan policy and the economic status in order to adapt the appropriate

strategy according the changes. Additionally, the company has collaborated to the commercial banks and Government Housing Bank to offer the best services and shorten loan approval period to the company's customers.

#### 2. Increases in construction material prices and shortage of the materials

The Company has adopted presale strategy; in most cases, land and houses are sold before built and later transferred to its customers. If materials costs increase or a labour rate increase occurs after housing units are booked and selling agreement contract are made, certain variance or even effect from below-target transfer of ownership will lead to higher cost of sales which results in lower gross profit margin.

Cost of construction materials is one of the most important housing costs. Prices of major construction materials have significantly increased as a result of a growth in demand both from the real estate sector and the new mega-projects. Certain rising prices of raw materials including steel, copper and coal, coupled with upwards trends of oil prices in the world market, have driven the transportation cost, a main factor for the increase of the prices of construction materials, and subsequently, result in an increase of



the Company's cost. If the Company cannot raise its sales prices forthwith or can not raise its prices to the levels that correspond with such increased costs, this can affect its sales volume and as a consequence would have a significant negative effect on the Company's business, financial condition and operating results.

In addition, the increased number of property developers may result in a shortage of construction materials. If those events occur and the Company cannot buy construction materials within the prescribed period or in a sufficient amount to respond to its need, or the Company cannot find construction materials at all, the Company will not be able to complete the construction within the prescribed period or according to the required volumes or cannot continue the construction at all. As a consequence, it would have a material affect on the Company's business, financial condition and results of operation.

Nevertheless, adoption of construction technologies as enable the Company to construct townhouses and a single-detached house much quicker than the conventional method, within only 60 days and 120 days, respectively, and this also helps the Company reduce the risk. In addition, to better control certain risks, the Company has adopted a tender process in procurement of major items of construction materials since 2006 in order to ensure fixed construction costs throughout the year. The



policy is also in line with the Company's code of conduct. Besides, the Company holds a monthly procurement meeting to be informed of movements of major construction material prices and effects on costs of sales in order to consider adjusting selling prices or seeking for substituted materialsoperating results. In addition, the increased number of property developers may result in a shortage of construction materials. If those events occur and the Company cannot buy construction materials within the prescribed period or in a sufficient amount to respond to its need, or the Company cannot find construction materials at all, the Company will not be able to complete the construction within the prescribed period or according to the required volumes or cannot continue the construction at all. As a consequence, it would have a material affect on the Company's business, financial condition and results of operation.



### 3. Shortage of Specialised Contractors and Skilled Labours

According to the Company's construction technology, Precast Concrete Panels are the main parts of housing construction and require assembly at construction sites. Furthermore, the Company manages construction of its projects itself, under the



supervision of its engineers and foremen, and does not hire contractors to construct the entire project. It only hires contractors who have specific skills to work on certain housing tasks, such as laying foundation, installing building parts, tiling and roofing. The Company's engineers and foremen supervise and oversee the work conducted by those contractors.

Currently, there are more entrepreneurs taking on real estate development projects or engaging in overseas construction while a number of large scale infrastructure projects will be implemented, thus

resulted in a shortage of contractors with specific skills to work in its construction projects. Consequently, the construction may be delayed or may not be completed and the Company may not be able to transfer units to the buyers as scheduled, or may not be able to do so at all.

Fortunately, there are a large number of skilled contractors and skilled labours in the industry. As parts of outsourcing contract, the Company will hire certain workforce at reasonable market rate on a continual basis, whereas payments to contractors are on a fair and regular manner and within acceptable periods, which could help the contractors with their financial burdens. The contractors therefore are pleased to work for the Company. Currently, there are approximately 4,600 contractors in the Company's work system. Besides, to reduce risks resulting from the shortage of contractors with specific skills, the Company therefore regularly set up training courses for contractors to enhance their efficiency together with follow up hiring such well-trained workforce. As for high value projects or urgent tasks (for example, a bridge crossing a canal to the project site, a gate arch, or a swimming pool), the Company would outsource through tender and contracting in much the same way as procurement of major materials. This method enables the Company to find competent contractors who can provide deliveries according to the Company's set standards, conditions and budget.



#### 4. Dependence on highly skilled personnel

Having adopted modern technologies in housing construction process, specifically, Cast-Institu Load Bearing Wall Structure system or Tunnel Technology and RC Load Bearing Wall Fabrication technology, the Company, therefore, relies on the experience, knowledge and skills of its employees in its business operations, especially engineers and foremen. In the event that the Company is unable to retain its key personnel, the Company's business may be interrupted, which would significantly affect its financial condition and operating results.

The Company then sets up policies to retain quality people, to continue to seek to recruit a quality work force and to induce employees for long term employment by providing appropriate and competitive compensation packages and other benefits. At the same time, it has consistently continually organised training programmes, especially training to develop quality work. Besides, the Company may contact with educational institutes for internship programmes as for the future business expansion.

#### 5. Acquisition of land for development

The Company does not have a policy to accumulate land for future projects because it views that purchase of land without clear development plans will add financial burden to the Company,

which may affect the Company's liquidity, especially during an economic downturn. The Company will purchase land when there is a need to develop a project. As a result, when the Company needs to purchase land for a new project, the purchase price could be higher than earlier anticipated, or it may not be able to purchase the land in the amount it wants, or may not be able to purchase the land at all. These factors may lead to a higher cost, due to its fixed cost from the Precast Concrete Factory. The Company, therefore, may not be able to fulfill its expansion plans, and, as a result, would have a significant effect on the Company's business, financial condition and operating results.

As for land procurement, the Company purchases land from owners and agents or at reasonable market prices. Consequently, certain land pieces are developed with lower costs compared to other developers, therefore, reflected by lower selling prices, and more opportunities in sale of housing projects as well as more opportunities to acquire more land. Besides, payments to agents are in a fair and regular manner within acceptable periods, so they are pleased to offer more. At present, there are over 10 agents offering land pieces to the Company. Besides, due to the fact that the Company's housing products are diversified therefore enables the Company to have flexibility to consider purchasing land for development of projects



## 6. Stringent laws and regulations

The business of the Company is regulated under stringent laws and regulations; for instance, to obtain land appropriation permission, land trading permission and construction permission from the relevant government authorities. In case of development of sizeable projects or condominium projects, the Company must submit the EIA report to the Office of Natural Resources and Environment Plans and Policy and consent must be granted prior to the project construction. If such government authorities are slow in issuing permits or refuse to issue relevant permits to the Company, it may result in construction and implementation delays, or the Company may not be able to pursue the projects, which will significantly affect the Company's business, financial condition and operating results.

Any establishment or change of laws, regulations or policies, such as the requirement for implementing the law governing escrow account (the draft of which is being reviewed by the Juridical Council Office before being proposed to the Parliament for consideration) which requires real estate developers, including the Company, to maintain down payments or installment payments they receive from buyers in a separate escrow account, may, therefore, force the Company to have insufficient working capital or funding that the Company would otherwise have. The Company may also not be able to borrow

money in the amount that is required for working capital or may be required to borrow at a higher borrowing rate, and as a consequence, this may have a material effect on the Company's financial condition and results of operation.

In this regards, the Company set up working team to study the law and the amendment to the law and regulations, especially the Escrow Account law. The working team meets regularly on a monthly basis to update and improve working process as well as to ensure compliance to the law and regulations. Nevertheless, the Company would not be much affected by the Escrow Account law, due to the fact that the down payment terms are rather short, at 3-6 months and in just small amounts. As for condominium projects, down payment terms are quite longer. The Company, however, is capable for finance the projects through self-funding, meanwhile, seek for any other sources of funds with lower cost, compared to borrow from financial institutes.

## Other Risk Factors

### 1. Control of Major Shareholders

Currently, the largest group of shareholders is Mr. Thongma Vijitpongpun's Group, who hold 1,698.2 million shares, or 77.69% of the total paid-up capital. Therefore, the Group is able to control shareholders' resolutions in relation to major matters, which are required by the laws or Articles of Association of the



Company to be passed by a majority vote of shareholders with voting rights attending the meetings. Moreover, Mr. Thongma, a shareholder within this group, who holds 1,352,913,100 shares, or 61.89% of the total paid-up capital, will continue to be the Chairman of the Executive Committee, Chief Executive Officer and Authorised Director of the Company. Therefore, other shareholders may not be able to obtain sufficient votes to achieve proper balance.

## 2. Dilution Effect from Exercised Warrants

In November 2005, the Company offered a sale of warrants exercisable into ordinary shares of the Company of not exceeding 65.0 million units at a price of 0 Baht per unit to directors, employees and advisors of the Company and/or its subsidiary. The directors and employees are entitled to exercise their right to purchase the Company's ordinary shares on a one-for-one basis at Baht one per share, which is lower than the price offered to the public in this offering. These warrants are exercisable every six-months except for the last exercise date, which is exercisable at the maturity date of warrants for the amount of 12.5% of the total units of allotted warrants. The first exercise date is 30 June 2006. Should such warrants be exercised in full, the Company will be required to issue an additional 65.0

million shares or 3.1% of the total paid-up capital after this offering. Investors may then be affected if the trading price of the Company's shares on the SET decreases as a result of the future sale of shares by directors, employees and advisors of the Company and its subsidiaries. Nevertheless, a number of warrants were cancelled from resignation of employees. As of December 31, 2007, exercisable warrants were 29,552,500 units.



## Capital Structure

### The Company's Securities

#### 1. Common Shares

As of the latest share register book closing, on February 13, 2008, Preuksa Real Estate Public Company Limited had registered capital of Baht 2,255,753,400 (2,255,753,400 ordinary shares with Baht 1 par value) with issued and paid-up share capital of Baht 2,185,952,700 (2,185,952,700 ordinary shares with Baht 1 par value).

On December 29, 2006, the holders of 7,104,600 warrants exercised options to purchase 7,104,600 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid-up share capital from Baht 2,166,745,800 to Baht 2,173,850,400. The Company registered the increases in the issued and paid-up share capital with the Ministry of Commerce on January 10, 2007.

- As per the 2007 Annual General shareholders' Meeting's approval on April 9, 2007, the Company registered the decrease and increase in authorised share capital with the Ministry of Commerce, as follows:
- Registered a decrease of the Company's authorised share capital from Baht 2,232,500,000 (2,232,500,000 ordinary shares with Baht 1 par value) to Baht 2,224,753,400 (2,224,753,400 ordinary shares with Baht 1 par value) on April 20, 2007
- Registered an increase of the Company's authorised share capital to Baht 2,255,753,400 (2,255,753,400 ordinary shares with Baht 1 par value) on April 23, 2007

On July 31, 2007, the holders of 6,327,800 warrants exercised options to purchase 6,327,800 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid-up share capital to Baht 2,180,178,200. The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on August 9, 2007

On January 31, 2008, the holders of 5,774,500 warrants exercised options to purchase 5,774,500 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid - up share capital to Baht 2,185,952,700. The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on February 6, 2008



## 2. Warrants (PS-WA)

The Company has issued a number of warrants to the Directors, Management and advisors of the Company and/or the subsidiaries (PS-WA) as per the following details :

Category	:	Warrants to purchase the ordinary shares of Preuksa Real Estate Public Company Limited (PS-WA)
Type	:	Being entered in a name certificate and non-negotiable
Term of warrants	:	Four years from the date of issuance
Issue Date	:	November 28, 2005
Expiry Date	:	November 30, 2009
Number of Warrants Issued	:	64,401,500 units
Offering price per unit	:	Baht 0
Exercise Ratio	:	One Warrant per one ordinary share
Exercise price per unit	:	Baht 1
Warrant exercise period	:	The holder of the Warrant shall be entitled to exercise the right to purchase the newly issued ordinary shares of the Company on a semi-annual basis, except for the exercising of right at the last time when the right may be exercised within the maturity date of the Warrant. In this case, the directors, employees and advisors of the Company and/or its subsidiary shall have the right to purchase the ordinary shares in a number not exceeding one-eighth of the total number of the Warrants allotted to each of the directors, employees and advisors of the Company. However, the directors, employees and advisors of the Company and/or subsidiary companies shall be able to



exercise such right only upon completion of the six-month period from the day on which the ordinary shares of the Company start to be traded on the Securities Exchange of Thailand, until the maturity of the Warrant. If the directors, employees and advisors of the Company and/or subsidiary company cannot exercise the right to purchase the ordinary shares up to one-eighth of the total number of the Warrants allotted to each of the directors, employees and advisors of the Company and/or subsidiary company, such directors, employees and advisors may apply the remaining Warrants in the subsequent exercising of right

#### Number of ordinary shares reserved

for the exercise of warrants : Not exceeding 65,000,000 shares

#### control dilution

: In the case that all 64,401,500 warrants are exercised, whereas, at present, the Company has 2,173,850,400 paid-up shares, the profit sharing or voting right of existing shareholders (control dilution) will fall by approximately 2.88%, of the profit sharing and the voting right of the existing shareholders, respectively

### 3. Debentures

As of December 31, 2007, there were unredeemed debentures of the Company (Debentures) in the amount of 1 million units at a par value of Baht 1,000 per unit, totaling Baht 1,000 million, which have 2 tranches with the details as follows:

1. Tranche 1 Debenture: In the amount of 600,000 units at a par value of Baht 1,000 per unit, totaling Baht 600 million

Name of Debentures : Debentures of Preuksa Real Estate Public Company Limited  
No. 1/2550 Due 2010



Type of Debentures	:	Name Registered Debenture, unsubordinated and unsecured without Debenture holders' representative
Lead Underwriter	:	Capital Nomura Securities Public Company Limited
Registrar and Paying Agent	:	TMB Bank Public Company Limited or any person duly appointed to act as the replacement of the Registrar and Paying Agent
Issue Size	:	Baht 600 million
Number of Debentures	:	600,000 units
Par value	:	Baht 1,000 per unit
Issue Price	:	Baht 1,000 per unit
Maturity	:	3 years from the issuance date
Issuance Date	:	August 8, 2007
Maturity Date	:	August 9, 2010
Status of the Debentur	:	The Debentures constitute indebtedness of the Issuer ranking pari passu, without any preference amongthemselves, with all other present and future unsecured and unsubordinated indebtedness of the Issuer, except as otherwise required by preferential payment provisions of applicablelaw.
Interest Rate	:	Fixed rate of 4.91% per annum, payable semi-annually
Interest Payment Date	:	The Issuer shall repay the interest twice a year on August 8 and February 8 throughout the term of the Debentures and the first payment of the interest shall be on February 8, 2008, and the final payment of the interest shall be on the Maturity Date. However, if the interest payment of Debentures is due on a non-business day of the commercial bank, it shall be made on the next business day without any additional payment for such postponement, except that the final payment of the last interest period shall be calculated until (but excluding) the postponed interest payment date.
Redemption Date	:	August 9, 2010



#### Calculation and Interest Payment

: In calculating interest on the Debentures, the principle that one (1) year has three hundred and sixty-five (365) days shall apply, and the calculation shall be based on the outstanding principal of the Debentures. Interest in each period shall be calculated from (including) the Issuance Date or the Interest Payment Date of a preceding interest period (as the case may be) to (but excluding) the Interest Payment Date of that interest period or the Redemption Date (as the case may be). In this regard, the amount of interest for each unit of Debentures shall be calculated to six (6) decimal places. If the seventh (7<sup>th</sup>) decimal is equal to or more than 5 (five), the 6 (sixth) decimal place shall be rounded up, if not it shall be rounded down. If the Interest Payment Date is not a business day, it shall be postponed to the following business day. In this regard, the said postponement

#### Principal and Interest Repayment

: (a) The Registrar will close the register book of Debentures to suspend the transfer of Debentures to determine the right to receive the principal and interest payment or the redemption of Debentures for the period of fourteen (14) days prior to any Principal and Interest Payment Date or the Maturity Date (as the case may be).

The register book of Debentures will be closed at noon of the first day of a closing period of the register book of Debentures. If the first day of a closing period does not fall on a business day, it shall be adjourned to the next business day.

(b) In General Case: The Issuer shall pay the principal and interest repayment, through the Registrar, to the relevant debenture holders whose name and address appear in the register book of Debentures on the closing of the register book



of Debentures, by crossed-check indicating name of the relevant debenture holders and dated on the business day that payment is due under the terms and conditions of Debentures. The check shall be sent by registered mail or air mail (if the debenture holders are abroad) to the relevant debenture holders as per the address appearing in the register book of Debentures, or by transfer into the debenture holder's bank account at a commercial bank in Thailand as detailed in the subscription form or notified in writing in advance fifteen (15) business days prior to the relevant repayment date to the Registrar. The Registrar shall not pay the outstanding principal and interest of the final interest period until the debenture holders surrender their debenture certificates or the substituted debenture certificates (issuance according to the regulation of the relevant authorities) at the head office of the Registrar.

*(c.) In Case of Debentures deposited with the TSD:* The Issuer shall pay the principal and interest, through the Registrar, to any person notified in writing by the TSD to the Registrar as owner in any amount registered in the register book in the name of TSD, by crossed-check indicating name of the relevant debenture holders and dated on the business day that payment is due under the terms and conditions of Debentures. The check shall be sent by registered mail or air mail (if the debenture holders are abroad) to the relevant debenture holders as per the address appearing in the register book of Debentures as notified by TSD, or by transfer into the debenture holder's bank account at a



commercial bank in Thailand as detailed in the subscription form or notified in writing in advance fifteen (15) business days prior to the relevant repayment date to the Registrar. The Registrar shall not pay the outstanding principal and interest of the final interest period until having received the surrender of debenture certificates or the substituted debenture certificates from the TSD.

*(d.) If the payment of Debentures* (whether principal or interest or any other amount) is due on a non-business day, it shall be made on the next business day without any additional payment for such postponement, except that the interest for the final interest period shall be calculated until (but excluding) the postponed Interest Payment Date.

#### Redemption

: The Issuer shall redeem the Debentures on the Maturity Date by repayment of principal amounts of the denomination of the Debentures and unpaid interest of the final interest payment (if any).

#### Repurchase of Debentures

: The Issuer at any time is entitled to repurchase the Debentures from the secondary market or otherwise. If the Issuer makes a repurchase offer in general, the Issuer shall make the same offer to all debenture holders and repurchase the Debentures from the debenture holders who wish to sell their Debentures on an equal basis pursuant to the proportion of offered Debentures. After a repurchase of Debentures by the Issuer, the obligation under such Debentures is extinguished due to the merger of debt under the law. Debentures that are repurchased by the Issuer shall not be re-issued or



resold. The Issuer shall give notice to the Registrar to cancel repurchased Debentures as well as report its repurchase of the Debentures to the Office of the Securities and Exchange Commission (the "Office of the SEC") without delay, in accordance with relevant notifications and laws.

#### Registration of Debenture

: The Issuer shall register the Debentures at Thai Bond Market Association within 30 days from the Issuance Date. However, the Issuer may register the Debenture at the Stock Exchange of Thailand and/or any secondary market which has received a license and is registered with the Office of the SEC.

#### Transfer Restrictions

: Transfer of Debentures is limited to Institutional Investors, under the definition of the notification of the Office of the SEC no. Kor. Yor. 40/2549 Re: Filing and exemption of filing of the registration statement of debt instrument dated November 15, 2006 (the "Notification of the SEC no. Kor. Yor. 40/2549"), at any time throughout the term of Debentures. The Issuer and/or the Registrar shall not accept the transfer registration of any person who is not an Institutional Investor.

#### Credit Rating

: The rating as disseminated by TRIS Rating Co., Ltd. on July 11, 2007, is BBB+ / Stable

2. Tranche 2 Debenture: In the amount of 400,000 units at a par value of Baht 1,000 per unit, totaling Baht 400 million



Name of Debentures	:	Debentures of Preuksa Real Estate Company Public Limited No. 2/2550 Due 2009
Type of Debentures	:	Name Registered Debenture , unsubordinated and unsecured without Debenture holders' representative
Lead Underwriter	:	Capital Nomura Securities Public Company Limited
Registrar and Paying Agent	:	TMB Bank Public Company Limited or any person duly appointed to act as the replacement of the Registrar and Paying Agent
Issue Size	:	Baht 400 million
Number of Debentures	:	400,000 units
Par value	:	Baht 1,000 per unit
Issue Price	:	Baht 1,000 per unit
Maturity	:	2 years from the issuance date
Issuance Date	:	August 15, 2007
Maturity Date	:	August 17, 2009
Status of the Debentur	:	The Debentures constitute indebtedness of the Issuer ranking pari passu, without any preference among themselves, with all other present and future unsecured and unsubordinated indebtedness of the Issuer, except as otherwise required by preferential payment provisions of applicable law.
Interest Rate	:	Fixed rate of 4.68% per annum, payable semi-annually
Interest Payment Date	:	The Issuer shall repay the interest twice a year on August 15 and February 15 throughout the term of the Debentures and the first payment of the interest shall be on February 15, 2008, and the final payment of the interest shall be on the Maturity Date. However, if the interest payment of Debentures is due on a non-business day of the commercial bank, it shall be made on the next business day without any additional payment for such postponement, except that the final payment of the last



Redemption Date

: August 17, 2009

Calculation and Interest Payment

: In calculating interest on the Debentures, the principle that one (1) year has three hundred and sixty-five (365) days shall apply, and the calculation shall be based on the outstanding principal of the Debentures. Interest in each period shall be calculated from (including) the Issuance Date or the Interest Payment Date of a preceding interest period (as the case may be) to (but excluding) the Interest Payment Date of that interest period or the Redemption Date (as the case may be). In this regard, the amount of interest for each unit of Debentures shall be calculated to six (6) decimal places. If the seventh (7<sup>th</sup>) decimal is equal to or more than 5 (five), the 6 (sixth) decimal place shall be rounded up, if not it shall be rounded down. If the Interest Payment Date is not a business day, it shall be postponed to the following business day. In this regard, the said postponement of the Interest Payment Date shall not affect the calculation of interest as specified herein, except for the case where the final interest payment date does not fall on a business day, payment of interest shall be postponed to the following business day. In this case, the number of days during which payment has been postponed until, (but excluding) the postponed Interest Payment Date shall be included for the calculation. Interest shall accrue on a daily basis and the principle that one (1) year has three hundred and sixty-five (365) days shall apply.



#### Principal and Interest Repayment

: (a) The Registrar will close the register book of Debentures to suspend the transfer of Debentures to determine the right to receive the principal and interest payment or the redemption of Debentures for the period of fourteen (14) days prior to any Principal and Interest Payment Date or the Maturity Date (as the case may be).

The register book of Debentures will be closed at noon of the first day of a closing period of the register book of Debentures. If the first day of a closing period does not fall on a business day, it shall be adjourned to the next business day.

(b) In General Case: The Issuer shall pay the principal and interest repayment, through the Registrar, to the relevant debenture holders whose name and address appear in the register book of Debentures on the closing of the register book of Debentures, by crossed-check indicating name of the relevant debenture holders and dated on the business day that payment is due under the terms and conditions of Debentures. The check shall be sent by registered mail or air mail (if the debenture holders are abroad) to the relevant debenture holders as per the address appearing in the register book of Debentures, or by transfer into the debenture holder's bank account at a commercial bank in Thailand as detailed in the subscription form or notified in writing in advance fifteen (15) business days prior to the relevant repayment date to the Registrar. The Registrar shall not pay the outstanding principal and interest of the final interest period until the debenture holders surrender their debenture certificates or the substituted debenture certificates (issuance according to the regulation of the relevant authorities) at the head office of the Registrar.



