



**PROPERTY
DEVELOPMENT
& INVESTMENT**
A Member of Central Group

THE
REWARDING
EXPERIENCE

Central
Pattana
Public
Company
Limited

Annual Report
2006



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Our Vision

To be the leading retail developer with world class experience. Our mission is to constantly achieve a sustainable growth with maximum satisfaction for all stakeholders.

#1



Shopping Center
Office

The Best



CentralWorld : The New Shopping Landmark of Southeast Asia

The jewel in CPN's crown, and ample proof of its world-class professionalism, is **CentralWorld**, a state-of-the-art shopping complex right in the heart of Bangkok. The flawless complex features two flagship department stores : Zen and Isetan. Other world-renowned brands, as well as the best Thai brands around, make up the more than 500 stylist shops. With such selection, **CentralWorld** meets all the needs of today's shoppers and will continue to do so well into the future. In addition to retail, **CentralWorld** also encompasses a 45-storey office tower, a convention center and a five-star hotel.

Getting Bigger



Getting Bigger & Better in Market Coverage

To reinforce CPN's reputation as Thailand's premier retail developer, In 2007 the company has launched four new, unique projects at strategic locations across the country.

CentralPlaza Chaeng Wattana : Located in a prime 24-rai (9.6-acre) plot right on Chaeng Wattana Road in Bangkok, CentralPlaza Chaeng Wattana will feature a shopping center and office building measuring more than 200,000 square meters. Its ideal location in one of the capital city's fastest growing areas, ensures that the complex will be a favorite with the neighborhood's high-purchasing power residents.

CentralFestival Pattaya Beach : Going up in Thailand's largest resort city, CentralFestival Pattaya Beach be one of the most sophisticated lifestyle centers in Asia, featuring a shopping center and five-star waterfront hotel located by Thailand's longest and most lively beach.

CentralPlaza Chonburi : Situated in the fast-growing Eastern Seaboard region, CentralPlaza Chon Buri will feature breathtaking architecture and become a landmark for Thailand's east coast. The complex will appeal to local residents by offering a diverse shopping experience that can't be found anywhere else in the area.

CentralPlaza Khonkaen : This complex will be the Northeast's largest and most complete shopping center, catering to the needs of one of Thailand's largest and most-dynamic regions.



CPN RF Privilege Funding & Financial Strength

CPNRF is Thailand's largest real estate mutual fund for retail business. The fund was well-received by investors and is now poised to provide for CPN's future investment needs. Built on CPN's bedrock principles of professionalism and financial prudence, the fund has earned an 'A' rating.

CPN is also one of the SET 50 firms, and with steady rental income from properties boasting a staggering 90% occupancy rate and a market capitalization of 49 billion baht a 551% increase from when it first listed it is easy to see why. With such strong fundamentals, CPN has demonstrated its readiness to take on a greater regional leadership role.