(c.) In Case of Debentures deposited with the TSD: The Issuer shall pay the principal and interest, through the Registrar, to any person notified in writing by the TSD to the Registrar as owner in any amount registered in the register book in the name of TSD, by crossed-check indicating name of the relevant debenture holders and dated on the business day that payment is due under the terms and conditions of Debentures. The check shall be sent by registered mail or air mail (if the debenture holders are abroad) to the relevant debenture holders as per the address appearing in the register book of Debentures as notified by TSD, or by transfer into the debenture holder's bank account at a commercial bank in Thailand as detailed in the subscription form or notified in writing in advance fifteen (15) business days prior to the relevant repayment date to the Registrar. The Registrar shall not pay the outstanding principal and interest of the final interest period until having received the surrender of debenture certificates or the substituted debenture certificates from the TSD.

(d.) If the payment of Debentures (whether principal or interest or any other amount) is due on a non-business day, it shall be made on the next business day without any additional payment for such postponement, except that the interest for the final interest period shall be calculated until (but excluding) the postponed Interest Payment Date.

#### Redemption

: The Issuer shall redeem the Debentures on the Maturity Date by repayment of principal amounts of the denomination of the Debentures and unpaid interest of the final interest payment (if any).



#### Repurchase of Debentures

- : The Issuer at any time is entitled to repurchase the Debentures from the secondary market or otherwise. If the Issuer makes a repurchase offer in general, the Issuer shall make the same offer to all debenture holders and repurchase the Debentures from the debenture holders who wish to sell their Debentures on an equal basis pursuant to the proportion of offered Debentures. After a repurchase of Debentures by the Issuer, the obligation under such Debentures is extinguished due to the merger of debt under the law. Debentures that are repurchased by the Issuer shall not be re-issued or resold. The Issuer shall give notice to the Registrar to cancel repurchased Debentures as well as report its repurchase of the Debentures to the Office of the Securities and Exchange Commission (the "Office of the SEC") without delay, in accordance with relevant notifications and laws.

#### Registration of Debenture

- : The Issuer shall register the Debentures at Thai Bond Market Association within 30 days from the Issuance Date. However, the Issuer may register the Debenture at the Stock Exchange of Thailand and/or any secondary market which has received a license and is registered with the Office of the SEC.

#### Transfer Restrictions

- : Transfer of Debentures is limited to Institutional Investors, under the definition of the notification of the Office of the SEC no. Kor. Yor. 40/2549 Re: Filing and exemption of filing of the registration statement of debt instrument dated November 15, 2006 (the "Notification of the SEC no. Kor. Yor. 40/2549"), at any time throughout the term of Debentures. The Issuer and/or the Registrar shall not accept the transfer registration of any person who is not an Institutional Investor.

#### Credit Rating

- : The rating as disseminated by TRIS Rating Co., Ltd. on July 11, 2007, is BBB+ / Stable



## Shareholding Structure

As reported in the latest Ministry of Commerce's certification dated February 12, 2008, Preuksa Real Estate Public Company Limited had registered capital of Baht 2,232,500,000 comprising 2,232,500,000 ordinary shares at Baht 1 par value with issued and paid-up share capital of Baht 2,185,952,700 comprising 2,185,952,700 ordinary shares at Baht 1 par value.

The top ten shareholders of the Company as of the latest share register book closing, on February 13, 2008, are as follows:

List of shareholders <sup>(1)</sup>	No. of shares hold	%
1. Mr.Thongma Vijjipongpun Group <sup>(2)</sup>	1,698,205,800	77.69
2. Thailand Equity Fund	106,000,000	4.85
3. SOMERS (U.K.) LIMITED	77,477,400	3.54
4. HSBC (SINGAPORE) NOMINEES PTE LTD	73,293,100	3.35
5. Social Security Office	18,276,200	0.84
6. Thai NVDR Company Limited	16,842,200	0.77
7. MORGAN STANLEY & CO. INTERNATIONAL PLC	13,300,700	0.61
8. STATE STREET BANK AND TRUST COMPANY FOR CANADA	7,714,000	0.35
9. AYUDHYA ALLIANZ C.P. LIFE PUBLIC COMPANY	7,524,700	0.34
10. Om-Sin Provincial Development	7,441,700	0.34
	2,026,037,800	92.68

### Notes:

(1) There is none of nominee of Mr.Thongma Vijjipongpun Group in the top ten shareholders list

(2) Mr.Thongma Vijjipongpun Group consists of 1) Mr.Thongma Vijitpongpun 2) Mrs.Tipsuda Vijitpongpun

3) Chanya Vijitpongpun 4) Mrs.Rattana Promsawad 5) Mr.Chamlong Promsawad 6) Miss Malinee Vijitpongpun

7) Mr.Thavorn Vijitpongpun 8) Dr.Pisit Leeahtam 9) Mr.Narong Manavapat 10) Mr.Prasert Taedullayasatit 11) Mr.Piya Prayong

12) Mr.Weerachai Ngamdeevilasak 13) Mr.Adul Chandanachulaka 14) Professor Emeritus Dr.Trungjai Buranasomphop

15) Miss Sujitra Buphacharoen 16) Mr.Prasert Suppakitpiput



### Restriction on Foreigners' Shareholding

The foreign shareholders are able to hold in an aggregate portion of no more than 40% of the Company's total issued and paid-up shares. As of February 13, 2008, foreign shareholders held approximately 9.45% of the Company's issued and paid-up capital.

### Dividend Payment Policy

The Company's Board of Directors may consider paying annual dividends, subject to approval by a shareholders meeting. However, due to the fact that Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" under which FAP announcement No. 26/2006 requires a parent company has to record investments in a subsidiaries and associates with the cost method instead of the equity method. By this respect, the Company has adopted the accounting change according to foregoing announcement since January 1, 2007, which resulted that the net profit amount shown in the Company's Consolidated Financial Statements are not equivalent to the Company's Separate Financial Statements. In order to ensure the same understanding between the Company and its shareholders and investors, the Board of Directors at the meeting No.5/2007 on

August 7, 2007 has approved the Company's dividend payment policy of making annual dividend payment to its shareholders at a rate of not less than 30.0% of the Company's net profit after deduction of all legal reserves, however, are subject to change depending on the Company's investment plans, necessities as well as other justifications and considerations that the Board of Directors deems appropriate.

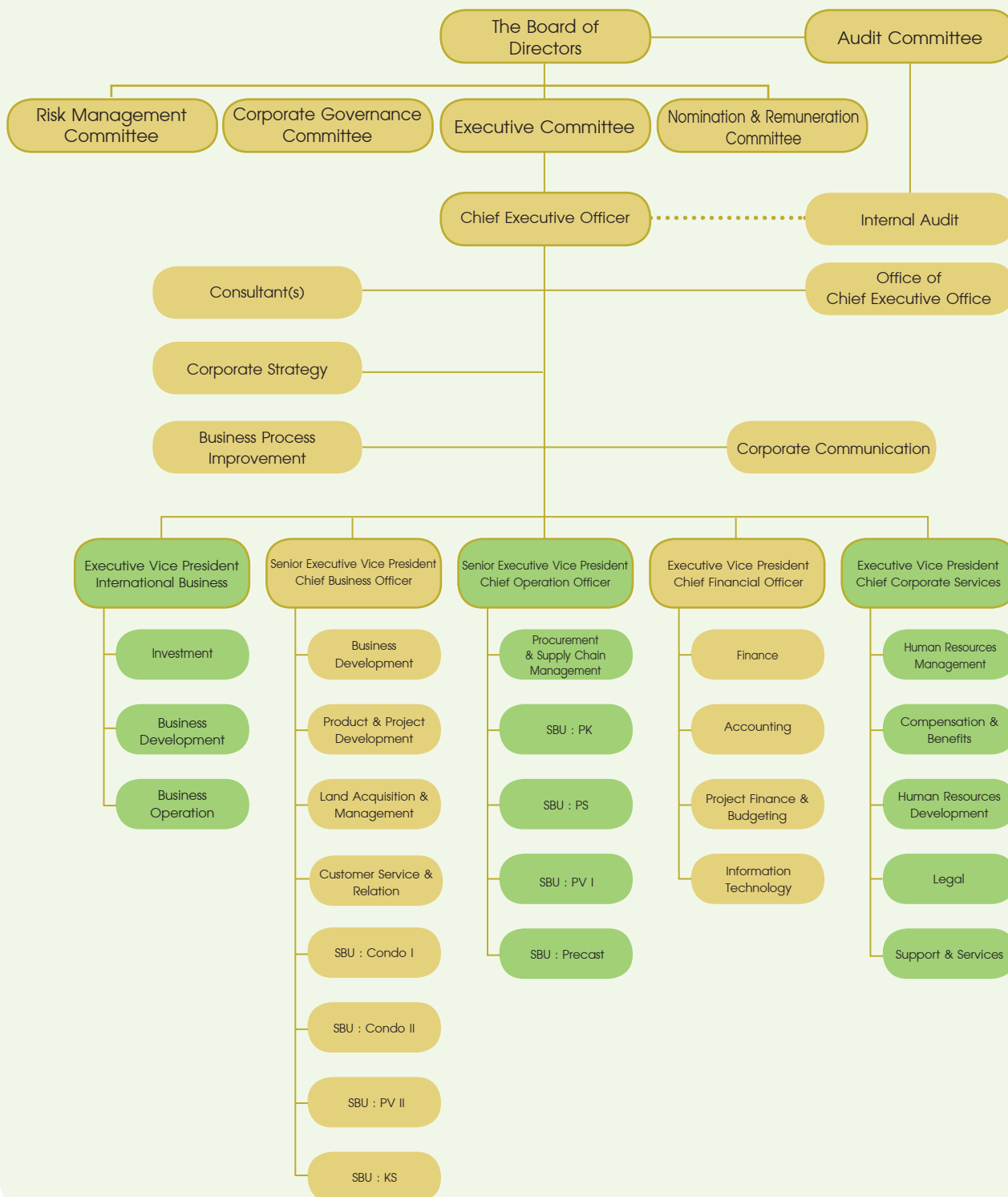
In respect of dividend payment policy by the subsidiaries, such subsidiaries will pay dividends to the Company from their net profits. The dividend payment is, however, subject to many factors such as their financial condition and results of operations, liquidity, business expansion and factors related to the operation of their business.

Moreover, dividends from net profits from the businesses with BOI privileges are exempted from income tax and the Company is not obligated to deduct withholding tax from such dividend payments.





## Organizational Structure





## Management Structure

At the top of the Company's organizational structure is the Board of Directors, which consists of five sub-committees: Audit Committee, Risk Management Committee, Corporate Governance Committee, Nomination and Remuneration Committee, and Executive Committee.

### The Board of Directors

As reported in the latest Ministry of Commerce's certification dated February 12, 2008, the Board of Directors of Preuksa Real Estate Public Company Limited, who possessed qualifications in accordance with section 68 the Public Company Act B.E.2535 and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, consisted of 10 members as follows:



1. **Dr.Pisit Leeahtam**  
Chairman and Independent Director
2. **Mr.Thongma Vijitpongpan**  
Executive Vice Chairman



3. **Mr.Narong Manavapat**

Director

4. **Mr.Prasert Taedullayasatit**

Director

5. **Mrs.Rattana Promsawad**

Director

6. **Mr.Piya Prayong**

Director

7. **Mr.Kanchit Bunajinda <sup>(1)</sup>**

Director

8. **Professor Emeritus Dr.Trungjai Buranasomphop**

Independent Director

9. **Mr.Weerachai Ngamdeevilaiak**

Independent Director

10. **Mr.Adul Chandanachulaka**

Independent Director

**Notes :**

*(1) Mr.Kanchit Bunajinda is appointed as Director on January 3, 2006*

**Authorised Directors who can sign on behalf of the Company**

Authorised Directors who can jointly sign and bind the Company are: either Mr.Thongma Vijitpongpan or Mrs.Rattana Promsawad jointly signing with Mr.Narong Manavapat or Mr.Piya Prayong or Mr.Prasert Taedullayasatit with the Company's seal affixed.



### Scope of powers and duties of the Board of Directors :

1. The Board of Directors shall have the powers and duties to conduct the Company's business according to the laws, Company's objectives, Articles of Association, and resolutions of the shareholders' meetings, except for matters which require prior approval at shareholders' meetings, such as matters required by law to be approved by a shareholders' meeting, entering into connected transactions, and any purchase or sale of material assets pursuant to the regulations of the SET or those prescribed by other government authorities.
2. To consider approval of the business policy, target, operation plan, business strategy and annual budget of the Company.
3. To consider appointment of a person who possesses qualifications and does not possess any characteristics prohibited under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications, to be a Director in case there is a vacancy due to a cause other than retirement by rotation.
4. To consider appointment of Executive Directors from Directors of the Company and prescribe their roles, powers, duties and responsibilities.
5. To consider appointment of independent Directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchanges, including relevant rules, regulations and/or notifications of the SET or propose to a shareholders' meeting for such appointment.
6. To consider appointment of Audit Committee members who have qualifications under the laws governing securities and exchange including rules, regulations and/or notifications of the SET.
7. To prescribe and change the names of Directors who can have the power to sign to bind the Company.
8. The Board of Directors may, as deemed appropriate, also appoint any persons to conduct the business under the control of the Board of Directors and may authorise such persons to have powers and/or prescribe the period of such powers and the Board of Directors may terminate, withdraw, or amend such powers.
9. To consider approval of transactions relating to acquisition or disposition of assets, except where such transactions require approval by a shareholders' meeting. Such approval must be in compliance with the SET's relevant rules, regulations and/or notifications.



10. To consider approval of connected transactions, except where such transactions require approval by a shareholders' meeting. Such approval must be in compliance with the SET's relevant rules, regulations and/or notifications.

11. To consider approval for interim dividend payment when it considers that the Company has sufficient profits to do so and to report such payment to the following shareholders' meeting.

The Board of Directors shall elect a Director to be the Chairman. If it is deemed appropriate, the Board of Directors may consider electing a vice Chairman or vice chairmen, who shall be assigned by the Chairman to perform duties to conduct the Company's business according to the Articles of Association. The Board of Directors shall meet at least once every three months.

However, in granting of powers, duties and responsibilities, the Board of Directors shall not be granted power, or sub-grant powers to a grantee to approve transactions in which the Board of Directors, or any person who may have any conflict of interest (as defined in the notification of the SEC), have a vested interest, or may have any other conflict of interest with the Company or its subsidiaries, except where the approval of such transaction is consistent with the policy and criteria approved by the meeting of shareholders or of the Board of Directors.

## Composition and Appointment of the Board of Directors

Composition of the Board of Directors and appointment, removal or release of Directors as stipulated in the Company's Articles of Association can be summarised as follows:

1. The Board of Directors shall consist of not less than five (5) Directors. No less than half (1/2) of the total number of Directors shall have domicile in Thailand.
2. The election of Directors by the shareholders' meeting shall be in accordance with the following rules and procedures:
  - (1) A shareholder shall have one vote for one share.
  - (2) Each shareholder shall use all his or her votes under (1) to elect one or several persons as a Director. However, he or she may not divide his or her votes among the candidates.
  - (3) The persons who receive the most votes in ranking order will be elected as Directors up to the number of Directors required or the number that shall be elected at that meeting. In case the persons



elected in subsequent order have equal votes but their election would exceed the number of Directors required or the number that shall be elected at that meeting, the Chairman of the meeting shall have a casting vote.

3. At each Annual General Meeting of shareholders, one-third of the Company's Directors shall retire in rotation. Should the number of Directors to retire in rotation not be divisible by three, the number of Directors nearest to one-third ( $1/3$ ) of all Directors shall retire. In the first and second year of the registration of the Company, Directors shall draw lots to decide who shall retire the longest-serving Directors shall retire in the third and subsequent years. Directors who retire may be re-elected.

4. A Director may resign from office by submitting a resignation letter to the Company. The resignation shall become effective from the date the resignation letter arrives at the Company.

5. A resolution for any Director to leave office prior to the expiration of his term requires the votes of at least three-fourths ( $3/4$ ) of the number of the shareholders attending the meeting and having voting rights and holding in aggregate shares amounting to not less than half ( $1/2$ ) of the number of shares held by shareholders who attend the meeting and have voting rights.

## Criteria for Appointment of Independent Directors

### Qualifications of Independent Directors:

(a) Holding shares representing not more than 5% of shares with voting rights of the Company, parent company, subsidiaries, associated companies or any juristic persons with a potential conflict of interest.

(b) Not being an employee, a staff member or a salaried advisor or a controlling person of the Company, parent company, subsidiaries, associated companies or any juristic person with a potential conflict of interest.

(c) Not being a person who has a blood or legally registered relationship in the form of fatherhood, motherhood, spouse, siblings, offspring, including spouse of siblings of the executives,



major shareholders, controlling person or persons who are about to be nominated as executives or controlling persons of the Company or its subsidiaries.

(d) Having no business relationship with the Company, parent company, subsidiaries, associated companies or any juristic person with a potential conflict of interest, which may interrupt his independent discretion and not having any characteristics that may affect the giving of independent opinions on the Company's operations.

### Board of Directors Meeting

In 2006 and 2007, the Company's Board of Directors held 6 meetings and 8 meetings, respectively. The details of meeting attendance are as follows:

Name	Number of meetings attended	
	2006	2007
1. Dr.Pisit Leeahtam	5/6	5/8
2. Mr.Thongma Vijitpongpun	6/6	8/8
3. Mr.Narong Manavapat	6/6	8/8
4. Mr.Prasert Taedullayasatit	6/6	6/8
5. Mrs.Rattana Promsawad	6/6	8/8
6. Mr.Piya Prayong	6/6	8/8
7. Mr.Kanchit Bunajinda <sup>(1)</sup>	6/6	7/8
8. Professor Emeritus Dr.Trungjai Buranasomphop	6/6	8/8
9. Mr.Weerachai Ngamdeevilaisak	6/6	8/8
10. Mr.Adul Chandanachulaka	5/6	8/8

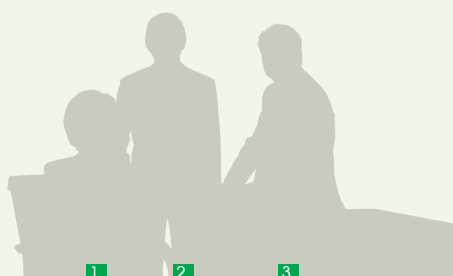
#### Notes :

(1) Mr.Kanchit Bunajinda is appointed as Director on January 3, 2006



## Audit Committee

The Audit Committee consisted of Directors with qualifications in accordance with section 68 the Public Company Act B.E.2535 and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Committee must consist of at least 3 members, at least 1 of whom must be qualified in accounting & finance. Currently Audit Committee consisted of 3 Independent Directors as follows:



1. **Professor Emeritus Dr.Trungjai Buranasompoph**  
Chairman of the Audit Committee
2. **Mr.Adul Chandanachulaka**  
Member
3. **Mr.Weerachai Ngamdeevilaisak**  
Member



## Scope of Powers, Duties and Responsibilities of the Audit Committee

### *With Reference to Documents / Reports Review*

1. To review the Charter of the Audit Committee at least once a year and make adjustments where necessary and appropriate.
2. To review the Financial Statements and/or financial reports prepared by Management for submission to relevant government agencies, regulating authorities and/or the general public, including reviewing certification or opinions on the Financial Statements and/or financial reports made by external auditors (if any).
3. To review internal audit reports submitted to Management including the opinions of Management on the audit issues identified in such reports.
4. To review the Form 56-1 prepared by Management for submission to the SET.
5. To prepare the Audit Committee Report for disclosure in the Company's Annual Report.

### *With Reference to Process Improvement*

6. To have unrestricted access to Management and employees and relevant information
7. After reviewing the yearly Financial Statements, to consult with Management, external auditors and internal auditors about important issues discovered during the audit including other constraints that may affect the performance of the external auditors.
8. To review issues concerning differences of opinions or disputes between Management and external auditors concerning the Financial Statements
9. To review with Management and internal control officers any issues related to the implementation of the proposals to improve work processes and/or the preparation of the Financial Statements made or approved by the Audit Committee



#### *With Reference to External Auditors*

10. To review and evaluate the external auditors' performance
11. To consult and exchange ideas exclusively with external auditors about issues involving the Company's system of internal controls and the accuracy and completeness of its Financial Statements
12. To make recommendations on the appointment of external auditors of the Company and propose their remuneration, for consideration of the Board of Directors

#### *With Reference to Financial Reporting Process*

13. To review the control system at different levels and the process of financial reporting The Audit Committee may consult with external auditors and/or internal auditors on issues pertaining to internal controls and accuracy and integrity of the Financial Statements.
14. To acknowledge feedback from external auditors regarding the quality and appropriateness of the accounting principles and practice adopted by the Company.
15. To consider and approve major changes in the accounting principles or practice proposed by Management.
16. Where there are connected transactions, or any transactions with a potential conflict of interest, to ensure adequate disclosures in the Financial Statements.

#### *With Reference to Ethical/Legal Compliance*

17. To review and determine whether the Company has in place appropriate professional and ethical compliance requirements and effective enforcement mechanisms.
18. To review, evaluate and follow-up up on the legal and ethical requirements provided by management to ensure that the Financial Statements and/or financial reports to be submitted to the relevant government agencies, regulators or the general public are in conformity with relevant rules and regulations.
19. To review performance results including the organizational structure and qualifications of personnel of the Internal Audit Department.



20. In consultation with departments concerned (for example, Legal Department), to review compliance with the Securities and Exchange of Thailand or laws relevant to the business of the Company including issues that have or might have an effect on the Company's Financial Statements.

21. To perform other tasks within the scope of its duties and responsibilities stipulated in its Charter or legal requirements, including any tasks as may be assigned by the Board of Directors which the Audit Committee agrees.

### Selection of Audit Committee

The Board of Directors shall appoint at least 3 Audit Committee members from Independent Directors of the Company who have qualifications as stipulated by the laws governing securities and exchange including the rules, regulations and/or notifications of the SET governing qualifications and scope of power and duties of the Audit Committee. At least one member of the Audit Committee must have accounting and related financial expertise. The term of each member of the Audit Committee shall be 3 years.

### Audit Committee Meeting

In 2006 and 2007, the Company's Audit Committee held 10 and 12 meetings, respectively. The details of meeting attendance are as follows:

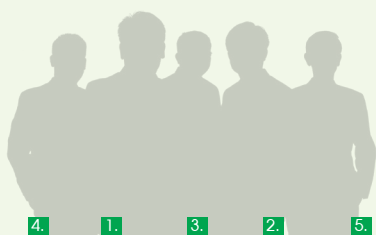
### Risk Management Committee

Name	Number of meetings attended	
	2006	2007
1. Professor Emeritus Dr.Trungjai Buranasomphop	10/10	12/12
2. Mr.Adul Chandanachulaka	10/10	12/12
3. Mr.Weerachai Ngamdeevilaisak	10/10	12/12



The Board of Directors appointed the Risk Management Committee on April 28, 2005, currently consisting of 5 members as follows:

### Nomination and Remuneration Committee



1. **Mr.Weerachai Ngamdeevilaisak**  
Chairman of Risk Management Committee
2. **Mr.Thongma Vijitpongpun**  
Member
3. **Mr.Prasert Taedullayasatit**  
Member
4. **Mr.Kanchit Bunajinda<sup>(1)</sup>**  
Member
5. **Mr.Somboon Wasinchutchawal<sup>(2)</sup>**  
Member

#### Notes:

(1) Mr.Kanchit Bunajinda is appointed as member of the Risk Management Committee on November 10, 2006

(2) Mr.Somboon Wasinchutchawal is appointed as member of the Risk Management Committee on March 7, 2008, replacing Mr.Veera Srichanachaichok, who resigned from his position as member of the Risk Management Committee, effective February 1, 2008



## Scope of Powers, Duties and Responsibilities of Risk Management Committee

Risk Management Committee is to prescribe policy guidelines and provide recommendations to the Board of Directors with respect to the management of external and internal risks to Company's operations to ensure they are within the appropriate and acceptable level.

## Risk Management Committee Meetings

In 2006 and 2007, the Company's Risk Management Committee held 4 and 10 meetings, respectively. The details of meeting attendance are as follows:

Name	Number of meetings attended	
	2006	2007
1. Mr.Weerachai Ngamdeevilaisak	4/4	10/10
2. Mr.Thongma Vijitpongpun	4/4	10/10
3. Mr.Prasert Taedullayasatit	4/4	8/10
4. Mr.Kanchit Bunajinda <sup>(1)</sup>	3/4	8/10
5. Mr.Somboon Wasinchutchawal <sup>(2)</sup>	-	-

### Note :

(1) Mr.Kanchit Bunajinda is appointed as member of the Risk Management Committee on Novemeber 10, 2006

(2) Mr.Somboon Wasinchutchawal is appointed as member of the Risk Management Committee on March 7, 2008, replacing Mr.Veera Srichanachaichok, who resigned from his position as member of the Risk Management Committee, effective February 1, 2008



## Corporate Governance Committee

The Board of Directors appointed the Corporate Governance Committee on February 22, 2006, currently consisting of 6 members as follows:



1. **Mr.Adul Chandanachulaka**  
Chairman of Corporate Governance Committee
2. **Mr.Thongma Vijitpongpun**  
Member
3. **Mr.Prasert Taedullayasatit**  
Member
4. **Mr.Kanchit Bunajinda**  
Member
5. **Mr.Wirasak Kaewnoo<sup>(1)</sup>**  
Member
6. **Mr.Somboon Wasinchutchawal<sup>(2)</sup>**  
Member

### Notes:

(1) Mr.Wirasak Kaewnoo is appointed as member of the Corporate Governance Committee on August 7, 2007

(2) Mr.Somboon Wasinchutchawal is appointed as member of the Corporate Governance Committee on March 7, 2008, replacing Mr.Veera Srichanachaichok, who resigned from his position as member of the Risk Management Committee, effective February 1, 2008



## Scope of Powers, Duties and Responsibilities of Corporate Governance Committee

Corporate Governance Committee is responsible for overseeing and reviewing major best practices of the Company to ensure its compliance with good governance. This includes reviewing corporate governance policy, principles and practices; making recommendations on business ethical requirements and best practices for Directors, Management, employees; ensuring that such requirements are met effectively; making reports to the Board of Directors about the Company's corporate governance, giving opinions on best practices adopted in order to improve or adjust them as needed; reviewing and proposing publicizing of the Company's efforts with respect to good corporate governance.

## Corporate Governance Committee Meetings

In 2006 and 2007, the Company's Corporate Governance Committee held 3 and 4 meetings, respectively. The details of meeting attendance are as follows:

Name	Number of meetings attended	
	2006	2007
1. Mr.Adul Chandanachulaka	3/3	4/4
2. Mr.Thongma Vijitpongpun	3/3	4/4
3. Mr.Prasert Taedullayasatit	2/3	4/4
4. Mr.Kanchit Bunajinda	3/3	4/4
5. Mr.Wirasak Kaewnoo <sup>(1)</sup>	-	2/4
6. Mr.Somboon Wasinchutchawal <sup>(2)</sup>	-	-

### Notes:

(1) Mr.Wirasak Kaewnoo is appointed as member of the Corporate Governance Committee on August 7, 2007

(2) Mr.Somboon Wasinchutchawal is appointed as member of the Corporate Governance Committee on March 7, 2008, replacing Mr.Veera Srichanachaichok, who resigned from his position as member of the Risk Management Committee, effective February 1, 2008



The Board of Directors appointed the Nomination and Remuneration Committee on December 28, 2005, currently consisting of 4 members as follows:



1. **Mr.Weerachai Ngamdeevilaisak** <sup>(1)</sup>  
Chairman of Nomination and Remuneration Committee
2. **Mr.Thongma Vijitpongpun**  
Member
3. **Dr.Pisit Leeahtam**  
Member
4. **Mr.Wirasak Kaewnoo** <sup>(2)</sup>  
Member

**Notes:**

(1) Mr.Weerachai Ngamdeevilaisak is appointed as Chairman of the Nomination and Remuneration Committee replacing Dr.Pisit Leeahtam on November 9, 2007

(2) Mr.Wirasak Kaewnoo is appointed as member of the Nomination and Remuneration Committee on December 20, 2007



## Scope of Powers, Duties and Responsibilities of Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for nominating persons to be appointed as new Directors, Chairman of Executive Committee and Chief Executive Officer or as replacements at the end of the term of office or when vacancies occur for other reasons.

Furthermore, the Nomination and Remuneration Committee has the responsibility to propose guidelines and methods for payment of remuneration and other benefits to the Directors, Committee Members, Chairman of Executive Committee and Chief Executive Officer. This includes setting criteria for review and evaluation of remuneration to make it commensurate with their duties and responsibilities, overall business performance of the Company and the general business circumstances.

### Nomination and Remuneration Committee Meeting

In 2006 and 2007, the Company's Corporate Governance Committee held one meeting each. The details of meeting attendance are as follows:

Name	Number of meetings attended	
	2006	2007
1. Mr.Weerachai Ngamdeevilaisak <sup>(1)</sup>	1/1	1/1
2. Mr.Thongma Vijitpongpun	1/1	1/1
3. Dr.Pisit Leeahtam	-	1/1
4. Mr.Wirasak Kaewnoo <sup>(2)</sup>	-	-

#### Notes:

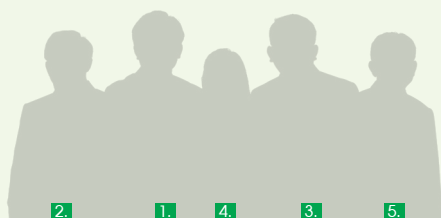
(1) Mr.Weerachai Ngamdeevilaisak is appointed as Chairman of the Nomination and Remuneration Committee replacing Dr.Pisit Leeahtam on November 9, 2007

(2) Mr.Wirasak Kaewnoo is appointed as member of the Nomination and Remuneration Committee on December 20, 2007



## Executive Committee

Executive Committee, with qualifications in accordance with section 68 the Public Company Act B.E.2535 and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, currently consists of 5 members as follows:



1. **Mr.Thongma Vijitpongpun**  
Chairman of Executive Committee
2. **Mr.Narong Manavapat**  
Member
3. **Mr.Prasert Taedullayasatit**  
Member
4. **Mrs.Rattana Promsawad**  
Member
5. **Mr.Piya Prayong**  
Member



## Powers and Duties of Executive Committee

1. To prepare and propose business policies, strategies, targets, operation plans and the annual budget to the Board of Directors for approval.
2. To determine business plans, budget and administrative powers and propose to the Board of Directors.
3. To oversee operation according to the policies of the Company, targets, business strategy, and budget as approved by the Board of Directors in an efficient manner and corresponding to the condition of the business.
4. To consider and approve capital expenditure or operating expenses, borrowing or seeking credit facilities from financial institutions, including acting as a guarantor in the normal course of business in an amount not exceeding Baht 500 million or equivalent.
5. To establish an organization structure and efficient management and administration, covering recruitment, training, hiring and termination of employees, who are executives or members of senior management The Executive Committee may authorise Chief Executive Officer of the Company to act on the Company's behalf in signing employment agreements.
6. To supervise, control and approve matters relating to the operations of the Company. The Executive Committee may appoint or authorise one or more persons to take any action on behalf of the Executive Committee as it may deem appropriate and may terminate, change or amend such authority.
7. To carry out other duties as assigned by the Board of Directors.

However, in the granting of powers, duties and responsibilities, the Executive Committee shall not be granted or sub-grant power to a grantee that causes the Executive Committee or the grantee to approve transactions in which the Executive Committee or the grantee, or any person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders. Meeting as the case may be, for approval, as required by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transactions is consistent with normal business practice and has a clearly defined scope.



## Management

The Board of Directors shall appoint the Executive from Directors of the Company. Currently consists of 7 members as follows:

Name	Position
1. Mr.Thongma Vijitpongpan	Chief Executive Officer
2. Mr.Narong Manavapat	Chief Operation Officer
3. Mr.Prasert Taedullayasatit	Chief Business Officer
4. Mr.Somboon Wasinchutchawal <sup>(1)</sup>	Chief Financial Officer
5. Mr.Wirasak Kaewnoo	Chief Corporate Services
6. Mr.Prasert Suppakitpiput <sup>(2)</sup>	Vice President of Accounting Department
7. Miss Sujitra Buphacharoen	Finance Department Manager

### Notes:

Management (as defined by SEC) mean Chief Executive Officer or person (s) in the next four executive levels immediately under Chief Executive Officer including every person (s) who is equivalent to that fourth level and also include the Financial Officer in the case that the Financial Officer is not in the same level as the fourth-executive level

Management has qualifications in accordance with section 68 the Public Company Act B.E.2535 and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

(1) Mr.Somboon Wasinchutchawal is appointed as Chief Financial Officer on January 16, 2008

(2) Mr.Prasert Suppakitpiput is appointed as Vice President of Accounting Department on February 15, 2008

## Scope of Powers and Duties of Chief Executive Officer

1. To be responsible for overall and day-to-day operations of business.
2. To coordinate with Internal Audit Department in relation to accounts and payment procedures of the Company should he find or suspect that it is not in accordance with the Company's policy.
3. To establish an organization structure and efficient management in accordance with the guidelines which may be set up by the Executive Committee. This shall include recruitment, training, hiring and termination of employees who are not Management or members of senior management. Chief Executive Officer is authorised to sign employment agreements on behalf of the Company.



4. To consider and approve any capital expenditure or operating expenses for the Company's business operation or any borrowing or seeking credit facilities from financial institutions, including acting as a guarantor in the normal course of business, in an amount not exceeding Baht 20 million, or equivalent.

5. To conduct any other affairs necessary for operation of the Company as assigned by the Board of Directors or Executive Committee.

6. To participate in the review of budget with the Board of Directors or Executive Committee.

7. To negotiate and review agreements or documents in relation to the normal business operations of the Company, advise and propose such matters to the Board of Directors and/or Executive Committee and/or persons in charge of such matters for consideration, review and finding solutions.

8. To have the power to authorise and/or appoint a person or persons to undertake specific business on his behalf, provided that such authorization and/or appointment is subject to the scope of authority given under the power of attorney and/or in accordance with the rules, regulations or orders empowering the Board of Directors and/or Executive Committee and/or the Company or Chief Executive Officer to cancel, change or amend such powers.

However, the granting of powers, duties and responsibilities to Chief Executive Officer shall not empower Chief Executive Officer to approve transactions in which he or any person who may have a conflict of interest may have a vested interest or any other conflict of interest with the Company or subsidiaries (as defined in the notification of the SEC). Approval of such transactions is required to be reported to the Board of Directors Meeting or Shareholders' Meeting, as the case may be, for approval as prescribed by the Articles of Association of the Company or the subsidiaries or the relevant laws, except where the approval of such transaction is consistent with normal business practice and has a clearly defined scope.



## The Board & Management Profile



**Name** Dr.Pisit Leeahtam

**Age** 57 Years

**Shareholding** 0.03% (as of 13 February 2008)

**Family Relationship Among the Executives -**

### Positions

Chairman of the Board of Directors / Member of Nomination and Remuneration Committee / Independent Director

### Education

Doctorate Degree (Economics), Erasmus University, Rotterdam, The Netherlands

Master Degree (Economics), Erasmus University, Rotterdam, The Netherlands

Bachelor Degree (Economics), Erasmus University, Rotterdam, The Netherlands

## Dr.Pisit Leeahtam

Chairman of the Board of Directors / Member of Nomination and Remuneration Committee / Independent Director

### Other Position(s)

Country Chairman (Thailand) - Jardines Matheson (Thailand) Ltd.  
Chairman - Global Connection Plc.

Vice Chairman of the Board of Directors / Chairman of the Audit Committee - KGI Securities (Thailand) Plc.

Vice Chairman / Chairman of the Audit Committee - Tuntex (TPT) Petrochemical (Thailand) pcl.

President - Provident Fund Association

Director - National Synchrotron Research Center Committee



#### Other Position(s)

Council Member - King Mongkut's University of Technology, Thonburi

Council Member - Khon Kaen University

Council Member - Faculty of Commerce and Accountancy,  
Thammasart University

#### Work Experience

2001-2003 President & CEO, TT&T pcl.

1997-2001 Deputy Minister of Finance, Ministry of Finance

1995-1997 Executive Vice President, Head of Investment  
Banking Group, Bangkok Bank pcl.

1991-1994 Director, Office of the Governor, Bank of Thailand

1987-1990 Economist, Exchange and Trade Relations  
Department, The International Monetary Fund,  
Washington D.C., USA

#### Training

Directors Certification Program - DCP 18/2002, Thai Institute of  
Director (IOD)



**Mr. Thongma Vijitpongpun**

**Name** Mr. Thongma Vijitpongpun

**Age** 50 Years

**Shareholding** 61.89% (as of 13 February 2008)

**Family Relationship Among the Executives**

Elder brother of Mrs. Rattana Promsawad

**Positions**

Authorised Director / Executive Vice Chairman of the Board of Directors / Chairman of Executive Committee / Member of Risk Management Committee / Member of Corporate Governance Committee / Member of Nomination and Remuneration Committee / Chief Executive Officer

**Education**

Bachelor Degree (Engineering), Chulalongkorn University

Authorised Director / Executive Vice Chairman of the Board of Directors / Chairman of Executive Committee / Member of Risk Management Committee / Member of Corporate Governance Committee / Member of Nomination and Remuneration Committee / Chief Executive Officer

**Other Position(s)**

Director - Kaysorn Construction Co., Ltd. (a subsidiary of PS)

**Work Experience**

1998 - 2004 Managing Director - Kaysorn Restaurant Co., Ltd.  
(stopped operating the business on January 28, 2005)

1985 - 2001 Manager - Siam Engineering Limited Partnership

**Training**

Directors Certification Program - DCP 51/2004, Thai Institute of Director (IOD)

Finance for Non-Finance Directors, Thai Institute of Director (IOD)



**Professor Emeritus  
Dr. Trungjai Buranasomphop**

**Name** Professor Emeritus Dr. Trungjai Buranasomphop

**Age** 65 Years

**Shareholding** 0.01% (as of 13 February 2008)

**Family Relationship Among the Executives -**

**Positions**

Chairman of the Audit Committee / Independent Director

**Education**

Doctorate Degree (Architecture), Ecole Des Beaux—Arts, Paris, France

Doctorate Degree (City Planning), Sor Bonne, Paris, France

Post Grad Certificate (Energy Conscious Building Design),  
Sogesta, Italy

Chairman of the Audit Committee / Independent Director

Post Grad Diploma (Housing Planning and Building),  
Bouwcentrum, The Netherlands

Master Degree (Architecture), Pratt Institute, New York, USA

Bachelor Degree (Architecture), Chulalongkorn University

**Other Position(s)**

Professor Emeritus Level 11 - Faculty of Architecture,  
Silpakorn University

Chairman of the International Special Programs of Master and  
Doctorate Degrees in "Architectural Heritage Management and  
Tourism" - Silpakorn University

Honorary Advisor of the Governor of Bangkok

President - Nont-Truengjai Archs Planners Co., Ltd.



#### Other Position(s)

President - NT Interior Design Co., Ltd.

President - NT Estate International Co., Ltd.

Senator

#### Work Experience

2002 - 2007 Vice President - Council of Architects

2004 - 2006 President - Zonta International Association Bangkok 7

1996 - 2000 President - Silpakorn University

1988 - 1992 Dean, Faculty of Architecture - Silpakorn University

1989 - 2000 Committee Member of Energy Control -  
Civil Department

1989 - 2000 Committee Member of Energy Conservation Fund -  
Office of Energy Plan and Policy

1989 - 2000 President of Land Readjustment Association -  
City Planning & Development Association

1975 - 1981 Director - Siam Architects Association

1966 - 1967 Architect - Alfred Easton Poor, New York, USA

1965 - 1966 Architect - Louis Berger Inc. / Architect -  
Ammann & Whitney Inc. / Architect - Intaren Co.,Ltd.

#### Training

Directors Certification Program - DCP 67/2005, Thai Institute of  
Director (IOD)

Directors Accreditation Program - Thai Institute of Director (IOD)

Audit Committee Program - Thai Institute of Director (IOD)



**Mr. Weerachai Ngamdeevilaisak**

**Name** Mr. Weerachai Ngamdeevilaisak

**Age** 45 Years

**Shareholding** 0.01% (as of 13 February 2008)

**Family Relationship Among the Executives** -

**Positions**

Member of the Audit Committee / Chairman of Risk Management Committee / Chairman of Nomination and Remuneration Committee / Independent Director

**Education**

Bachelor Degree (Commerce and Accountancy),  
Thammasat University

Member of the Audit Committee / Chairman of Risk Management Committee / Chairman of Nomination and Remuneration Committee / Independent Director

**Other Position(s)**

Director - Professional Outsourcing Solutions Co., Ltd

**Work Experience**

1999 - 2003 Executive Director - Arthur Andersen Thailand's Group of companies

1996 - 1999 Assistant Director - SGV-Na-Thalang Co., Ltd

1992 - 1996 Audit Manager - SGV-Na-Thalang Co., Ltd

1985 - 1992 Assistant Auditor - SGV-Na-Thalang Co., Ltd

**Training**

Directors Certification Program - DCP - Train the Trainer,  
Thai Institute of Director (IOD)



<b>Name</b>	Mr. Adul Chandanachulaka
<b>Age</b>	62 Years
<b>Shareholding</b>	0.01% (as of 13 February 2008)
<b>Family Relationship Among the Executives</b>	-

**Positions**  
Member of the the Audit Committee / Chairman of Corporate Governance Committee / Independent Director

**Education**  
Bachelor Degree (Commerce and Accountancy), Chulalongkorn University

## Mr. Adul Chandanachulaka

Member of the the Audit Committee / Chairman of Corporate Governance Committee / Independent Director

**Other Position(s)** -

### Work Experience

2003 - 2004 Director - Siam Press Management Co., Ltd.  
2001 - 2002 Chairman of the Board of Directors - Siam Integrated Service Co., Ltd.  
Director - Dusit Sinthorn Co., Ltd  
2000 - 2002 Director - Jalaprathan Cement Plc  
1968 - 2002 Last Position: Executive Vice President - Siam Commercial Bank Plc

### Training

Directors Accreditation Program - DAP 5/2003, Thai Institute of Director (IOD)  
Audit Committee Program - ACP 7/2005, Thai Institute of Director (IOD)  
Role of the Compensation Committee - 3/2007, Thai Institute of Director (IOD)



<b>Name</b>	Mr.Narong Manavapat
<b>Age</b>	56 Years
<b>Shareholding</b>	0.08% (as of 13 February 2008)
<b>Family Relationship Among the Executives</b>	-
<b>Position(s)</b>	Authorised Director / Member of Executive Committee / Chief Operation Officer
<b>Education</b>	Bachelor Degree (Engineering), Prince of Songkla University

## Mr.Narong Manavapat

Authorised Director / Member of Executive Committee / Chief Operation Officer

<b>Other Position(s)</b>	-
<b>Work Experience</b>	<p>2004 - 2005 Executive Vice Chairman (Operation) - K-Tech Construction Pcl</p> <p>1997 - 2004 Director / Executive Director - K-Tech Construction Pcl</p> <p>1989 - 1997 Director / Executive Director - Philip Holzman (Thailand) Co., Ltd</p> <p>1980 - 1988 Project Manager - Thai International Airways Pcl</p> <p>1974 - 1980 Field Engineer - Pranakorn Construction Co., Ltd.</p>
<b>Training</b>	Directors Certification Program — DCP 67/2005, Thai Institute of Director (IOD)



**Mr. Prasert Taedullayasatit**

<b>Name</b>	Mr. Prasert Taedullayasatit
<b>Age</b>	39 Years
<b>Shareholding</b>	0.02% (as of 13 February 2008)
<b>Family Relationship Among the Executives -</b>	

**Positions**

Authorised Director / Member of Executive Committee / Member of Risk Management Committee / Member of Corporate Governance Committee / Chief Business Officer

**Education**

Master Degree (Business Administration (Marketing & Finance)),  
Chulalongkorn University  
Bachelor Degree (Accountancy: 2nd class Honor) ,  
Thammasat University

Authorised Director / Member of Executive Committee / Member of Risk Management Committee / Member of Corporate Governance Committee / Chief Business Officer

**Other Position(s)**

Director - Thai Condominium Association

**Work Experience**

2002 - 2005 Director / Executive Director / Executive Vice President (Business Development) - Lalin Property Pcl  
1999 - 2002 Senior Marketing and Business Development Manager - Lalin Property Co., Ltd  
1993 - 1999 Marketing and Business Development Manager - Lalin Property Co., Ltd

**Training**

Directors Certification Program - DCP 56/2005, Thai Institute of Director (IOD)  
Director Accreditation Program - DAP 1/2003, Thai Institute of Director (IOD)  
Public Economic Management for Executives Program - 5/2007, King Prajadhipok's Institute



<b>Name</b>	Mr.Piya Prayong
<b>Age</b>	38 Years
<b>Shareholding</b>	0.04% (as of 13 February 2008)
<b>Family Relationship Among the Executives</b>	-
<b>Positions</b>	Authorised Director / Member of Executive Committee / Executive Vice President (Townhouse Construction)
<b>Education</b>	Bachelor Degree (Engineering), Kasetsart University

## Mr.Piya Prayong

Authorised Director / Member of Executive Committee / Executive Vice President (Townhouse Construction)

### Other Position(s)

Director - Kaysorn Construction Co.,Ltd.

### Work Experience

2003 Production Manager - Siam Engineering Limited Partnership

2002 Assistant Director - Siam Engineering Limited Partnership

### Training

Directors Certification Program - DCP 59/2005, Thai Institute of Director (IOD)



<b>Name</b>	Mrs.Rattana Promsawad
<b>Age</b>	47 Years
<b>Shareholding</b>	3.87% (as of 13 February 2008)
<b>Family Relationship Among the Executives</b>	Younger sister of Mr.Thongma Vijitpongpun
<b>Positions</b>	Authorised Director / Member of Executive Committee / Director of CEO Office
<b>Education</b>	Bachelor Degree (Law), Ramkhamhaeng University

## Mrs.Rattana Promsawad

Authorised Director / Member of Executive Committee /  
Director of CEO Office

### Other Position(s)

Director - Kaysorn Construction Co.,Ltd.

### Work Experience

2003 - 2005	Finance Advisor - Preuksa Real Estate Co., Ltd.
1998 - 2004	Director - Kaysorn Restaurant Co., Ltd. (stopped operating the business on January 28, 2005)
1993 - 2003	Finance Manager - Preuksa Real Estate Co., Ltd.
1993 - 2003	Finance Manager - Preuksa Real Estate Co.,Ltd.

### Training

Directors Certification Program — DCP 52/2004, Thai Institute of  
Director (IOD)



**Mr.Kanchit Bunajinda**

**Name** Mr.Kanchit Bunajinda

**Age** 40 Years

**Shareholding** -

**Family Relationship Among the Executives** -

**Positions**

Director / Member of Risk Management Committee /  
Member of Coporate Governance Committee

**Education**

Master Degree (Finance & International Business),  
Sasin Graduate Institute of Business Administration  
Bachelor Degree (Engineering), Chulalongkorn University

Director / Member of Risk Management Committee /  
Member of Coporate Governance Committee

**Other Position(s)**

Director - Central Plaza Hotel Pcl  
Independent Director - True Vision Pcl  
Director - Central Pattana Pcl  
Deputy Managing Director - Private Equity (Thailand) Co.,Ltd  
(Lombard Investment Group)  
Co-Director - Asian Corporate Governance Association, Hong Kong

**Work Experience**

1991 - 2002 Senior Vice President of Investment Banking  
Department / Head of Merger & Acquisition Working Team,  
Merrill Lynch Phatra Co.,Ltd. (present: Phatra Securities pcl.)

**Training**

Directors Certification Program - DCP 30/2003, Senior Honorary  
Member, Thai Institute of Director (IOD)  
Directors Accreditation Program - DAP 35/2005, Thai Institute of  
Director (IOD)  
Audit Committee Program - ACP 14/2006, Thai Institute of  
Director (IOD)



**Mr. Wirasak Kaewnoo**

**Name** Mr. Wirasak Kaewnoo

**Age** 49 Years

**Shareholding** -

**Family Relationship Among the Executives** -

**Positions**

Member of Corporate Governance Committee / Member and Secretary of Nomination and Remuneration Committee / Chief Corporate Services

**Education**

Master Degree (Public Administration), National Institute of Development Administration (NIDA)

Member of Corporate Governance Committee / Member and Secretary of Nomination and Remuneration Committee / Chief Corporate Services

**Other Position(s)** -

**Work Experience**

Vice President (Human Resources Management Department)

- Microchips Technology (Thailand) Co., Ltd.

Senior Manager (Human Resources Management Department)

- Toshiba Thailand Co., Ltd.

Manager (Human Resources Management Department)

- Chromalloy (Thailand) Co., Ltd.

Manager (Human Resources Management Department)

- AT&T (Thailand) Inc.

Manager (Quality Project Department) - AT&T (Thailand) Inc.

Head of Production Section - Philips Semiconductors Thailand Co., Ltd.

**Training**

Role of the Compensation Committee, Thai Institute of Director (IOD)



**Name** Mr.Somboon Wasinchutchawal

**Age** 45 Years

**Shareholding** -

**Family Relationship Among the Executives** -

**Positions**

Member of Risk Management Committee / Member of Corporate Governance Committee / Chief Financial Officer

**Education**

Master Degree (Business Administration), Thammasat University  
Graduate Diploma (Auditing), Thammasat University  
Bachelor Degree (Accountancy), Thammasat University.

**Mr.Somboon Wasinchutchawal**

Member of Risk Management Committee / Member of Corporate Governance Committee / Chief Financial Officer

**Other Position(s)** -

**Work Experience**

2003-2007 Executive Vice President /  
Corporate Secretary - Areeya Property Pcl.  
1993-2003 Senior Vice President, Property Perfect Pcl.

**Training**

Modern Real Estate Management #14 Faculty of Architecture Chulalongkorn University



### Controlling Persons of the Company and its Subsidiaries

March 15, 2008

Name	The Company	Kaysorn Construction Co., Ltd	Phanalee Estate Co., Ltd	Putthachart Estate Co., Ltd
1. Dr.Pisit Leehtam	●▲	■	■	■
2. Mr.Thongma Vijitpongpun	▲★	●▲	■	■
3. Professor Emeritus Dr.Trungjai Buranasomphop	▲	■	■	■
4. Mr.Adul Chandanachulaka	▲	■	■	■
5. Mr.Weerachai Ngamdeevilaisak	▲	■	■	■
6. Mr.Narong Manavapat	▲★	■	■	■
7. Mr.Prasert Taedullayasatit	▲★	■	■	■
8. Mrs.Rattana Promsawad	▲★	▲	■	■
9. Mr.Piya Prayong	▲★	▲	■	■
10. Mr.Kanchit Bunajinda	▲	■	■	■
11. Mr.Wirasak Kaewnoo	■	■	■	■
12. Mr.Somboon Wasinchutchawal	■	■	■	■

#### Notes:

● Chairman of the Board of Directors    ▲ Director    ★ Executive Director    ■ Non-Controlling Person



## Remuneration of Directors and Management

Remuneration of Directors and Management herein means monetary remuneration and other remuneration of Directors, Chief Executive Officer (CEO or President) and Management in the next four executive levels immediately under the CEO including every person who is equivalent to that fourth level excluding Head of Accounting and Head of Finance Department. Details are as follows:

### Monetary remuneration

#### Remuneration of Independent Directors

The 2007 Annual General Shareholders' Meeting held on April 9, 2007 and the 2006 Annual General Shareholders' Meeting held on March 31, 2006, approved remuneration of Directors in an amount of not exceeding Baht 12 million for the year 2007 and in an amount of not exceeding Baht 10 million for the year 2006, to Independent Directors and to Directors who are Chairman of the Board of Directors, Chairman of Audit Committee, Chairman of Risk Management Committee, Chairman of Corporate Governance Committee and Chairman of Nomination and Remuneration Committee, whilst other Directors will not receive any. The details of remuneration paid in 2007 compared to that of 2006 are as follows:

Unit: Baht

Name / Position	Y 2007 <sup>(1)</sup>		Y 2006 <sup>(2)</sup>	
	Remuneration	Bonus	Remuneration	Bonus
1. Dr.Pisit Leeahtam Chairman of the Board of Directors	3,140,000	709,093	3,010,000	655,750
	3,849,093		3,665,750	
2. Professor Emeritus Dr.Trungjai Buranasomphop Director Chairman of Audit Committee	1,372,800	312,001	1,320,000	288,530
	1,684,801		1,608,530	
3. Mr.Adul Chandanachulaka Director Member of Audit Committee Chairman of Corporate Governance Committee	1,110,000	255,273	1,110,273	236,070
	1,365,273		1,346,070	



Name / Position	Y 2007 <sup>(1)</sup>		Y 2006 <sup>(2)</sup>	
	Remuneration	Bonus	Remuneration	Bonus
4. Mr. Weerachai Ngamdeevilaisak	1,392,800	312,001	1,330,000	288,530
Director				
Member of Audit Committee				
Chairman of Nomination				
and Remuneration Committee	1,704,801		1,618,530	
Chairman of Risk Management Committee				
Total	7,015,600	1,588,368	6,770,000	1,468,880
	8,603,968		8,238,880	

**Notes:**

(1) The 2007 Bonus included the second half-year bonus, paid on January 31, 2008

(2) The 2006 Bonus included the second half-year bonus, paid on January 31, 2007



### Total Remuneration of Executive Directors and Management

Total remuneration of Executive Directors and Management was Baht 39,544,484 in 2007 and Baht 37,688,208 in 2006. The details of which are as follows:

Nature of Compensation	Y 2007		Y 2006	
	No. of Management <sup>(1)</sup>	Amount (Baht)	No. of Management <sup>(1)</sup>	Amount (Baht)
Salary / Wage	8	27,912,880	8	26,447,637
Bonus <sup>(2)</sup>	8	10,258,386	8	9,051,027
Contribution to Provident Fund	8	1,116,509	8	1,050,652
Others	8	256,710	8	1,138,892
Total	8	39,544,484	8	37,688,208

#### Note :

(1) The total remuneration of Executive Directors and Management are based on the 2007 Organizational Structure for the purpose of the same basis comparison and Management include those who enter as Management during the year 2007 and 2006.

(2) Bonus for 2007 and 2006 included the second half-year bonuses, paid on January 31, 2008, and on January 31, 2007, respectively.

### Other remuneration

Other remuneration was in the form of share warrants offered to the directors, employees and advisors of the Company and/or the subsidiaries, with a conversion ratio of 1 warrant to 1 ordinary share and semi-annual exercisable (For more details, see item "Warrants (PS-WA)").

From the Resolution of Board of Directors' Meeting no. 1/2007 dated 22 February 2007, the Meeting acknowledged the alteration of Exercise Period of warrants, representing the right to purchase the newly issued shares of the Company from the last business day of June and December of each year to the last business day of July and January of each year, whereas other conditions remain the same. Therefore the warrants were exercised twice in 2006, on June 30 and December 29 and only once in 2007 on July 31, 2006.



As per the 2007 Organizational Structure, a total of 10,352,300 units of warrants were allocated to 9 Directors and Management (on November 28, 2005). All Directors and Management exercised their rights to purchase the Company's common shares in a total amount of 1,294,100 units in 2007 and 2,588,000 units in 2006. Details are as follows:

Name	No. of warrants allocated (units)	No. of warrants exercised (units)	
		2006	2007
1. Dr.Pisit Leeahtam	1,500,000	375,000	187,500
2. Professor Emeritus Dr.Trungjai Buranasomphop	700,000	175,000	87,500
3. Mr.Adul Chandanachulaka	700,000	175,000	87,500
4. Mr.Weerachai Ngamdeevilaisak	700,000	175,000	87,500
5. Mr.Narong Manavapat	2,252,300	563,000	281,600
6. Mr.Prasert Taedullayasatit	1,440,000	360,000	180,000
7. Mr.Veera Srichanachaichok <sup>(1)</sup>	1,200,000	300,000	150,000
8. Mrs.Rattana Promsawad	300,000	75,000	37,500
9. Mr.Piya Prayong	1,560,000	390,000	195,000
Total	10,352,300	2,588,000	1,294,100

**Notes:**

(1) Mr.Veera Srichanachaichok resigned from his position as Director and Management, effective February 1, 2008



## Good Corporate Governance

The Company adheres to corporate governance principles which are consistent with international principles and the Stock Exchange of Thailand's policy, the Company therefore has established "The Principles of Good Corporate Governance" in order to ensure the ethical conduct of its business. The Company strongly believes that its good corporate governance procedures are beneficial to the Company's performance, being one of the keys to achieving its basic goal. The Company's Corporate Governance Policy is divided into seven categories, as follows:

- The Board of Directors
- Rights of shareholders
- Equitable Treatment of Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Internal Controls and Risk Management
- Philosophy and Code of Conduct

The Company communicated "The Principles of Good Corporate Governance" on the Company's website, [www.ps.co.th](http://www.ps.co.th), has encouraged the Directors, Management and employees to acknowledge and observe.

### 1. The Board of Directors

The Board of Directors is accountable to the shareholders for ensuring that the business of the Company is managed properly in the best interests of the shareholders and other stakeholders, as well as the general public. The Board of Directors has a key role in making sure that management commit themselves to performance excellence, with due consideration to the risk exposure of the Company



### 1.1 Structure of the Board of Directors

The Board of Directors comprises at least five directors, of whom at least one third, but no fewer than three, shall be independent directors. Chairman of the Board of Directors and Chairman of Executive Committee should not be the same person

The Board of Directors of Preuksa Real Estate Public Company Limited comprises 5 non-management Directors (4 Independent Directors: Dr.Pisit Leeahtam, Professor Emeritus Dr.Trungjai Buranasomphop, Mr.Weerachai Ngamdeevilaiakand Mr.Adul Chandanachulaka, which exceeds one third of the entire Board) and 5 management Directors. Besides, Chairman of the Board of Directors (Dr.Pisit Leeahtam) and Chairman of the Executive Committee (Mr.Thongma Vijitpongpun) are not the same person.

### 1.2 Director Qualifications

Directors on the Board of Directors shall possess all the qualifications stated in the public company law and other related laws, as well as the notifications of the Office of the Securities and Exchange Commission.

Directors must also have sufficient knowledge and expertise, and a high standard of integrity and business ethics. In addition, they must be able to commit enough time to perform their duties for the Company.

Independent directors must additionally meet the independence criteria adopted by the Company in accordance with the guidelines specified in the Notification of the Stock Exchange of Thailand on Qualifications and Scope of Work of the Audit Committee.

By making unconditional opinions, independent directors are expected to be capable of safeguarding the interests of all the shareholders

### 1.3 Term of Service

A Board of director's term of service is fixed for three years. A period of one year is hereby defined as the period between the Annual General Meeting of Shareholders of the year of



appointment and the Annual General Meeting of Shareholders of the following year. Upon the expiration of the term, a director may be re-elected by the shareholders.

Sub-Committees' term of service is in line with the term of the Boards'. Upon the expiration of the term, a committee may be re-elected by the Boards.

#### 1.4 Sub-Committees

The Company has established the Audit Committee pursuant to the regulations of the SET and has also established the following sub-committees to carry out duties as assigned by the Board of Directors: the Risk Management Committee, the Corporate Governance Committee, and the Nomination and Remuneration Committee.

##### 1.4.1 Audit Committee

The Audit Committee is responsible for reviewing the Company's financial statements and financial reports to ensure the accuracy and completeness of the financial statements and the reports with adequate disclosures of information, connected transaction(s) and transactions with a potential conflict of interest (if any); Reviewing and evaluating to ensure the adequacy and effectiveness of the internal control system; Preparing the Audit Committee Report for disclosure in the Company's Annual Report; Reviewing to ensure compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand or laws and regulations relevant to the business of the Company; Making recommendations on the appointment of external auditors of the Company and propose their remuneration, for consideration of the Board of Directors; Performing any other tasks within the scope assigned by the Board; Reviewing and giving opinions in an independent and objective manner on any internal auditing tasks performed by Internal Audit Department; and Consulting regularly with the external auditors.



#### 1.4.2 Risk Management Committee

The Risk Management Committee is responsible for prescribing policy and guidelines and providing recommendations to the Board with respect to the management of external and internal risks to Company operations to ensure they are within the appropriate and acceptable level.

#### 1.4.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for nominating persons to be appointed as new Directors, Chairman of Executive Committee and Managing Director or as replacements at the end of the term of office or when vacancies occur for other reasons.

Besides, the Nomination and Remuneration Committee has the responsibility to propose guidelines and methods for payment of remuneration and other benefits to the Directors, Committee Members, Chairman of Executive Committee and Managing Director. This includes setting criteria for review and evaluation of remuneration to make it commensurate with their duties and responsibilities, overall business performance of the Company and the general business circumstances.

#### 1.4.4 Corporate Governance Committee

Corporate Governance Committee is responsible for overseeing and reviewing major best practices of the Company to ensure its compliance with good governance. This includes reviewing corporate governance policy, principles and practices; making recommendations on business ethical requirements and best practices for directors, executives, employees; ensuring that such requirements are met effectively; making reports to the Board of Directors about the Company's corporate governance, giving opinions on best practices adopted in order to improve or adjust them as needed; reviewing and proposing publicising of the Company's efforts with respect to good corporate governance.



### 1.5 Charter of the Board of Directors

The Company has established a charter for the Board of Directors and for the sub-committees in order for each to have a clearly-defined operating procedure.

### 1.6 Conflict of Interest

The Company attaches great importance to proper management of conflicts of interests of parties concerned in both corporate level and employee level, handling them in a careful, fair and transparent manner and determine best practice in handling the conflict of interest. Full disclosure of information thereof is required in all cases. Where a member of the Board of Directors or an executive has an interest in a matter under consideration, he or she shall leave the meeting room or abstain.

### 1.7 Remuneration for Directors and Management

The Company remunerates the directors for their service at an appropriate and motivating level in order to retain quality directors. The remuneration is offered both in monetary and non-monetary forms. The Nomination and Remuneration Committee is responsible for reviewing and proposing appropriate remuneration for directors, for approval by shareholders annually.

Management directors shall only be remunerated only for their service in the capacity of Management. Such remuneration shall be based on the Company's operation performance and their individual performance.

### 1.8 Knowledge Development and Training for Board of Directors

A newly appointed director shall be adequately informed of the rules and regulations and business of the Company on a continual basis. In addition, the Board of Directors shall participate in training courses regularly as their increased knowledge and expertise have contributed to the efficient oversight of Company business.

So far, 9 of the 10 Directors have attended the Director Certification Program (DCP), and one attended the Director Accreditation Program (DAP) of the Thai Institute of Directors (IOD).



### 1.9 Appraisal of the Board of Directors' Performance

The Board of Directors is required to carry out a self-performance appraisal, summarise overall performance and suggest and make recommendations for the purpose of enhancing their overall efficiency.

## 2. Rights of shareholders

Recognising the importance of the rights of shareholders, the Company refrains from any act that may violate or curtail the rights of the shareholders, for instance, rights to attend shareholders' meeting and vote, rights to grant proxy to any one to attend the meeting and vote on behalf, rights to ask make comments and ask questions in the shareholders' meeting, rights to appoint directors and rights to appoint external auditors and determine auditors' fees, etc.

### 1. Shareholders' Meeting

- Date, time, and venue of the meeting

The Company shall hold an annual general shareholders' meeting within four months of the annual account closing date, and will fix the date, time, and venue of the meeting that are convenient for the shareholders to attend.

The Company may call an extraordinary meeting of the shareholders if the Board of Directors deems this necessary.

The Company shall send an invitation to the shareholders to attend the meeting at least 14 days in advance to allow sufficient time for shareholders to consider the agenda and prepare details of the matters they wish to propose for consideration at the meeting. Each agenda item shall clearly indicate whether it is a matter for acknowledgement, deliberation or approval, and shall be accompanied by opinions of the Board of Directors. In addition, the Company shall publish the invitation in a Thai daily newspaper for at least three consecutive days as well as in the Company's website, [www.ps.co.th](http://www.ps.co.th) (Investor Relations / Shareholders' Meeting), complete with details of the date, time, venue and agenda of the meeting, downloadable proxy form B and proxy form C and sufficient information pertaining to the matters to be considered at the meeting.



- Invitation to Shareholders' Meeting

In attending a meeting, shareholders should carry a document showing their identity, for example, an ID card or passport. In case of attendance by a proxy of a natural person, the documents of the appointer must also be produced, i.e. a filled-out proxy, a copy of ID card or passport. In case of proxy of a juristic person, the documents of the appointer must be produced, i.e. a filled-out proxy form and a certified copy of the juristic person registration. The Company will arrange for the shareholders to register for the meeting in advance of the meeting time.

- Board of Directors' attendance in shareholders' meeting

Shareholders' Meeting is considered very important and the directors will normally attend such a meeting, which is usually chaired by the Chairman of the Board of Directors.

In addition, the Chairman of Executive Committee, Managing Director, Chairman of each sub-committee, and the Company's auditors or representative and legal advisor will also attend the meeting to listen to comments and answer queries of the shareholders.

- Queries and comments from the shareholders, voting, and minutes of the meeting

At a shareholders' meeting, the Company shall explain to shareholders voting and vote-count procedures prior to the meeting. During the meeting every shareholder is offered an opportunity to make comments and ask questions on a fair basis. In voting, one share is represented by one vote and the resolution is passed by majority of votes. In the event of a tie, the chair shall have a second and casting vote. The Company shall record the resolutions passed at each meeting, clearly indicating the "yes", "no" and "abstain" votes in the minutes of the meeting, together with the details of questions, answers and comments raised during the meeting.

A shareholder who has an interest in a matter being considered shall refrain from voting, except in the vote to appoint or remove a director.



## 2. Dividend Payment

The annual dividend payment must be approved at a shareholders meeting. Dividends can be paid to shareholders only when the Company has earned profit from its operation and registered no accumulated losses. The dividend amount is divided equally by the number of Company shares.

In case the Company has earned profit from its operation enough to pay dividend, from time to time the Board may consider interim dividend payment and inform shareholders in the next shareholders' meeting. The residual amount of annual dividend payment or interim payment shall be allocate to reserves and is subject to justifications and considerations that the Board of Directors deems appropriate.

The payment of dividends shall be made within one month of the date of the shareholders' resolution, or one month of the date of the Board of Directors' resolution in case of interim dividend payment. The shareholders will be informed in writing of the dividend payment, which will also be announced in a newspaper.

## 3. Appointment of the Company's Auditors

The Shareholders' Meeting will appoint the Company's external auditors and also fix the audit fee, proposed by the Board of Directors. The Company's auditors shall not be a director, officer or employee of the Company.

The Company shall hold an annual general shareholders' meeting within four months of the annual account closing date, and will fix the date, time, and venue of the meeting that are convenient for the shareholders to attend.

## 3. Equitable Treatment of Shareholders

The Company is responsible for the fair and equitable treatment of all the shareholders in order to uphold their basic rights.



### 1. Nomination of Candidates for Directorship

A process for a shareholder to nominate a candidate for directorship has been established, according to which a shareholder can nominate a qualified person to be elected as director by submitting background information as well as the consent of the nominee to the Chairman of the Board of Directors three days in advance of the shareholders' meeting

In accordance with the Company's policy and best practice of promoting good corporate governance as well as for the purpose of equitable and fair treatment to all shareholders, the Company invited shareholders to nominate persons whom he deem qualified, knowledgeable and competent as their representatives to act as directors 3-4 months in advance of the shareholders' meeting (during November 9 - December 28, 2007)

### 2. Shareholders' Meeting

#### • Agenda

Prior to each Shareholders' Meeting, the Company will invite the shareholders to propose agenda items in advance through the Company's website so that the Board of Directors can consider the appropriateness of the proposed agenda items for inclusion in the meeting agenda

The Company, however, will not unnecessarily take any agenda item that has not been proposed well in advance, especially one which requires considerable time to study before deciding on it.

In accordance with the Company's policy and best practice of promoting good corporate governance as well as for the purpose of equitable and fair treatment to all shareholders, the Company invited shareholders to propose the agenda of the 2008 Annual General Shareholders' Meeting 3-4 months in advance of the shareholders' meeting (during November 9 - December 28, 2007)

#### • Appointment of proxy to attend and vote at Shareholders' Meeting

If a shareholder is not able to attend a meeting, he or she can appoint a proxy to attend and vote on his or her behalf by completing a proxy form provided with explanation in the invitation to a



meeting. In the invitation, the Company will propose at least one independent director as a choice for the shareholders to appoint as their proxy. (Proxy form B and Proxy form C can be downloaded from the Company's website: [www.ps.co.th](http://www.ps.co.th) (Investor Relations / Shareholders' Meeting))

### 3. Prevention of the Use of Inside Information

The Company has set out and communicated guidelines for safeguarding inside information and the use thereof to the employees for their observance. The Company also requires that the directors and executives who are required by law to hold securities report on their holdings to the Board regularly.

## 4. Role of Stakeholders

The Company recognises and respects the rights of all stakeholders and has established a code of conduct outlining the guidelines in this respect. The purpose is to ensure that the lawful rights of stakeholders, whether it be shareholders, employees, executives, customers, partners, creditors, or the general public, are properly protected and cooperation among these groups is promoted and benefits generated to all concerned in a fair manner. It is believed that these factors will ensure the sustainable growth of Company's business.

**Shareholders:** The Company intends to be good representative of shareholders operates business in such a way that satisfy shareholders the most; to ensure long-term growth of the Company's value with sustainable growth of return on equity as well as disclosure and transparency

**Employees:** The Company recognised value of human resources and genuinely wants its employees to feel proud of the organization by maintaining an atmosphere in which employee participation is promoted. In addition, the Company offers equal opportunities in respect of career advancement to its employees and consistently supports their endeavors to learn and gain new skills so that the Company can add value and uphold business excellence.

The Company promotes equal treatments in terms of gender, race, ethnicity, religion



and belief

The Company is committed to enhancing the wellbeing of its employees and surrounding community, and maintaining a decent working condition. The Company set up work safety procedures in accordance with the laws and relevant regulations.

**Customers:** The Company aims to build customer engagement and gain their confidence from its quality services and products at affordable prices, and to maintain good relationship with the customers. Guidance is as follows:

*Products & Services*

The Company has paid attention to and has been responsible for customers. It has produced product with quality and up to standards

*Customers' confidential information*

Directors Management and employees at all level are committed to keep the customers' information confidential, despite permission granted, or it is required by the law and regulations to disclose information to concerned parties

**Competitors:** The Company supports an ethical way of business competition. It seeks to outperform its competitors within the good competition framework, on the basis of fairness and honesty, and will refrain from acting in bad faith to the detriment of competitors.

*Business Partners and Creditors:*

The Company and its business partner carry out business with justifiability and impartiality in accordance with the ethical framework and for the mutual interest and for value chain delivery. The Company will refrain from acting in bad faith to the detriment of its reputation.

The Company has complied with the conditions as agreed in the borrowing: to repay principal and interest.

**Social:** The Company conducts its business in a manner responsible for environment, community and society



The Company complies with the provisions of the relevant laws, rules and regulations to take good care of the rights of these stakeholders

## 5. Disclosure and Transparency

It is a policy of the Company to fully and sufficiently disclose useful information, both financial and non-financial, in a timely, manner in accordance with the rules and regulations of the SEC and the SET, as well as relevant laws

The Company has established an Investor Relations Department, tasked with coordinating with shareholders, securities analysts, investors, government agencies and other parties concerned, on an equitable basis. Company information is reported via the ELCID platform of the SET for displaying on its website, [www.set.or.th](http://www.set.or.th). Relevant information is also reported to the SEC and displayed in both Thai and English on the Company's own website, [www.ps.co.th](http://www.ps.co.th) (Investor Relations)

Throughout the year 2007, the Investor Relations Department organised investor relations activities on a regular basis as follows:

- Dissemination of news and information annually and quarterly; for instance, the Financial Statements, the Annual Report, Form 56-1, Notice of the Annual General Meeting of Shareholders as well as letters inviting shareholders to propose agenda items and/or to nominate persons deemed capable and suitable to represent them as members of the Board of Directors 3-4 months in advance of the shareholders' meeting, notification to the SET, documents such as those for analyst & investor meetings, Company visits and presentations for road shows which are displayed on the Company's website, [www.ps.co.th](http://www.ps.co.th)
- Organising Annual Analyst & Investor Meetings to convey the Company's vision and business plan, including annual and quarterly operating result news conferences, after submission of the Financial Statements and the Analytical Report of Operating Results to the SEC and the SET
- Producing and publicising information and documents pertaining to the Annual Business Plan and the Company's operating results to securities analysts, investors and interested parties on a quarterly basis
- Creating opportunities for securities analysts and investors to pay a Company visit or have a conference call with the executives to discuss policies, strategies and business plans, as well as



financial information (audited by the Certified public Auditor accountant, following notification to the SET and the SEC), non-financial issues and progress of the implementation of various projects of the Company, including exchange of business views on a regular basis

- Organising visits for securities analysts and investors to the precast concrete factory which uses the Semi-Automated Pallet Circulating System, the most advanced system in Thailand, as well as visits to various single-detached house and townhouse projects
- Conducting road shows domestically and internationally at the invitation of the SET and/or securities companies to provide information and attend to queries of shareholders, securities analysts and corporate investors
- Arrangement of executive interviews on television
- participating in activities of the Thai IR Club to exchange knowledge and share experiences with a view to further developing the Company's Investor Relations function

For enquiries, shareholders, securities analysts, investors, Government agencies and parties concerned should contact the Investor Relations Department at (66) 02298 0101 Extension 863 or Email: IR@ps.co.th and monathy@ps.co.th

## 6. Internal Controls and Risk Management

The Company has comprehensive internal control and internal audit systems, covering matters concerning finance, operations, compliance, and risk management.

### 6.1 Internal Control and Internal Audit systems

The Company requires that its internal control system be reviewed and reported by responsible executives regularly while the Internal Audit Department, which is an independent unit, is responsible for internal auditing on a regular basis, to ensure that management and employees strictly comply with the rules and regulations, as well as the Management Authorities. These functions are under the supervision of the Audit Committee.



## 6.2 Risk management

The Company's risk management policy requires that internal and external risk factors be reviewed regularly in order to contain risk within appropriate and acceptable levels. Such a review shall cover strategic risks, financing risks, construction management risks, and other operational risks. The review also includes an assessment of risk exposure and possible impacts, prevention and impact mitigation measures, the assignment of responsible persons, and the setting up of reporting and follow-up procedures. The Risk Management Committee provides recommendations on guidelines and/or policies on the handling of critical risks.

## 7. Philosophy and Code of Conduct

The Company has a firm intention to encourage all the executives and employees to adopt the same standard of conduct. Toward this purpose, we have announced "Code of Conduct" and established a department to be responsible specifically for promoting the established Code of Conduct so that employees at all levels understand it and observe it with genuine willingness.



## Internal Controls

The Board of Directors fully recognises the importance of having in place an adequate internal control system that is commensurate with the level of risk exposure, and suited to the business environment of the Company.

At every Board of Directors' meeting, the Audit Committee is invited to offer their views on the adequacy and appropriateness of the Company's internal controls, and to make recommendations to management for changes and/or improvements, to ensure the internal control system is working as intended.

The Board shares the same view with the Audit Committee that the current system of internal controls is appropriately managed, as described below.

### 1. Internal Control Environment

The Company manages to maintain the environment that is conducive to the effective functioning of its internal control system. Our business objectives and targets, as approved by the Board of Directors, which are guidelines for employees to follow in the conduct of their business, are clearly-defined and measurable. The organizational structure is also arranged so that management can perform their duties with efficiency while adhering to the principle of integrity and high ethical standards. In 2006, the Corporate Governance Policy and the Code of Conduct were established to be used as best practices for members of the Board of Directors, Management, and employees to observe.

### 2. Risk Assessment

A Risk Management Committee has been created in recognition of the importance of this particular area of internal controls. The committee has the duty to give advice to management on appropriate risk management procedure. As a result, risk factors have been assessed and specific precautionary measures initiated, so as to minimize possible adverse effects on the Company's operations. At meetings of the Risk Management Committee, representatives of line functions are invited to report on what they have done in



accordance with the established risk management guidelines so that the committee members can listen to their problems and suggestions. In 2007, ten such meetings were held.

### 3. Control Activities

The Balanced Scorecard System (Balanced Scorecard) and the Key Performance Indicators (KPI) have been introduced as planning and control tools, whereby lines of responsibility and accountability between departments have been clearly defined to achieve proper checks and balances. The Operational Procedures have been issued to provide guidelines for systematic and effective operations to prevent or mitigate risks of damage caused by the various departments in the course of performing their duties. Management Authorities have been established, where the scope, authority and financial approval limit at each level have been defined for the purpose of flexibility and clarity. In regard to compliance, the Company has devised methods to ensure compliance with related laws and regulations. For example, stringent measures have been implemented in cases where the Company transacts business with major shareholders, directors etc, including the requirement that such a transaction be subject to approval by persons having no vested interest in order to prevent the siphoning of the Company's assets and interests. Moreover, the Company has strictly complied with the regulations on information disclosure of the Securities and Exchange Commission (SEC) regarding connected/related persons or businesses.

### 4. Information and Communication

The Company has continually improved the information system by maintaining effective and efficient information and communication channels, internal and external, ensuring that the information, financial and otherwise, is complete, accurate, timely and sufficient for sound decision making. For internal communication, information necessary for conducting Company business is readily available for all employees on the Company's Intranet. For external communication, there is a communication system that enables the Company's to provide information and operational reports to various authorities required by the relevant laws and regulations in a timely manner.

Entry and dissemination of information is subject to effective control, whereby tasks are clearly defined, responsible persons designated and access restricted to only individuals requiring such information to perform their duties.



## 5. Follow—Up and Evaluation

The Company's follow-up and evaluation system allows the Board of Directors to regularly assess the operating results against the set objectives and targets. The Internal Audit Department meanwhile is responsible for reporting to the Audit Committee on the results of their internal control reviews, in accordance with the prescribed internal control measures.

### Utilisation of Inside Information

The Company has a policy and methods of governing utilisation of the Company's inside information by Directors and Management as follows:

The Company has informed its Directors and Management of their duties to disclose their holding of securities of the Company and provisions on penalties stipulated in the Securities and Exchange Act B.E 2535 and the regulations of the SET.

The Company requires its Management to report any change in their holding of Company securities to the Office of the Securities and Exchange Commission (SEC) in accordance with Section 59 of Securities and Exchange Act B.E. 2535, and to submit one copy of the securities disclosure report to Company on the same day.

The Company has instructed its Management that Management who have access to inside information which may affect changes in the Company share price to exercise caution in selling or buying securities of the Company 15 days before and one day after the disclosure of financial statements or such inside information to the public. The Company will instruct persons involved with any inside information not to disclose it to other persons until it is reported to the SET.

Sanctions by the Company for breach of the above rules include appropriate disciplinary sanctions, i.e., verbal warning, written warning, salary cut, work suspension, employment termination and legal actions.



## Connected Transactions

### Policy and Disclosure of connected transactions

The Company enters into connected transactions as it may consider appropriate by complying with the laws governing securities and exchange, regulations, notifications, orders or rules of the SET as well as accounting standards regarding information disclosure of related persons or business as prescribed by the Certified Public Accountant Association of Thailand.

In case of transactions that occur regularly and continuously in the future, the Company prescribed a policy and practice guidelines to be in accordance with the general business conditions, in reliance upon prices and conditions that are suitable, fair and appropriate and can be inspected and can prevent siphoning. Such guidelines shall be proposed to the Audit Committee for consideration and approval after which execution can be made.

Should the Company enter into a connected transaction, it will arrange for the Audit Committee to give an opinion as to the appropriateness of such transaction. In case that the Audit Committee has no skill and expertise related to such connected transaction, the Company will seek an opinion from an expert such as an auditor or appraiser who is independent and as input for consideration of the Audit Committee. Such opinion of the Audit Committee or expert will be used to support a decision of the Board of Directors or shareholders, as the case may be, so as to assure that the entering into such transaction will not cause siphoning of benefits between the Company and its shareholders, and that the transaction is conducted in the best interests of all shareholders.

For the accounting period ending December 31, 2007, the Company entered into 2 connected transactions as follows:



Related Person	Relationship with the Company	Nature of Transaction and Necessity	Connected Transactions Value (million Baht)		Condition / Pricing
			31 Dec 2007	31 Dec 2006	
<u>Item 1</u> Mr.Thongma Vijitpongpun	Director and Shareholder of the Company	The Company leased space in Laksi Plaza, 10 <sup>th</sup> Floor, from Mr.Thongma Vijitpongpun for being the Company's head office	2.04	2.08	As per Lease and Service Agreement dated October 1, 2005, monthly rental service will be charged and paid at Baht 146,008.80, from October 1, 2005, to September 30, 2006. From October 1, 2006, onwards, monthly rental service will be charged at Baht 255,348. Such rental and service fees are at the rates comparable to the market rates and conditions that are not different from the cases the Company enters into agreements. The contract is expired on August 31, 2008
<u>Item 2</u> Mr.Thongma Vijitpongpun	Director and Shareholder of the Company	The Company leased space in Laksi Plaza, 10 <sup>th</sup> Floor, from Mr.Thongma Vijitpongpun for being head office of one of the Company's subsidiaries (Kaysorn Construction Co., Ltd.)	-	0.06	As per Lease and Service Agreement dated October 1, 2005, monthly rental will be charged and paid at Baht 7,200 from October 1, 2005, to September 30, 2006, and onwards. Such rental and service fees are at the rates comparable to the market rates and conditions that are not different from the cases the Company enters into agreements



### Necessity and Appropriateness of Connected Transactions

The above connected transactions were considered by the Company's Audit Committee, who rendered the opinion that said connected transactions were in the normal course of business and did not provide undue benefits to a related person or a person who might have a conflict of interest.

### Measures or procedures for approving connected transactions

For any connected transaction of the Company, or the Company together with a person who may have a vested interest or may potentially have a conflict of interest, the Audit Committee will provide an opinion on the necessity of entering into the transaction and appropriateness of the pricing aspect of the transaction by considering various conditions to determine whether it is in accordance with the normal course of business in the industry. Further, there shall be a price comparison with a third party or the market price. In the event that the Audit Committee does not have appropriate expertise to consider the connected transaction, the Company will arrange for an independent expert or the Company's Auditor to provide an opinion as input for the Audit committee's decision. The opinion of the Audit Committee or the expert will be used by the Board of Directors or the Shareholders, as the case may be, to make a decision. The Director who has a vested interest shall have no voting right in the consideration of the transaction, which will be disclosed in the Notes to the Financial Statements, audited or reviewed by the auditors.



## Management Discussion and Analysis

In reviewing the Management Discussion and Analysis of the financial position and operating results, please be advised that shareholders and investors should study the Company's financial reports and Audited Financial Statements including Notes to the Financial Statements and also other information presented in this document as references. In addition, please note that the Financial Statements were prepared in accordance with the Thai Accounting Standards and financial information presented in the tables under this heading based on the Consolidated Financial Statements.

### Operating Results

#### Operation Overview

The Company is engaged in development of single-detached houses, townhouses and condominiums, and is also recognised as a leader in townhouse market focusing on low-to-middle income segment. Unlike others, the Company is an integrated developer who manages the projects itself and carries out construction with embracing of modern technologies, the Company can therefore manage construction costs efficiently, as such, is able to implement pricing strategy, whereby selling prices are lower than those offered by other developers for houses with similar designs, sizes and locations.

Unit : million Baht

	Y 2007	Y 2007
Booking	13,645.7	7,148.7
Sale of real estate	9,087.6	8,181.1
Net profit	1,269.9	1,303.3

The Company's main revenues come from sales of real estates, or approximately 99.9-99.7% of total revenues. In 2007, revenue from sale of real estate of Baht 9,087.6 million increased from that of 2006 by Baht 906.6 million or 11%, as a result of expansion of housing projects in terms of new coverage areas as well as new products to serve needs of customers.



In 2007, the Company's net profit was Baht 1,269.9 million, decreased from that of 2006 by Baht 33.4 million or 2.6%, as a result of expansion of housing projects whereby a part of selling and administrative expenses were booked whereas revenues were not yet recognised. Nevertheless, total booking in 2007 stood at Baht 13,645.7 million, greatly increased from that of 2006 by Baht 6,490.7 million or 91%.

#### Total revenue

Unit : million Baht

	Y 2007		Y 2006	
	Amount	%	Amount	%
Sale of Real Estate				
BOI Townhouses	2,612.1	28.7	2,021.1	24.6
Non-BOI Townhouses	2,690.2	29.6	2,819.7	34.4
Total Townhouses	5,302.3	58.3	4,840.8	59.0
Single-detached Houses	3,735.7	41.1	3,309.1	40.3
Condominiums	17.0	0.2	-	
Others <sup>(1)</sup>	32.6	0.3	31.1	0.4
Other Revenues <sup>(2)</sup>	5.2	0.1	22.8	0.3
Total	9,092.8	100.0	8,203.8	100.0

Source: Preuksa Real Estate pcl.

#### Notes:

(1) Revenues from cancellation and amendment of contracts to purchase and to sell the units, sales of vacant land

(2) Revenue from sales of unusable assets, rental income and others

Over the past three years, the revenues of the Company have been on the increase. In 2007, revenue from sale of real estate of Baht 9,092.8 million increased from that of 2006 by Baht 889.0 million or 10.8%, as a result of increases in sale of townhouses and sale of single-detached houses. In 2007, revenue from sale of townhouses increased by Baht 461.5 million or 9.5%. As a part of sale of townhouses, sale of BOI townhouses increased by Baht 603.24 million or 29.8%, as a result of continued launching of BOI townhouses under the brand "Baan Preuksa" during 2007 with a selling price per unit of not exceeding Baht 600,000 to serve



demands for housing of low-income segment, together with shorter construction period at approximately 3-4 months, resulted in more transfer of ownership of certain houses.

Meanwhile, revenue from sale of single-detached houses in 2007 increased by Baht 426.5 million or 12.9%, this was due to the fact that smaller single-detached houses projects launched under the brand "Preuksa Village" was well accepted by customers. Besides, the Company started recognising sale of condominium, a brand new product, in a total amount of Baht 17 million.

The Company's revenue is expected to continue its upward trend, due to the higher amount of backlog than those of the previous years, together with more projects to be launched in such areas that proved successful, and a positive outlook such as improving economic situation, a recovery of consumer confidence from the elected government. With respect to portion of condominium revenue, it is expecting a growth as the Company will recognise revenue from 3 projects this year, up from one project last year. Certain projects were launched last year and are currently under construction.

#### Expenses

##### *Costs of Real Estate Sales*

The costs of real estate sales expanded by Baht 370.6 or 6.7% from that of 2006, in line with the growth of revenues from real estate sales of the Company. Gross profit margin for the year 2007 showed an improvement, increased from 32.2% in 2006 to 34.9% in 2007, as a result of better cost control through adoption a tender process of procurement with fixing prices for the 3-4 months up to the whole year, increases in utilisation of Precast Factory, coupled with adjustment of sales prices of new projects.

In the following year, raw materials prices are expected rising trend in accordance with pressure from oil price. Despite the above procurement of major raw materials, overall cost of real estate sales is forecasted to expand, the Company, therefore, may consider increasing the selling price in order to maintain its margins.



### *Selling and Administrative Expenses*

For 2007, selling and administrative expenses rose from that of 2006 by Baht 492.7 million or 47.8%. Major causes of the increase included advertising and public relations expenses rose by Baht 221.4 million or 105.82%, in line with great expansion of booking as mentioned above. In addition, personnel expenses rose by Baht 101.2 million, or 35.9%, due to the adoption of SBU organizational structure, for instance, SBU-Preuksa Village2 and SBU-Condo2, in order to facilitate new line of business. Moreover, consultant-related expenses rose by Baht 61.3 million from work process streamlining as well as human resources development initiatives aimed at enhancing capabilities and efficiency in order to ensure long-term competitiveness.

The higher selling and administrative expenses resulted in the lower operating net profit, which dropped from that of the previous year of 19.9% to 18.2% this year and this trend is expected to carry on to next year in accordance with the Company's plan to launch projects on a continual basis. In terms of percentage to sale, it is however expected to decline as a result of more recognition of revenue from projects launched during the past year and also from cost reduction as per the above-mentioned work process improvement.

### *Net Profit*

In 2007, the Company's net profit decreased from that of 2006 by Baht 33.4 million or a 2.6% decrease, as a result of increases in selling and administrative expenses, of which majority tied with presale activities, while revenue was unable to be recognised, lead to an increase in net profit before interest expenses and income tax of only Baht 21.3 million or a 1.6% increase, but a large increase income tax of Baht 58.4 million or a 21.3% increase from that of 2006. Certain increases were due to the fact that customers' deposits, especially condominium deposits, were regards as the Company's income. As mentioned above, net profit margin for this year, therefore, reduced from 15.9% in 2006 to 14.0%. Nevertheless, should the Company construct and deliver housing units and control both cost of real estate sales and selling and administrative expenses as per the target, the net profit margin would get back on track, despite higher expenses in accordance with higher number of new projects to be launched in 2008.



## Financial Position

### Assets

As of 31 December 2007, the Company had total assets of Baht 11,046.4 million, an increase of Baht 1,660.2 million or 17.7% from 2006, as a result of more cash on hand & in banks from favourable operation of Baht 625.4 million, occurring near the closing of the financial period. In addition, Debentures were issued in August 2008, to finance constructions of condominium projects.

Inventories stood at Baht 8,194.0 million, increased by Baht 835.5 million or 11.4% from 2006, resulting from increases in land and houses under development of Baht 753.1 million. Such increases were in accordance with the strategy to launch development projects on a continual basis, that is, land was therefore acquired in late 2006 for use in new projects to be launched in 2007, and a total of 28 projects were launched in 2007. To some extent, in some of those projects launched in 2007, especially townhouses and single-detached houses projects, ownerships have been transferred to customers, whereas the rest were currently under development. As such, inventories, specifically projects under development, were higher than that of 2006 and average inventory turnover increased from 458.5 days in 2006 to 473 days in 2007. In addition, the Company plans to launch another 40 projects in 2008, and some of them are condominium project that plan to continuously transferred at the end of 2008 and much more in 2009, therefore, inventory level will definitely increase.

Other current assets were Baht 121 million, as a result of an increase in advance payment for construction materials. This was due to the fact that the materials prices increased from the bidding price, so that the Company paid in advance for certain materials to confirm the purchase.

The Company's net property, plant and equipment altogether increased from that of 2006 by Baht 112.5 million or 9.4%. Such increases were due to capitalisation of land and clubhouses in completed projects, coupled with additional furniture, fixtures, and office supplies of the Company's new head office, that relocated from the suburb to the city centre for its more convenience in monitoring and communicating between the head office and its scattered housing projects in Bangkok, its suburbs and the city centre.

Return on assets ratio (ROA) dropped from that of 2006 of 13.6% to 12.4% in 2007, due to the fact that some additional assets, to this point, were not revenue-generating property since most of projects were launched during latter half of the year. Return on fixed assets ratio dropped from 119.4% to 105.4% in 2007, despite revenue growth and total asset turnover ratio increased from 85.3% to 89% in 2007 but higher expenses, thus decreased in return on assets ratio.



### Liabilities

As of 31 December 2007, the Company's liabilities totalled Baht 2,867.4 million, increased by Baht 818.8 million or 40% from 2006, as a result of increases in trade account payables of Baht 162.7 million with a better payable period ratio of 45 days up from 32.1 days, accrued expenses for public utility of Baht 83.8 million, and accrued debenture interest of Baht 18.9 million.

Meanwhile, customers' deposits largely increased by Baht 180.2 million, in particular, from deposits for purchase of condominium units launched during the year.

Net borrowings increased by Baht 189.7 million, of which shifted from solely bank borrowings towards debenture issuances in a total amount of Baht 1,000 million for a purpose of being working capital for condominium projects. The debentures are repayable within 2-3 years and provide low-cost fund, thus cause lower current liabilities. Liquidity ratio and Quick ratio improved from 5.1 and 0.3 to 5.8 and 0.7, respectively, whereas debt to equity ratio increased from 0.28 times to 0.35 times and interest-bearing debt to equity ratio slightly increased from 0.14 times to 0.15 times, which was considered rather lower than other developers. Due to the fact that the Company has launched more projects, particularly condominium projects, which take longer period to complete the construction and require high amount of working capital. The Company may seek for sources of finance for the projects. If so, debt level will increase, but be within controllable level.

### Shareholders' Equity

As of December 31, 2007, the Company's shareholders' equity totalled Baht 8,179.0 million, increased from that of 2006 by Baht 841.4 million or an 11.5% increase. The increase resulted from an increase in the paid-up capital from exercise of warrants of Baht 6.3 million, and increases in unappropriated retained earnings of Baht 832.8 million, together with an increase in legal reserve of Baht 2.3 million. In 2007, the annual dividends paid for the 2006 performance totalled Baht 434.8 million.

Return on equity ratio (ROE) dropped from that of 2006 of 19.2% to 16.4 this year as a result of more investment in new projects for future growth, of which expected returns within 1-2 years but not at that high percentage as the Company has a policy to consistently expand its investment. Nevertheless, portion of cash injection into future projects expected to decrease, and this would reflect a better ROE ratio.

Dividend payout ratio is in accordance with the Company's dividend payment policy, the Company will pay dividend in 2008 at the rate of 37.8%, compared with 33.4% in 2007.



## Statements of Cash Flows

As of 31 December 2007, the Company's total amount of cash and cash equivalents increased by Baht 625.4 million. In 2007, the Company's net cash flows from operating activities totalled Baht 1,067.8 million, resulting from inflow cash from net profit before depreciation and amortisation, reserves, interest expenses and income tax of Baht 1,836.8 million, income tax payment of Baht 273.7 million. As per net cash of Baht 1,563.1 million, the Company, therefore, invested in inventories and other assets of Baht 953.9 million and Baht 120.8 million, respectively, whereas received credit from operating liabilities, including trade accounts payable, customers' deposits and other payable, of Baht 551.5 million.

In investing activities, property, plant and equipment increased Baht 152.5 million. Besides, interest and dividends paid totalled Baht 481.2 million while net long-term liabilities increased Baht 189.7 million.

Interest coverage ratio increased from 15.34 times to 22.44 times, from decrease in financial costs whereas interest bearing debt ratio increased slightly.



## The Responsibility for the Financial Reporting of the Board of Directors

The Board of Directors of Preuksa Real Estate Public Company Limited takes responsibilities of the consolidated Financial Statements including financial data presenting in this Annual Report. In preparing the Financial Statements, the Company and its subsidiaries have used appropriate accounting standards policies and consistently applied. The Financial Statements are adequately disclosed of significant data in notes to Financial Statements, also audited with unqualified opinion from independent auditors, thus, reflects a true and fair view of Balance Sheet, Income Statement and Cash Flow Statement of the Company and subsidiaries.

The Board of Directors set up and maintained effective risk management and internal audit system to ensure that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy, completeness and adequacy of financial positions, to safeguard assets of the Company and its subsidiaries and to prevent and detect fraud and other irregularities.

In so doing, the Board of Directors appointed the Audit Committee which consists of independent Directors to supervise and take responsibilities of the quality of Financial Statements and effective internal audit system. The opinions of the Audit Committee are stated in the report of the Audit Committee presenting in this Annual Report.

The Board of Directors is of the opinion that the Company's internal audit system is generally satisfactory and should assure the creditability of the consolidated Financial Statements of the Company and its subsidiaries as of December 31, 2007.

Dr. Pisit Leeahtam

Chairman of the Board of Directors

Mr. Thongma Vijitpongpan

Chief Executive Officer



## Audit Committee Report



Professor Emeritus  
Dr. Trungjai Buranasomphop

The Audit Committee of Preuksa Real Estate Public Company Limited comprises Professor Emeritus Dr. Trungjai Buranasomphop, as Chairman, Mr. Adul Chadanachulaka and Mr. Weerachai Ngamdeevilasak, as Committee members.

The Audit Committee has performed its duties and responsibilities in accordance with the terms of reference set out by the Board of Directors. In 2007 the Committee held 12 meetings, regularly with management, representatives of the Internal Audit Department, and the auditors and occasionally with line managers. During such meetings, the Committee reviewed and discussed important issues relating to the Company's current financial reporting process, internal control system and other matters of importance to major business activities of the Company. The following gives the details of its performance results and findings.

### Internal Controls

The Audit Committee reviewed and evaluated the adequacy of the internal control system of the Company in view of the guidelines stipulated by the Securities and Exchange Commission by regularly holding meetings with the Internal Audit Department in order to verify its yearly internal audit plan and acknowledge the progress made in the implementation of the plan as well as inquire about major issues likely to constitute shortcomings in the system and/or discrepancies discovered during their audit. The Committee also made recommendations to management on corrective and/or



improvement measures. Based on the reviews and discussions referred to above, the Committee is of the opinion that the Company manages its internal control system in an adequate and appropriate manner while its internal audit is satisfactorily effective.

### Risk Management

The Board of Directors and executive officers recognise the importance of risk management, requiring that evaluations of risk factors be made and preventive measures adopted on an “as needed” basis in order to minimise any possible adverse effects on the Company’s operations. Furthermore, representatives of various departments are regularly invited to meet with the Risk Management Committee to give presentations on actions taken in view of the risk management guidelines in order for the Risk Management Committee to listen to their feedback on the problems or obstacles as well as their observations and suggestions.

### Corporate Governance

The Company supports and promotes the implementation of its Corporate governance policy and Code of Conduct in the belief that good corporate governance is a key to successfully achieving the Company’s principal goals and has therefore established a written Corporate Governance Policy and Code of Conduct. The Corporate Governance Committee has also been set up and charged with the oversight responsibility. Specifically, this Committee is to review and update important best practices adopted by the Company in view of good corporate governance as well as corporate policies, principles and methods of work, and to make recommendations on the requirements pertaining to the Code of Conduct.



## Financial Reporting

The Audit Committee reviewed the quarterly Financial Statements and the annual financial statement for the year 2006 in consultation with management and the auditors. Management is responsible for preparing the financial statements while the auditors are responsible for auditing the financial statements and giving their opinions on the audited ones. During the course of the review of the financial reporting process, the Audit Committee made inquiries and exchanged ideas with management and the auditors about the appropriateness of accounting policies and assumptions currently adopted by the Company and the adequacy of disclosures including their observations and suggestions based on their findings. The purpose was to establish the confidence that the Company's financial statements had been prepared in a correct and transparent manner. Based on the review referred to above, the Audit Committee is of the opinion that the Company's financial statements have been prepared in accordance with the accounting principles and practice generally accepted in Thailand and that financial information of significance has been adequately disclosed.

## Appointment of external auditors for the fiscal year 2008

The Audit Committee reviewed and evaluated the external auditors' performance for the year 2007, in terms of appropriateness, and effectiveness in conformity with generally accepted accounting principles, as well as reporting. The evaluation disclosed that the performance met the standards. In addition, the Committee



assessed the qualifications of the external auditors, and found compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Based on the review referred to above, the Audit Committee is of the recommendation on the appointment of external auditors of the Company and their remuneration for the year 2008 for consideration of the Board of Directors to propose the shareholders' meeting to consider approving.

### Compliance

The Auditing Committee reviewed the compliance practice of the Company to ensure the Company was operating in accordance with all legal and regulatory requirements. In carrying out this task, the Committee required that compliance audit be one of the major areas to be undertaken by the Internal Audit Department; for instance, whether the Company had followed applicable rules, regulations, procedures and laws in every system of work. The Committee's review of the result of the audit by the Internal Audit Department for the accounting year 2006 found no indications of significant non-compliance cases or acts in contrary to, or inconsistent with, applicable rules, regulations, procedures or laws.

Furthermore, the review of the compliance practice focused on transactions classified as connected transactions or transactions that might create a conflict of interest in order to ensure transparency and to establish the confidence that the Company was operating according to the usual business practice and that such transactions had been fully disclosed in compliance with applicable rules and regulations. From the review in this particular area, the Audit



Committee is of the opinion that the connected transactions or transactions that might create a conflict of interest entered into by the Company in the accounting year 2007 were carried out in accordance with the usual business practice and that the particulars thereof were adequately disclosed.

This Audit Committee Report has been reviewed and approved by the Audit Committee on February 19, 2008.

For and on behalf of the Audit Committee

Professor Emeritus Dr. Trungjai Buranasomphop

Chairman of the Audit Committee

Preuksa Real Estate Public Company Limited



Preuksa Real Estate Public Company Limited  
and its Subsidiaries

Annual financial statements

and

Audit report of Certified Public Accountant

For the years ended 31 December 2007 and 2006



## Audit report of Certified Public Accountant

### To the shareholders of Preuksa Real Estate Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2007, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended of Preuksa Real Estate Public Company Limited and its subsidiaries, and of Preuksa Real Estate Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated financial statements and the Company's financial statements of Preuksa Real Estate Public Company Limited and its subsidiaries, and of Preuksa Real Estate Public Company Limited, respectively, for the year ended 31 December 2006 were audited by another auditor whose report dated 22 February 2007 expressed an unqualified opinion on those statements. As described in note 21 to the financial statements, the Company's financial statements for the year ended 31 December 2006 have been restated for the effects of the change in accounting policy for investments in subsidiaries from the equity method of accounting to the cost method, and are now termed 'separate' financial statements. I have audited the adjustments that were applied to the restatement of the Company's 2006 financial statements and in my opinion these adjustments are appropriate and have been properly applied.

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



In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2007 and the results of operations and cash flows for the year then ended of Preuksa Real Estate Public Company Limited and its subsidiaries, and of Preuksa Real Estate Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Handwritten signature of Somboon Supasiripinyo.

(Somboon Supasiripinyo)

Certified Public Accountant

Registration No. 3731

KPMG Phoomchai Audit Ltd.

Bangkok

19 February 2008



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

		Consolidated		Separate	
		financial statements		financial statements	
Assets	Note	2007	2006	2007	2006
					(Restated)
(in Baht)					
Current assets					
Cash and cash equivalents	5	1,027,212,459	401,848,124	840,014,826	373,234,760
Current investments in savings account, fixed deposits and promissory note	6	54,491,432	46,613,132	54,491,432	46,613,132
Installment receivables		15,137,916	11,512,810	13,432,316	11,512,810
Receivable from subsidiaries	4	-	-	34,378,374	17,523,629
Short-term loans to subsidiaries	4	-	-	411,137,326	22,471,277
Inventories	6, 7	8,194,038,063	7,358,525,622	7,543,189,001	7,187,775,818
Deposits for purchase of land		61,228,901	91,072,275	61,228,901	91,072,275
Other current assets		164,510,949	72,932,249	38,937,492	72,874,984
Total current assets		9,516,619,720	7,982,504,212	8,996,809,668	7,823,078,685
Non-current assets					
Investment in subsidiaries	8	-	-	100,997,900	2,997,900
Property, plant and equipment	6, 9	1,314,135,998	1,201,576,534	1,301,761,035	1,201,550,092
Land not used in operations	6	127,829,591	127,829,591	127,829,591	127,829,591
Other non-current assets		87,850,676	74,243,734	75,505,126	69,281,197
Total non-current assets		1,529,816,265	1,403,649,859	1,606,093,652	1,401,658,780
Total assets		11,046,435,985	9,386,154,071	10,602,903,320	9,224,737,465

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
(Restated)					
(in Baht)					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	6, 10	-	317,247,952	-	317,135,704
Trade accounts payable					
- Subsidiary	4	-	-	111,567,797	-
- Others		600,048,054	437,335,626	459,199,202	425,273,240
Payables for purchase of land		233,760,500	207,934,542	134,602,645	121,005,497
Current portion of long-term loans	6, 10	10,000	220,875,100	10,000	220,875,100
Customers' deposits		346,754,912	166,580,758	329,939,992	166,580,758
Income tax payable		148,270,771	88,909,489	104,230,743	72,275,348
Other current liabilities	11	319,278,200	118,301,231	280,811,636	114,890,067
Total current liabilities		1,648,122,437	1,557,184,698	1,420,362,015	1,438,035,714
Non-current liabilities					
Long-term loans	6, 10	219,264,970	491,397,102	135,263,970	491,397,102
Long-term debenture	10	1,000,000,000	-	1,000,000,000	-
Total non-current liabilities		1,219,264,970	491,397,102	1,135,263,970	491,397,102
Total liabilities		2,867,387,407	2,048,581,800	2,555,625,985	1,929,432,816

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2007 and 2006

		Consolidated		Separate	
		financial statements		financial statements	
Liabilities and shareholders' equity	Note	2007	2006	2007	2006
(Restated)					
(in Baht)					
Shareholders' equity					
Share capital					
Authorised share capital	12	2,255,753,400	2,232,500,000	2,255,753,400	2,232,500,000
Issued and paid-up share capital	12	2,180,178,200	2,173,850,400	2,180,178,200	2,173,850,400
Share premium	12	1,361,595,353	1,361,595,353	1,361,595,353	1,361,595,353
Retained earnings					
Legal reserve	12	225,575,340	223,250,000	225,575,340	223,250,000
Unappropriated		4,411,625,930	3,578,844,832	4,279,928,442	3,536,608,896
Total equity attributable to the					
Company's shareholders		8,178,974,823	7,337,540,585	8,047,277,335	7,295,304,649
Minority interest		73,755	31,686	-	-
Total shareholders' equity		8,179,048,578	7,337,572,271	8,047,277,335	7,295,304,649
Total liabilities and shareholders' equity		11,046,435,985	9,386,154,071	10,602,903,320	9,224,737,465

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Statements of income

For the years ended 31 December 2007 and 2006

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
(in Baht)					
<b>Revenues</b>					
Revenue from sale of real estate		9,087,570,439	8,181,060,861	8,413,934,095	8,006,801,898
Dividend income		-	-	42,470,250	-
Other income		5,196,424	22,746,010	32,590,729	24,281,057
Total revenues		<u>9,092,766,863</u>	<u>8,203,806,871</u>	<u>8,488,995,074</u>	<u>8,031,082,955</u>
<b>Expenses</b>					
Cost of real estate sales		5,918,970,712	5,548,372,470	5,540,673,701	5,444,530,097
Selling and administrative expenses	14	<u>1,522,872,890</u>	<u>1,030,164,140</u>	<u>1,452,045,034</u>	<u>1,015,674,170</u>
Total expenses		<u>7,441,843,602</u>	<u>6,578,536,610</u>	<u>6,992,718,735</u>	<u>6,460,204,267</u>
Profit before interest and					
income tax expenses		1,650,923,261	1,625,270,261	1,496,276,339	1,570,878,688
Interest expense	16	<u>47,867,821</u>	<u>47,230,582</u>	<u>47,860,595</u>	<u>47,230,582</u>
Income tax expense	17	<u>333,107,103</u>	<u>274,731,029</u>	<u>268,000,778</u>	<u>254,967,994</u>
Profit after income tax expense		<u>1,269,948,337</u>	<u>1,303,308,650</u>	<u>1,180,414,966</u>	<u>1,268,680,112</u>
Net profit of minority interest		<u>(71,819)</u>	<u>(24,240)</u>	<u>-</u>	<u>-</u>
Net profit		<u>1,269,876,518</u>	<u>1,303,284,410</u>	<u>1,180,414,966</u>	<u>1,268,680,112</u>
<b>Earnings per share</b>					
Basic	18	<u>0.58</u>	<u>0.60</u>	<u>0.54</u>	<u>0.59</u>
Diluted	18	<u>0.58</u>	<u>0.59</u>	<u>0.53</u>	<u>0.57</u>

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

Consolidated financial statements								
Note	Issued and paid-up share capital	Share premium	Retained earnings		Total equity attributable to the Company's shareholders	Minority interest	Total Shareholder's equity	
			Legal reserve	Unappropriated				
(in Baht)								
Balance at 1 January 2006	2,125,000,000	1,257,290,234	223,250,000	2,664,316,034	6,269,856,268	6,046	6,269,862,314	
Share capital issued	12	48,850,400	104,305,119	-	153,155,519	-	153,155,519	
Investment of minority interest		-	-	-	-	1,400	1,400	
Net profit		-	-	1,303,284,410	1,303,284,410	24,240	1,303,308,650	
Dividends	20	-	-	(388,755,612)	(388,755,612)	-	(388,755,612)	
Balance at 31 December 2006		<u>2,173,850,400</u>	<u>1,361,595,353</u>	<u>223,250,000</u>	<u>3,578,844,832</u>	<u>7,337,540,585</u>	<u>31,686</u>	<u>7,337,572,271</u>
Share capital issued	12	6,327,800	-	-	6,327,800	-	6,327,800	
Net profit		-	-	1,269,876,518	1,269,876,518	71,819	1,269,948,337	
Appropriated for legal reserve		-	-	2,325,340	(2,325,340)	-	-	
Dividends	20	<u>-</u>	<u>-</u>	<u>-</u>	<u>(434,770,080)</u>	<u>(434,770,080)</u>	<u>(29,750)</u>	<u>(434,799,830)</u>
Balance at 31 December 2007		<u>2,180,178,200</u>	<u>1,361,595,353</u>	<u>225,575,340</u>	<u>4,411,625,930</u>	<u>8,178,974,823</u>	<u>73,755</u>	<u>8,179,048,578</u>

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Statements of changes in shareholders' equity

For the years ended 31 December 2007 and 2006

#### Separate financial statements

		Issued and paid-up share capital	Share premium	Retained earnings		Total equity attributable to the Company's shareholders
	Note			Legal reserve	Unappropriated	
(In Baht)						
Balance at 1 January 2006		2,125,000,000	1,257,290,234	223,250,000	2,664,316,034	6,269,856,268
Changes in accounting policy	21	-	-	-	(7,631,638)	(7,631,638)
Restated balance		2,125,000,000	1,257,290,234	223,250,000	2,656,684,396	6,262,224,630
Share capital issued	12	48,850,400	104,305,119	-	-	153,155,519
Net profit		-	-	-	1,268,680,112	1,268,680,112
Dividends	20	-	-	-	(388,755,612)	(388,755,612)
Balance at 31 December 2006		2,173,850,400	1,361,595,353	223,250,000	3,536,608,896	7,295,304,649
Balance at 1 January 2007		2,173,850,400	1,361,595,353	223,250,000	3,578,844,832	7,337,540,585
Changes in accounting policy	21	-	-	-	(42,235,936)	(42,235,936)
Restated balance		2,173,850,400	1,361,595,353	223,250,000	3,536,608,896	7,295,304,649
Share capital issued	12	6,327,800	-	-	-	6,327,800
Net profit		-	-	-	1,180,414,966	1,180,414,966
Appropriated for legal reserve		-	-	2,325,340	(2,325,340)	-
Dividends	20	-	-	-	(434,770,080)	(434,770,080)
Balance at 31 December 2007		2,180,178,200	1,361,595,353	225,575,340	4,279,928,442	8,047,277,335

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Statements of cash flows

For the years ended 31 December 2007 and 2006

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(Restated)			
	(in Baht)			
<i>Cash flows from operating activities</i>				
Net profit	1,269,876,518	1,303,284,410	1,180,414,966	1,268,680,112
Adjustments for				
Allowance for damaged inventories and decline in value of inventories	22,087,754	1,291,221	22,087,754	1,291,221
Allowance for impairment loss on equipment	712,227	1,895,959	712,227	1,895,959
Bad debts and doubtful debts expense	6,204,458	332,976	6,204,458	332,976
Depreciation and amortisation	154,691,243	122,043,118	152,965,639	121,470,544
Loss (gain) on disposal of equipment	2,226,474	(2,619,173)	2,226,474	(2,619,173)
Net profit of minority interest in subsidiaries	71,819	24,240	-	-
Dividend received from subsidiary	-	-	(42,470,250)	-
Interest expense	47,867,821	47,230,582	47,860,595	47,230,582
Income tax expense	333,107,103	274,731,029	268,000,778	254,967,994
	1,836,845,417	1,748,214,362	1,638,002,641	1,693,250,215
<i>Changes in operating assets and liabilities</i>				
Installment receivables	(3,625,106)	(3,780,710)	(1,919,506)	(3,780,710)
Receivable from subsidiaries	-	-	(16,854,745)	(17,368,331)
Inventories	(953,875,131)	(542,039,603)	(475,382,299)	(392,709,863)
Deposits for purchase of land	27,943,374	112,443,932	27,943,374	112,443,932
Other current assets	(95,883,158)	(28,294,283)	29,633,034	(28,240,878)
Other non-current assets	(21,402,810)	(25,902,073)	(12,746,247)	(25,902,073)
Trade accounts payable - subsidiary	-	-	111,567,797	-
Trade accounts payable - others	162,712,428	92,207,436	33,925,962	80,782,122
Payables for purchase of land	25,825,958	207,934,542	13,597,148	121,005,497
Customers' deposits	180,174,154	(122,410,526)	163,359,234	(122,410,526)
Other current liabilities	182,794,394	39,384,104	147,738,994	36,273,235
Income tax paid	(273,745,821)	(422,046,042)	(236,045,383)	(413,208,357)
Net cash provided by operating activities	1,067,763,699	1,055,711,139	1,422,820,004	1,040,134,263

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Statements of cash flows

For the years ended 31 December 2007 and 2006

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
<i>(in Baht)</i>				
<i>Cash flows from investing activities</i>				
Increase in current investments in savings account, fixed deposits and promissory note	(7,878,300)	(795,335)	(7,878,300)	(795,335)
Increase in short-term loans to subsidiaries	-	-	(504,875,818)	(40,286,737)
Decrease in short-term loans to subsidiaries	-	-	116,209,769	33,691,365
Increase in property, plant and equipment	(152,496,373)	(175,762,079)	(139,695,798)	(175,762,078)
Increase in investment in subsidiaries	-	-	(98,000,000)	(1,998,600)
Dividend received from subsidiary	-	-	42,470,250	-
Proceed from disposal of equipment	3,067,087	8,572,314	3,067,087	8,572,314
Net cash used in investing activities	<u>(157,307,586)</u>	<u>(167,985,100)</u>	<u>(588,702,810)</u>	<u>(176,579,071)</u>
<i>Cash flows from financing activities</i>				
Decrease in bank overdrafts and short-term loans from financial institutions	(317,247,952)	(353,627,515)	(317,135,704)	(353,727,969)
Proceeds from long-term loans	317,011,601	1,681,730,000	117,717,500	1,681,730,000
Proceeds from long-term debentures	1,000,000,000	-	1,000,000,000	-
Proceeds from capital increase, net of related expenses	6,327,800	153,155,519	6,327,800	153,155,519
Repayment of long-term loans	(810,008,833)	(2,619,085,562)	(694,715,732)	(2,619,085,562)
Repayment of debentures	-	(300,000,000)	-	(300,000,000)
Investment of minority interest	-	1,400	-	-
Interest paid	(46,374,564)	(92,973,764)	(44,760,912)	(92,973,764)
Dividends paid	(434,770,080)	(388,755,612)	(434,770,080)	(388,755,612)
Dividends paid to minority interest in subsidiary	(29,750)	-	-	-
Net cash used in financing activities	<u>(285,091,778)</u>	<u>(1,919,555,534)</u>	<u>(367,337,128)</u>	<u>(1,919,657,388)</u>
Net increase (decrease) in cash and cash equivalents	625,364,335	(1,031,829,495)	466,780,066	(1,056,102,196)
Cash and cash equivalents at beginning of year	401,848,124	1,433,677,619	373,234,760	1,429,336,956
Cash and cash equivalents at end of year	<u>1,027,212,459</u>	<u>401,848,124</u>	<u>840,014,826</u>	<u>373,234,760</u>

Notes to financial statements: part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

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These notes form an integral part of the financial statements.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 19 February 2008.

## 1 General information

Preuksa Real Estate Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 333/111, Building 2, 10th floor, Laksi Plaza & Business Complex Office, Vibhavadee-Rangsit Road, Talad Bangkhen, Laksi, Bangkok. Subsequently, in September 2007 the Company moved its registered office to 979/83, SM Tower 27th floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand in December 2005.

The principal activity of the Company is sale of real estate in Thailand. Details of the Company's subsidiaries are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
<i>Direct subsidiaries</i>				
Kaysorn Construction Company Limited	Home decoration / Construction	Thailand	99.93	99.93
Putthachart Estate Company Limited	Sale of real estate	Thailand	99.99	99.93
Phanalee Estate Company Limited	Sale of real estate	Thailand	99.99	99.93

## 2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

During 2007, the FAP issued the following revised TAS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) *Consolidated and Separate Financial Statements*

TAS 45 (revised 2007) *Investments in Associates*

TAS 46 (revised 2007) *Interests in Joint Ventures*

The adoption of these revised TAS has resulted in a change in the Company's accounting policy for interests in subsidiaries in the separate financial statements of the Company. The effects of this change are disclosed in note 21.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 26.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

### 3 Significant accounting policies

#### *(a) Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group"). Significant intra-group transaction between the Company and its subsidiaries are eliminated on consolidation.

#### *Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *(b) Foreign currencies*

##### Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### *(c) Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

##### *(d) Other accounts receivable*

Other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

##### *(e) Inventories*

Sample houses, project under development, land, and land and houses for sale and land held for development are stated at the lower of cost and net realisable value.

Projects under development are stated at individually identified cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses less any allowance considered necessary by the management. Properties held for sale are stated at the lower of cost and their estimated net realisable value.

Construction materials, excluding those that are self - manufactured, are stated at the lower of cost (first-in, first-out method) and net realisable value.

Self - manufactured construction materials are stated at the lower of standard cost, which approximates current production cost, and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### *(f) Investments*

###### *Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 21.

###### *Investments in debt securities*

Debt securities that the Group intends and is able to hold to maturity are stated at amortised cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised by using the effective interest rate method over the period to maturity.

##### *(g) Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

###### *Depreciation*

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Building	20	years
Machinery and equipment	5, 10	years
Furniture, fixtures and office equipment	3, 5	years
Transportation	5	years

No depreciation is provided on freehold land or assets under construction.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### *(h) Intangible assets*

###### Software licenses

Software licenses that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the statement of income using the straight-line method for 10 years.

##### *(i) Impairment*

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

###### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

###### *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *(j) Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

#### *(k) Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

#### *(l) Provisions*

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### *(m) Revenue*

Revenue from sale of real estate is recognised in the statement of income when the ownership of the real estate has been transferred.

#### *Revenue from sale of condominiums*



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

Revenue from condominium sales is recognised in the same manner as for construction contracts and after meeting further conditions, including among others:

- finalised sales agreements for a minimum of 40% of the area offered for sale;
- non-refundable deposits from customers of at least 20% of the value of each sales agreement; and
- the development is a minimum of 10% complete (as measured by construction costs incurred compared to budgeted construction costs).

#### Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense in the statement of income.

#### Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

#### *Other income*

Other income is recognised in the statement of income as it accrues.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### *(n) Expenses*

###### *Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

###### *Financial costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

##### *(o) Income tax*

Income tax on the profit or loss for the year is current tax. Income tax is recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

## 4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group.

Name of entities	Country of incorporation/ nationality	Nature of relationships
Kaysorn Construction Co., Ltd.	Thailand	Subsidiary, 99.93% shareholding
Putthachart Estate Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Phanalee Estate Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding

Transactions for the year ended 31 December 2007 and 2006 with the subsidiaries were as follows:

	Policy of pricing	Separate financial statements	
		2007	2006
		(in thousand Baht)	
Sales of raw materials	Cost plus 5-10%	13,164	-
Receiving of services	Cost plus 5%	237	-
Interest income	MLR + 1%	14,118	1,296



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

Balances as at 31 December 2007 and 2006 with the subsidiaries were as follows:

	Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
Receivable from subsidiaries		
Kaysorn Construction Co., Ltd.	107	245
Phanalee Estate Co., Ltd.	34,271	8,186
Putthachart Estate Co., Ltd.	-	9,093
	<u>34,378</u>	<u>17,524</u>
Short-term loans to subsidiaries		
Kaysorn Construction Co., Ltd.	126,076	19,230
Phanalee Estate Co., Ltd.	284,833	2,736
Putthachart Estate Co., Ltd.	228	505
	<u>411,137</u>	<u>22,471</u>
Trade accounts payable		
Kaysorn Construction Co., Ltd.	<u>111,568</u>	<u>-</u>

Movements during the years ended 31 December 2007 and 2006 of short-term loans to subsidiaries were as follows:

	Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
At 1 January	22,471	15,876
Increase	504,876	40,287
Decrease	(116,210)	(33,692)
At 31 December	<u>411,137</u>	<u>22,471</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 5 Cash and cash equivalents

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>((in thousand Baht))</i>			
Cash on hand	62,976	5,982	11,099	3,800
Cash at banks - current accounts	147,580	131,260	147,361	131,182
Cash at banks - savings accounts	304,269	39,056	178,684	12,703
Highly liquid short-term investments	260,072	90,000	260,072	90,000
Cheques on hand	251,746	135,299	242,230	135,299
Others	569	251	569	251
Total	<u>1,027,212</u>	<u>401,848</u>	<u>840,015</u>	<u>373,235</u>

#### 6 Assets used as collateral

The balance savings account, fixed deposits and promissory note (totalling Baht 54 million as at 31 December 2007), property, plant and equipment (with net book value of Baht 922 million as at 31 December 2007), land not used in operations (with net book value of Baht 128 million) and part of inventories (land and structure thereon) are used as collateral for overdraft lines of Baht 89 million, loan lines from banks of Baht 7,821 million and letters of guarantee lines of Baht 3,656 million.

The balance savings account, fixed deposits and promissory note (totalling Baht 47 million as at 31 December 2006), property, plant and equipment (with net book value of Baht 865 million as at 31 December 2006), land not used in operations (with net book value of Baht 128 million) and part of inventories (land and structure thereon) are used as collateral for overdraft lines of Baht 84 million, loan lines from banks of Baht 6,989 million and letters of guarantee lines of Baht 2,465 million.

Inventories (land and structure thereon) of the subsidiaries are used as collateral for loan lines from banks of Baht 1,645 million and letters of guarantee lines of Baht 404 million.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 7 Inventories

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Construction materials	172,955	261,812	157,446	259,506
Sample houses	381,978	456,754	357,593	456,754
Projects under development				
• land	2,773,962	2,061,151	2,440,388	1,957,970
• land improvements	333,731	319,779	292,459	317,279
• construction cost	692,405	618,096	606,544	555,762
• public utilities	362,289	289,148	305,387	289,148
• overhead costs	290,882	346,984	257,870	346,555
• interest costs	55,629	120,664	58,954	120,664
	4,508,898	3,755,822	3,961,602	3,587,378
Land, and land and houses for sale	1,834,157	1,691,855	1,772,443	1,691,855
Land held for development	1,354,852	1,228,997	1,352,907	1,228,997
Total	8,252,840	7,395,240	7,601,991	7,224,490
Less allowance for decline				
in value of inventories	(58,802)	(36,714)	(58,802)	(36,714)
Net	8,194,038	7,358,526	7,543,189	7,187,776
Number of projects under development:				
Baan Preuksa	42	29	34	29
Preuksa Village	11	8	11	8
Passorn Project	10	10	10	10
Condominium	3	1	3	1
Total Projects	66	48	58	48



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 8 Investment in subsidiaries

	Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
At 1 January	2,997	999
Acquisitions	98,000	1,998
At 31 December	100,997	2,997

Investments in subsidiaries as at 31 December 2007 and 2006, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(%)</i>		<i>(in thousand Baht)</i>					
Subsidiaries								
Kaysorn Construction Co., Ltd.	99.93	99.93	1,000	1,000	999	999	42,470	-
Putthachart Estate Co., Ltd.	99.99	99.93	50,000	1,000	49,999	999	-	-
Phanalee Estate Co., Ltd.	99.99	99.93	50,000	1,000	49,999	999	-	-
Total			101,000	3,000	100,997	2,997	42,470	-

On 22 November 2006, the two subsidiaries named Putthachart Estate Co., Ltd. and Phanalee Estate Co., Ltd. had registered to increase authorised share capital from Baht 1 million (10,000 shares at Baht 100 par value) to Baht 50 million (500,000 shares at Baht 100 par value) with the Ministry of Commerce. The Company increased its investment in the two subsidiaries during 2007.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

On 12 September 2007, the subsidiary named Phanalee Estate Co., Ltd. had registered to increase authorised share capital from Baht 50 million (500,000 shares at Baht 100 par value) to Baht 200 million (2,000,000 shares at Baht 100 par value) with the Ministry of Commerce without additional cash received.

## 9 Property, plant and equipment

Consolidated								
	Land and Land improvement	Building	Machinery and equipment	Furniture, fixtures and office equipment	Public utility	Transportation equipment	Construction in progress and machinery and equipment under installaion	Total
<i>(in thousand Baht)</i>								
<i>Cost</i>								
At 1 January 2006	296,827	324,364	574,780	88,878	16,741	105,578	14,382	1,421,550
Additions	1,681	6,603	122,427	14,625	-	17,139	13,288	175,763
Transfers, net	-	8,023	2,967	51	-	-	(11,041)	-
Disposals	-	-	(7,106)	(1,474)	-	(12,801)	-	(21,381)
Allowance for impairment	-	-	(1,896)	-	-	-	-	(1,896)
At 31 December 2006								
and 1 January 2007	298,508	338,990	691,172	102,080	16,741	109,916	16,629	1,574,036
Additions	-	-	99,894	40,399	-	2,630	9,571	152,494
Transfers, net	23,053	89,911	12,017	-	-	-	(12,017)	112,964
Disposals	-	-	(78,198)	(12,321)	-	(5,730)	-	(96,249)
Allowance for impairment	-	-	(712)	-	-	-	-	(712)
At 31 December 2007	<u>321,561</u>	<u>428,901</u>	<u>724,173</u>	<u>130,158</u>	<u>16,741</u>	<u>106,816</u>	<u>14,183</u>	<u>1,742,533</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

Consolidated								
	Land and Land improvement	Building	Machinery and equipment	Furniture, fixtures and office equipment	Public utility	Transportation equipment	Construction in progress and machinery and equipment under installaion	Total
(in thousand Baht)								
Accumulated depreciation								
At 1 January 2006	-	13,579	150,653	45,115	16,741	45,074	-	271,162
Depreciation charge for the year	24	16,613	63,980	16,137	-	19,972	-	116,726
Disposals	-	-	(6,154)	(1,251)	-	(8,023)	-	(15,428)
At 31 December 2006 and								
1 January 2007	24	30,192	208,479	60,001	16,741	57,023	-	372,460
Depreciation charge for the year	114	24,296	80,526	22,683	-	19,274	-	146,893
Disposals	-	-	(74,773)	(11,301)	-	(4,882)	-	(90,956)
At 31 December 2007	138	54,488	214,232	71,383	16,741	71,415	-	428,397
Net book value								
At 31 December 2006	298,484	308,798	482,693	42,079	-	52,893	16,629	1,201,576
At 31 December 2007	321,423	374,413	509,941	58,775	-	35,401	14,183	1,314,136



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### Separate financial Statements

	Land and Land improvement	Building	Machinery and equipment	Furniture, fixtures and office equipment	Public utility	Transportation equipment	Construction in progress and machinery and equipment under installaion	Total
<i>(in thousand Baht)</i>								
<i>Cost</i>								
At 1 January 2006	296,827	324,364	574,780	88,841	16,741	105,578	14,382	1,421,513
Additions	1,681	6,603	122,428	14,625	-	17,139	13,288	175,764
Transfers, net	-	8,023	2,967	51	-	-	(11,041)	-
Disposals	-	-	(7,107)	(1,474)	-	(12,801)	-	(21,382)
Allowance for impairment	-	-	(1,896)	-	-	-	-	(1,896)
At 31 December 2006								
and 1 January 2007	298,508	338,990	691,172	102,043	16,741	109,916	16,629	1,573,999
Additions	-	-	90,677	38,109	-	2,476	8,431	139,693
Transfers, net	23,053	89,911	12,017	-	-	-	(12,017)	112,964
Disposals	-	-	(78,198)	(12,321)	-	(5,730)	-	(96,249)
Allowance for impairment	-	-	(712)	-	-	-	-	(712)
At 31 December 2007	<u>321,561</u>	<u>428,901</u>	<u>714,956</u>	<u>127,831</u>	<u>16,741</u>	<u>106,662</u>	<u>13,043</u>	<u>1,729,695</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### Separate financial Statements

	Land and Land improvement	Building	Machinery and equipment	Furniture, fixtures and office equipment	Public utility	Transportation equipment	Construction in progress and machinery and equipment under installaion	Total
<i>(in thousand Baht)</i>								
<i>Accumulated depreciation</i>								
At 1 January 2006	-	13,579	150,653	45,115	16,741	45,074	-	271,162
Depreciation charge for the year	24	16,613	63,980	16,126	-	19,972	-	116,715
Disposals	-	-	(6,154)	(1,251)	-	(8,023)	-	(15,428)
At 31 December 2006								
and 1 January 2007	24	30,192	208,479	59,990	16,741	57,023	-	372,449
Depreciation charge for the year	114	24,296	80,213	22,551	-	19,267	-	146,441
Disposals	-	-	(74,773)	(11,301)	-	(4,882)	-	(90,956)
At 31 December 2007	138	54,488	213,919	71,240	16,741	71,408	-	427,934
<i>Net book value</i>								
At 31 December 2006	298,484	308,798	482,693	42,053	-	52,893	16,629	1,201,550
At 31 December 2007	321,423	374,413	501,037	56,591	-	35,254	13,043	1,301,761

The gross carrying amount of fully depreciated property, plant and equipment of the Company that was still in use as at 31 December 2007 amounted to Baht 54.7 million (2006: Baht 117.0 million).

There is no fully depreciated equipment of the subsidiaries as at 31 December 2007 and 2006



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 10 Interest-bearing liabilities

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
<i>(in thousand Baht)</i>				
<i>Current</i>				
Bank overdrafts				
unsecured	-	936	-	824
Short-term loans from financial institutions				
unsecured	-	316,312	-	316,312
Bank overdrafts and short-term loans from financial institutions	-	317,248	-	317,136
Current portion of long-term loans from financial institutions				
secured	10	20,875	10	20,875
unsecured	-	200,000	-	200,000
	10	220,875	10	220,875
	10	538,123	10	538,011
<i>Non-current</i>				
Long-term debentures				
unsecured	1,000,000	-	1,000,000	-
Long-term loans from financial institutions				
secured	219,265	491,397	135,264	491,397
	1,219,265	491,397	1,135,264	491,397
Total	1,219,275	1,029,520	1,135,274	1,029,408



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

Bank overdrafts and loans from financial institutions bear interest at market rates.

Certain loans contain certain restrictions on financial ratios, debt to equity ratio and payment of dividends.

At the annual general meeting of the shareholders of the Company held on 9 April 2007, the shareholders approved the Issuance and Offer for Sale of Debt Securities under the project (Shelf Filing) to decrease the financial cost of the Company and to provide an alternative of sources of funds for project development. The maximum amount of Debt Securities must not exceed Baht 2,000 million.

In August 2007, the Company issued unsubordinated and unsecured debentures of Baht 600 million (600,000 units at Baht 1,000) and Baht 400 million (400,000 units at Baht 1,000). The debentures bear interest at 4.91% and 4.68% per annum, respectively, payable semi-annually. The debentures mature as follow:

Maturity date	Consolidated and Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
August 2009	400,000	-
August 2010	600,000	-
Total	<u>1,000,000</u>	<u>-</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 11 Other current liabilities

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Accrued for public utility	83,835	-	83,090	-
Accrued bonus	64,196	24,585	53,692	23,010
Retention	23,817	20,955	23,035	20,955
Accrued interest expense	18,913	730	18,913	730
Accrued professional fee	12,701	-	12,701	-
Withholding tax deducted at source	16,042	15,167	10,657	15,167
Others	<u>99,774</u>	<u>56,864</u>	<u>78,724</u>	<u>55,028</u>
Total	<u>319,278</u>	<u>118,301</u>	<u>280,812</u>	<u>114,890</u>

#### 12 Share capital, warrants, share premium and legal reserve

*Share capital, ordinary shares*

	<i>Par value</i>	2007		2006	
	<i>per share</i>	Number	Baht	Number	Baht
	<i>(in Baht)</i>				<i>(thousand shares / thousand Baht)</i>
<i>Authorised</i>					
At 1 January					
ordinary shares	1	2,232,500	2,232,500	2,232,500	2,232,500
Reduction of shares	1	(7,747)	(7,747)	-	-
Increase of new shares	1	<u>31,000</u>	<u>31,000</u>	-	-
At 31 December					
ordinary shares	1	<u>2,255,753</u>	<u>2,255,753</u>	<u>2,232,500</u>	<u>2,232,500</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

	<i>Par value</i>	<i>2007</i>		<i>2006</i>	
	<i>per share</i>	<i>Number</i>	<i>Baht</i>	<i>Number</i>	<i>Baht</i>
	<i>(in Baht)</i>		<i>(thousand shares / thousand Baht)</i>		
<i>Issued and paid up</i>					
<i>At 1 January</i>					
ordinary shares	1	2,173,850	2,173,850	2,125,000	2,125,000
Issue of new shares	1	-	-	34,753	34,753
Exercise of warrants	1	<u>6,328</u>	<u>6,328</u>	<u>14,097</u>	<u>14,097</u>
<i>At 31 December</i>					
ordinary shares	1	<u>2,180,178</u>	<u>2,180,178</u>	<u>2,173,850</u>	<u>2,173,850</u>

In January 2006, the Company issued 34,753,400 ordinary shares at Baht 4.10 increasing its issued and paid-up share capital by Baht 34,753,400 and share premium by Baht 104,305,119 (net of related expenses). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on 9 January 2006.

On 30 June 2006, the holders of 6,992,400 warrants exercised options to purchase 6,992,400 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid-up share capital from Baht 2,159,753,400 to Baht 2,166,745,800. The Company registered the increases in the issued and paid-up share capital with the Ministry of Commerce on 5 July 2006.

On 29 December 2006, the holders of 7,104,600 warrants exercised options to purchase 7,104,600 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid-up share capital from Baht 2,166,745,800 to Baht 2,173,850,400. The Company registered the increases in the issued and paid-up share capital with the Ministry of Commerce on 10 January 2007.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

On 31 July 2007, the holders of 6,327,800 warrants exercised options to purchase 6,327,800 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the issued and paid-up share capital from Baht 2,173,850,400 to Baht 2,180,178,200. The Company registered the increases in the issued and paid-up share capital with the Ministry of Commerce on 9 August 2007.

At annual general shareholders' meeting held on 9 April 2007, the shareholders approved:

(a) An decrease of the Company's authorised share capital from Baht 2,232,500,000 (2,232,500,000 ordinary shares with Baht 1 par value) to Baht 2,224,753,400 (2,224,753,400 ordinary shares with Baht 1 par value). The Company registered the decrease in authorised share capital with the Ministry of Commerce on 20 April 2007.

(b) An increase of the Company's authorised share capital from Baht 2,224,753,400 (2,224,753,400 ordinary shares with Baht 1 par value) to Baht 2,255,753,400 (2,255,753,400 ordinary shares with Baht 1 par value) by creating 31,000,000 new ordinary shares to accommodate the exercise right of the warrants. The Company registered the increase in authorised share capital with the Ministry of Commerce on 23 April 2007.

(c) The issue and offering of 31,000,000 units of free and non-transferable warrants exercisable to purchase the newly-issued ordinary shares of the Company to its directors, employees, and advisors of the Company and its subsidiaries. At board of directors' meeting No. 5/2007 dated 7 August 2007, the meeting approved the withdrawal of the issue and offering of the said warrants because there are some errors on the relevant information disclosed to the shareholders, though such erroied information are not the important information for decision making, and the company will propose this cancellation together with its relevant information for the shareholders' consideration in the next meeting of shareholders



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### Warrants

On 28 November 2005, the Company issued 64,401,500 units of free and non-transferable warrants exercisable to purchase the newly-issued ordinary shares of the Company, to its directors, employees, and advisors of the Company and its subsidiary. The warrants have a 4 year-term from 1 December 2005 and mature on 30 November 2009. The first exercise date is 30 June 2006 and the last exercise date is 30 November 2009. The exercise ratio is one warrant to one ordinary share at an exercise cost of Baht 1 per share.

From the Resolution of Board of Directors' Meeting No. 1/2007 dated 22 February 2007, the Meeting acknowledged the alteration of Exercise Period of warrants, representing the right to purchase the newly issued shares of the Company from the last business day of June and December of each year to the last business day of July and January of each year, whereas other conditions remain the same. The next exercise date is 31 July 2007 and the final exercise date is 30 November 2009.

During the exercise period, the holders of warrants are entitled to exercise their right to purchase shares on a semi-annual basis, except the last exercise when the right could be exercised within the maturity date of the warrants. On any exercise date, the warrant holders have the right to purchase shares in an amount not exceeding one-eighth (12.5%) of the total number of the warrants allotted by the Company. However, if the warrant holder fails to purchase the full 12.5% of the shares on an exercise date, he may purchase the remaining shares on any subsequent exercise date.

During year 2007 and 2006, the holders of 6,327,800 warrants and 14,097,000 warrants, respectively exercised options to purchase 6,327,800 and 14,097,000 ordinary shares of Baht 1 per share.

There were cancellations of 5,954,500 warrants and 8,091,200 warrants in 2007 and 2006, respectively, from employees who had resigned from the Company.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

As at 31 December 2007 and 2006, there were 29,552,800 outstanding warrants and there were 41,835,100 outstanding warrants, respectively, that can be exercised for ordinary shares.

#### Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

#### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 13 Segment information

#### Business segments

Management considers that the Group operates in a single line of business, namely real-estate business, and has, therefore, only one major business segment.

#### Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 14 Selling and administrative expenses

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Marketing	411	200	390	200
Personnel expenses	382	281	364	271
Special business tax	293	266	283	266
Professional Fee	86	24	84	24
Transfer fee	77	62	73	62
Rent	35	32	31	32
Repair	28	24	28	24
Depreciation and amortisation	33	22	32	21
Utilities	33	23	33	23
Bank charge	26	17	22	16
Allowance for decline in value of inventories	22	3	22	3
Other	97	76	90	74
Total	<u>1,523</u>	<u>1,030</u>	<u>1,452</u>	<u>1,016</u>

## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 15 Personnel expenses

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
<i>(in million Baht)</i>				
Wages and salaries	422	356	388	349
Contribution to defined contribution plans	11	8	10	8
Other-bonus and welfare	198	130	177	127
<b>Total</b>	<b>631</b>	<b>494</b>	<b>575</b>	<b>484</b>
Number of employees as at 31 December				
- Employees	1,261	1,131	1,111	1,063
- Daily wages	785	884	749	883
<b>Total</b>	<b>2,046</b>	<b>2,015</b>	<b>1,860</b>	<b>1,946</b>

The defined contribution plans comprise provident funds established by companies in the Group for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 4% of their basic salaries and by the Group at rates ranging from 4% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

#### 16 Interest expense

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
<i>(in thousand Baht)</i>				
Interest paid and payable				
to financial institutions	64,557	89,765	62,944	89,765
Less capitalised as part				
of construction costs	16,689	42,534	15,083	42,534
<b>Net</b>	<b>47,868</b>	<b>47,231</b>	<b>47,861</b>	<b>47,231</b>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### 17 Income Tax Expense

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
<i>(in thousand Baht)</i>				
<i>Current tax expense</i>				
Current year	331,120	286,985	266,014	267,222
Under / (over) provided in prior years	1,987	(12,254)	1,987	(12,254)
	<u>333,107</u>	<u>274,731</u>	<u>268,001</u>	<u>254,968</u>

#### *Reconciliation of effective tax rate*

	Consolidated			
	2007		2006	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before tax		<u>1,603,055</u>		<u>1,578,040</u>
Income tax using the Thai corporation tax rate	30	480,916	30	473,412
Income tax reduction		(69,301)		(76,308)
Income not subject to tax		(108,424)		(115,273)
Expenses not deductible for tax purposes		7,145		4,852
Eliminated income		13,465		-
Other		<u>9,306</u>		<u>(11,952)</u>
Total	<u>21</u>	<u>333,107</u>	<u>17</u>	<u>274,731</u>

#### *Reconciliation of effective tax rate*



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

	Separate financial statements			
	2007		2006	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before tax		1,448,416		1,523,648
Income tax using the Thai				
corporation tax rate	30	434,525	30	457,094
Income tax reduction		(72,421)		(76,182)
Income not subject to tax		(102,586)		(115,273)
Expenses not deductible for tax purposes		7,086		4,852
Other		1,397		(15,523)
Total	19	268,001	17	254,968

#### *Income tax reduction*

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit for the five consecutive accounting periods beginning on or after enactment.

The subsidiary has calculated income tax for the year ended 31 December 2007 and 2006 in accordance with Royal Decree No. 431 B.E. 2548 dated 21 January 2005 calculated on the basis of reduced corporate income tax rate of 15% on net profit up to Baht 1 million, 25% on net profit over Baht 1 million up to Baht 3 million and 30% on net profit over Baht 3 million.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

#### 18 Earnings per share

##### Basic earnings per share

The calculation of basic earnings per share in the consolidated and separate financial statements for the year ended 31 December 2007 was based in the consolidated and separate net profit attributable to ordinary shareholders of Baht 1,269,876,518 and Baht 1,180,414,966, respectively, (2006: Baht 1,303,284,410 and Baht 1,268,680,112, respectively) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 2,176,520,212 (2006: 2,162,879,813).

##### Weighted average number of ordinary shares (basic)

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand share)</i>			
Issued ordinary shares at 1 January				
(equivalent to Baht 1 par value)	2,173,850	2,125,000	2,173,850	2,125,000
Effect of shares				
issued during year	<u>2,670</u>	<u>37,880</u>	<u>2,670</u>	<u>37,880</u>
Weighted average number				
of ordinary shares				
at 31 December (basic)	<u>2,176,520</u>	<u>2,162,880</u>	<u>2,176,520</u>	<u>2,162,880</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December was based on the weighted average number of shares outstanding during the year as follows:

##### *Weighted average number of ordinary shares (diluted)*

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand share)</i>			
Weighted average number of ordinary shares (basic)	2,176,520	2,162,880	2,176,520	2,162,880
Effect of diluted equivalent ordinary shares-warrants	<u>30,729</u>	<u>48,407</u>	<u>30,729</u>	<u>48,407</u>
Weighted average number of ordinary shares (diluted)	<u>2,207,249</u>	<u>2,211,287</u>	<u>2,207,249</u>	<u>2,211,287</u>

## 19 Promotional privileges

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to developing a housing project for persons who have low or middle income (where the usable area in each unit shall not be less than 31 square meters and the contracted sale amount is less than Baht 600,000). The principal privilege is the exemption from corporate income tax for a period of 5 years from the start of business operations related to their privileges. The promotional privileges will expire in various periods up to 6 December 2011.

As promoted companies, the Company and its subsidiaries must comply with certain terms and



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

conditions prescribed in the promotional certificates.

#### 20 Dividends

At the annual general meeting of the shareholders of the Company held on 9 April 2007, the shareholders approved the appropriation of dividends of Baht 0.20 per share, amounting to Baht 434.8 million from net profit relating solely to business operations benefiting from the privileges under the Investment Promotion Act of year 2006. The dividend was paid to shareholders during 2007.

At the annual general meeting of the shareholders of the Company held on 31 March 2006, the shareholders approved the appropriation of dividends of Baht 0.18 per share, amounting to Baht 388.7 million from net profit relating solely to business operations benefiting from the privileges under the Investment Promotion Act of year 2005. The dividend was paid to shareholders during 2006.

#### 21 Change in accounting policies

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiary companies in its financial statements using the equity method.

During 2007, the FAP issued the following revised TAS which are effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) *Consolidated and Separate Financial Statements*

TAS 45 (revised 2007) *Investments in Associates*

TAS 46 (revised 2007) *Interests in Joint Ventures*



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

These revised TAS require a parent company which has an investment in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a “held for sale” investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when a TAS on financial instruments is issued and becomes effective), instead of the equity method currently used.

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company’s 2006 financial statements, which are included in the Company’s 2007 financial statements for comparative purposes, have been restated accordingly. The effects of the change in accounting policy on the Company’s annual 2007 and 2006 financial statements are as follows:

	Separate financial statements	
	2007	2006
	(in thousand Baht)	
<i>Investments in subsidiaries</i>		
Balance at 1 January before change in accounting policy	45,233	8,631
Decrease in retained earnings	<u>(42,236)</u>	<u>(7,632)</u>
Balance at 1 January after change in accounting policy	<u>2,997</u>	<u>999</u>
<i>Unappropriated retained earnings</i>		
Balance at 1 January before change in accounting policy	3,578,845	2,664,316
Decrease in share of profits from investments accounted for using the equity method, net	<u>(42,236)</u>	<u>(7,632)</u>
Balance at 1 January after change in accounting policy	<u>3,536,609</u>	<u>2,656,684</u>



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

For the years ended 31 December 2007 and 2006

#### Separate financial statements

2007 2006

(in thousand Baht)

#### Net profit

Net profit for the year before change in accounting policy	1,269,877	1,303,284
Increase in dividend income from subsidiaries	42,470	-
Decrease in share of profits from investments accounted for using the equity method, net	(131,932)	(34,604)
Net decrease	(89,462)	(34,604)
Net profit for the year after change in accounting policy	<u>1,180,415</u>	<u>1,268,680</u>
Decrease in earnings per share (Baht)		
Basic	<u>(0.04)</u>	<u>(0.01)</u>
Diluted	<u>(0.05)</u>	<u>(0.02)</u>

## 22 Financial instruments

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Management believes that the interest rate risk is minimal. Hence, the Group does not hedge such risk.

### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

##### Fair values

The Group uses the following method and assumptions in estimating the fair values of financial instruments.

Cash and cash equivalents, and current investments in savings account, fixed deposits and promissory note, and receivables and payables approximate their fair values due to the relative short-term maturity of these financial instruments.

Bank overdrafts and short-term loans from financial institutions, and long-term loans approximate their fair values because these financial instruments bear interest at market rates.

As at 31 December 2007, the carrying and fair value of the long-term debentures amounted to Baht 1,000 million and Baht 1,002 million, respectively.

## 23 Lease agreements

- (a) The Company entered into lease agreements covering office space (including related service charges) for 3 years. These agreements will expire in various periods up to November 2010. The rental and service charges for the year ended 31 December 2007 amounted to approximately Baht 9.2 million (2006: Baht 14.3 million).
- (b) The Company entered into a lease agreement covering office space (including service charges) with a major shareholder and also a director of the Company, commencing April 2005 and terminated the agreement on 31 August 2007. The rental and service charges for the period ended 31 August 2007 amounted to approximately Baht 2.0 million (2006: Baht 2.0 million).



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

- (c) The subsidiary has entered into a lease agreement covering office space (including service charges) with a major shareholder and also a director of the Company for one year commencing from 1 October 2005 and terminated the agreement on 30 September 2006. The rental for the period ended 30 September 2006 amounted to Baht 64,800.
- (d) The subsidiaries have entered into lease agreements covering office space (including related service charges) for 3 years. These agreements will expire in various periods up to November 2010. The rental and service charges for the year ended 31 December 2007 amounted to Baht 3.9 million.

#### 24 Commitments and contingent liabilities

As at 31 December 2007 and 2006, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities:

- (a) The Company had outstanding commitments to purchase land of Baht 1,129 million (2006: Baht 941 million).
- (b) The Company and its subsidiaries had outstanding commitments for the development and construction of the Company's projects of Baht 87 million (2006: Baht 148 million).
- (c) The Company had outstanding commitments for the service agreement and professional fee of the Company of Baht 4 million.
- (d) The Company and its subsidiaries was contingently liable for letters of guarantee issued by certain local banks totalling Baht 1,353 million to certain government agencies (2006: Baht 1,171 million).
- (e) The Company was contingently liable as a guarantor of overdraft lines of Baht 40 million, loan lines from banks of Baht 1,645 million and letters of guarantee lines of Baht 504 million of the subsidiaries



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

#### 25 Others

Sales with signed contracts and total project sales as at 31 December 2007 and 2006, were as follows:

	Consolidated		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Sales with signed contracts	51,183	37,537	49,556	37,185
Total project sales	58,164	42,112	55,935	41,610
The ratio of sales with signed contracts against total project sales (%)	88.00	89.14	88.60	89.37

#### 26 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 25 (revised 2007) *Cash Flows Statements*

TAS 29 (revised 2007) *Leases*

TAS 31 (revised 2007) *Inventories*

TAS 33 (revised 2007) *Borrowing Costs*

TAS 35 (revised 2007) *Presentation of Financial Statements*

TAS 39 (revised 2007) *Accounting Policies, Changes in Accounting Estimates and Errors*

TAS 41 (revised 2007) *Interim Financial Reporting*

TAS 43 (revised 2007) *Business Combinations*



## Preuksa Real Estate Public Company Limited and its Subsidiaries

### Notes to financial statements

#### For the years ended 31 December 2007 and 2006

TAS 49 (revised 2007) *Construction Contracts*

TAS 51 *Intangible Assets*

The adoption and initial application of these TAS is not expected to have any material impact on the consolidated and separate financial statements.



## Audit fee

Prueksa Real Estate Public Company Limited and its subsidiaries paid for its auditors from KPMG Poomchai Audit Limited, for review and audit of the Company and its subsidiaries' Financial Statements at a total amount of Baht 3.58 million in 2005, Baht 3.57 million in 2006 and Baht 4.07 million in 2007. Details are as below:

Unit : Baht

	Y 2007	Y 2006	Y 2005
Audit Fees	4,000,000	3,560,000	3,500,000
Other Fees	70,653	74,500	79,250
Total	4,070,653	3,574,500	3,579,250



## “Preuksa” Corporate Social Responsibility

As important as one of its mission “To be a good corporate citizen with commitment to Corporate Social and Environmental Responsibility”, Preuksa Real Estate Public Company Limited has consistently conducted its business with morality and equitable treatment to its stakeholder, whether it be shareholders, employees, customers, business partners, suppliers, creditor, communities or the general public.

The Company has continuously initiated and delivered substantial social and environmental development programmes to its society throughout its fifteen years of operation, and has also realised to constantly growth by consistently providing supports to government organizations, schools, local communities as well as religious institutes. In addition, the Company continued its creative programmes to achieve its mission on social and environment responsibility concerning 4 major areas, as follows

- Responsibility to the Product Quality
- Responsibility to Employees (the key success of the Company)

- Responsibility to society and local community, to leverage the living quality of local people in particular area. For instance, public health and local medical service programs, educational support & scholarship programs, religious & cultural tradition activities
- Responsibilities to public



### Responsibility to the Product Quality

Recognising the significance of the environment, most of the Company’s products are constructed under the state of the art of technology from European countries, the most modern technology in Thailand, “PS Precast”, to

minimise the environmental impacts. With the “PS Precast” technology, a precast structure house is better fire resistant, more solid and more durable because the precast walls are longer lasting than walls built by those conventional ways. Moreover, under the computerised manufacturing system, the quality control as the system has an assured standard and the low level of air and sound pollution on site. From aforementioned technology, the Company is able to build housing units in mass and in effect to



manage construction costs efficiently, thus achieving the economies of scale, it is, therefore, able to return the benefits back to its customers in term of reasonable prices and product quality comparing to the other developers in the similar house type and location.

### Responsibility to the Employees

The Company recognises the value of human resources and genuinely wants its employees to be proud of the organization by maintaining a good atmosphere in which employee participation is promoted. The Company also offers equal opportunities in respect of career advancement to the employees and consistently supports their endeavours to learn and gain new skills so that the Company can add value and uphold business excellence. The Company realises that the growth of business depends on competencies and collaborations of its human assets, so that the Company is committed to taking good care of, to treat with respect and equality, and to offer numerous welfares, for instance, medical, life insurance, provident fund contribution, uniforms, and training courses and seminars in order to enhance their technical and managerial knowledge and skills, special discounts for employees who wish to buy the Company's housing units, and scholarships for

employees' children as well as encourage its employees to broaden their knowledge and skills needed for performing their duties.

Besides, the Company encourages its employees to play sports by setting up sport clubs according to its employees' requests, and also encourages its employees to participate in social contribution



activities, in which the Company frequently organises.

In addition, the Company is committed to enhancing the wellbeing of its employees and surrounding community, and maintaining a decent working condition. The Company sets up and implements work safety procedures in accordance with the laws and relevant regulations, along with supervises to ensure that its employees strictly perform



their duties in compliance to the law and relevant regulations. The Company also promotes the work safety - related training courses to its employees in order to ensure that they are knowledgeable and perform their duties with work safety awareness, thus, are safeguarded at work place.

## Responsibility to Society and Local Community



The company cares to pay responsible to the local society and community. Various useful programmes and support activities have been consistently offered to the local community, schools, government organizations and religious institutes, for instance, children's day activity, built the traffic police office, funding supported for Annual Red Cross

Fair, joined the program "Home for homeless" tribute to His Majesty the King, donated the refuse collection trucks for community service closed to the company's projects, funding supported for Bio-Diesel Engine to the police station and installed the bio-organic tank for water treatment in the community and etc.

### PS Work Shop Programme

The PS Work Shop Programme, the objective is to provide opportunities for interested residents in our housing estates to learn things they can use at home with their families. We have invited special trainers from various fields to provide training in different occupational skills. For example,

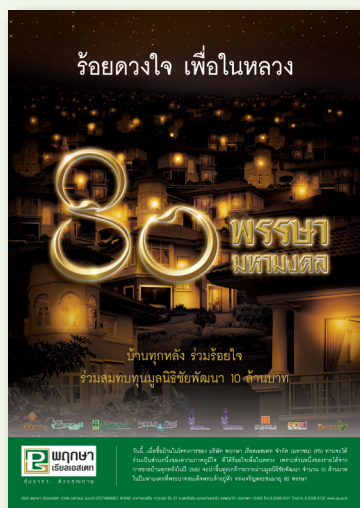
- Candle making - fancy candles, aroma candles
- Painting, pottery-terra-cotta dolls
- Tray gardening, resin work
- Cooking, Paper Mache
- Cleanser and softener making.

### Religious Activities

The Company holds merit making activities on important Buddhist holidays, national holidays and festivals. For example, on the Songkran Day - Thai traditional New Year's Day, Kao Phansa Day - the



beginning of the Buddhist Lent and Ok Phansa Day - the end of the Buddhist Lent. On these occasions, the Company arranged religious ceremonies for its customers and numerous people to offer food to monks in the morning and before noon. These activities have proved to be very useful in that they provide a good chance to pass down our religious and cultural traditions to younger generations and for the customers to get to know each other even better.



## Responsibilities to Public

### "PS Joining the Kingdom in celebrating His Majesty's 80th Birthday Anniversary"

As a leader of the country's real estate industry, PS has initiated this special project, in which a portion of income from every single house sold in all projects has been donated to the Chaipattana Foundation in support of royal initiated projects. A total of 10 million baht has been donated.

### PS Built Home Create Life Project



The PS Built Home Create Life Project is another remarkable project, which offers a great opportunity to do the good deeds tribute to His Majesty the King with participation of planting indigenous trees around the mangrove forests at HRH Princess Maha



Chakri Sirindhorn's forestry plantation in Samut songkram, in order to preserve ecosystems in their natural state for a long time yet to come. HRH Princess Maha Chakri Sirindhorn has regarded the importance of the ecosystems and initiated the rehabilitation of these mangrove forests.

#### Educational Activities

Recognising the importance of education for young people, the Company makes available funds as scholarships for the "future of the nation", offered to students in every year. The Scholarship Project is divided into 4 categories, as follows:

1. Elementary and secondary school scholarships for customers children.



#### Donating blood as a tribute to His Majesty the King

The Company in cooperation with the Red Cross hosted blood donation activities as a tribute to His Majesty the King during April and October each year, when there is usually a shortage of blood. Employees of the Company as well as numerous people participated in the activities.



2. Scholarships for students near the Company's project sites.

3. Scholarships for undergraduate students.

4. Scholarships for children of the Company's employees.



Furthermore, the Company makes donations of music rooms with Thai musical instruments to many schools

than 760 students and visitors from 16 institutions attended Precast Concrete Factory Tour.



in need and also supports the Development of the Youth Leader for Thai Society Improvement Project.

### Activities for Society and Community

The Company believes that the strong society and community will bring the sustainable growth to

#### PS Precast Factory Learning Center

Also, as part of the Company policy of disseminating technical knowledge to educational institutions and the general public, the Precast Concrete Factory Tour project has been created to allow engineering students from various universities and higher education institutes to learn about our "PS Precast Innovation" explained by PS Precast and construction experts, this project also incorporates training. During the past year 2007, there are more





the economy. Therefore, it has been continuously carrying out meaningful community projects, as follow:

#### The PS Mobile Doctors Project

In collaboration with some local hospitals, health stations and Sub-district Administrative Organizations, this project offers medical services to its customers and community members every year. Services include medical checks for general diseases, blood tests for diabetes and cholesterol, hematocrits for hemolytic anemia. Advices are given on such diseases and the entitlements under the 30 Baht Health Care Card scheme as well as registration for entitlement. Under this project, anti-rabies vaccine is also given free of charge.



#### Sports Activities



Football competitions have been organized every year under our "PS Family League" Project, which



is intended to promote sports such as football, as a means of fighting against drugs and building a good relationship within a community.

The Company regularly supports sports activities in schools, government agencies as well as residents of various communities.



## General Information

### Preuksa Real Estate Public Company Limited

Head Office	27 <sup>th</sup> Floor, SM Tower, 979/83, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Business Type	Real estate development for residential purposes, including townhouses, single-detached houses, and condominiums
Company Registration No.	Bor. Mor. Jor. 0107574800307
Telephone	0-2298-0101
Fascimile	0-2298-0102
Homepage	<a href="http://www.ps.co.th">www.ps.co.th</a>

### PS Precast Factory

Address	54/1 Moo 4, Tambon Ladsawai, Amphur Lamlookka, Pathumthani
Business Type	Precast Concrete Factory and Precast Fence and Pillar Factory
Telephone	0-2532-8124~32
Fascimile	0-2532-8123

### Kaysorn Construction Co., Ltd. (Subsidiary)

Address	29 <sup>th</sup> Floor, SM Tower, 979/95, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Business Type	Contractor for Housing Decoration
Telephone	0-2298-0101 Extension 172

### Putthachart Estate Co., Ltd. (Subsidiary)

Address	30 <sup>th</sup> Floor, SM Tower, 979/99, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Business Type	Real estate development
Telephone	0-2298-0820



### Phanalee Estate Co., Ltd. (Subsidiary)

Address	30 <sup>th</sup> Floor, SM Tower, 979/97, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Business Type	Real estate development
Telephone	0-2298-0010

### Security Registrar

Company Name	Thailand Securities Depository Co.,Ltd.
Head Office	62 The Stock Exchange of Thailand, Ratchadapisek Road, Klong Toey, Bangkok 10110
Telephone	0-2229-2800

### Debenture Registrar

Company Name	TMB Bank Public Company Limited
Head Office	Phaholyothin Road, Chomphon, Chatuchak, Bangkok 10900
Telephone	0-2299-1111

### Auditor

Miss Somboon Supasiripinyo	C.P.A. (Thailand) Registration No.3731
Miss Boonsri Chotpaiboonpun	C.P.A. (Thailand) Registration No.3756
Mr. Veerachai Ratanajaratkul	C.P.A. (Thailand) Registration No.4323
Mr. Santi Pongjareanpit	C.P.A. (Thailand) Registration No.4623
Company Name	KPMG Poomchai Audit Ltd.
Head Office	195 Empire Tower, 22nd Floor, South Sathon Road, Yannawa, Bangkok 10120
Telephone	0-2677-2000

### Legal Advisor

Company Name	White & Case (Thailand) Limited
Head Office	540 Mercury Tower, 22nd Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	0-2264-8000



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