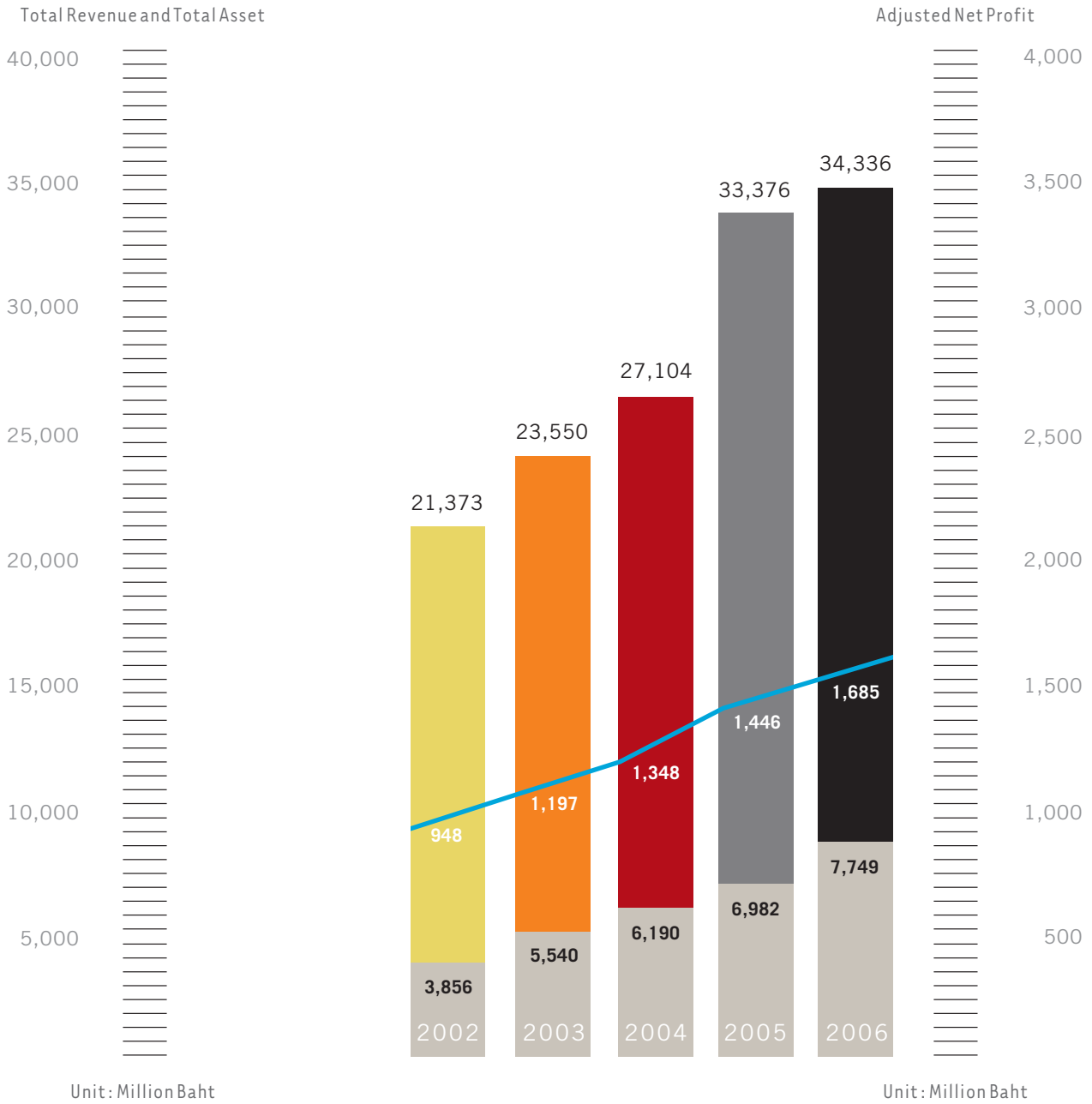




World Class Vision : World Class Operations

CPN won't rest on past success. The company's vision is to achieve sustainable world class operations. In order to do so, CPN has implemented world-class management systems-such as Total Quality Management and Balanced Scorecard. The company has also set up an office dedicated to the development of strategic planning and business policy. All of these will allow CPN to forge ahead toward its vision with confidence...and with sustainable growth.

CONSOLIDATED FINANCIAL HIGHLIGHTS




CONSOLIDATED FINANCIAL HIGHLIGHTS

As at 31 December

(Unit : K Baht)

	2002	2003 ⁽¹⁾	2004	2005	2006
Consolidated Operating Results					
Total Revenue ⁽²⁾	3,855,959	5,540,022	6,189,507	6,981,907	7,749,361
Revenue From Rental & Service,					
Food & Beverage	3,610,058	5,181,208	5,834,052	6,421,687	6,706,222
Cost Of Rental & Service,					
Food & Beverage	1,720,376	2,819,119	3,155,735	3,500,723	3,782,797
Gross Profit	1,889,682	2,362,089	2,678,317	2,920,964	2,923,425
Net Profit	947,859	1,196,877	1,347,744	3,294,545	1,685,194
Adjusted Net Profit ⁽³⁾	947,859	1,196,877	1,347,744	1,445,988	1,685,194
Consolidated Financial Position					
Total Assets	21,373,120	23,549,873	27,104,291	33,376,294	34,336,477
Total Liabilities	15,334,404	15,954,251	18,361,089	21,587,212	21,762,292
Interest Bearing Debt	7,583,155	7,997,818	9,668,179	11,059,787	11,126,977
Shareholders's Equity ⁽⁴⁾	6,038,716	7,955,621	8,743,202	11,789,083	12,574,185
Parent's Shareholders's Equity	5,797,450	7,595,592	8,465,426	11,213,657	12,027,424
Minority interest	241,266	360,029	277,776	575,426	546,761
Retained Earning	2,498,507	3,295,361	4,163,766	6,913,606	7,727,273
Capital	2,000,245	2,178,816	2,178,816	2,178,816	2,178,816
Total Number of Shares	200,025	435,763	2,178,816	2,178,816	2,178,816
Consolidated Financial Ratios					
Interest Bearing Debt/Equity	1.26	1.01	1.11	0.94	0.88
Gross Profit Margin (%)	52.34	45.59	45.91	45.49	43.59
Net Profit Margin (%)	24.58	21.60	21.77	33.39	21.75
ROA	4.43	5.08	4.97	9.87	4.91
ROE ⁽⁵⁾	16.35	15.76	15.92	29.38	14.01
EPS ⁽⁶⁾	2.57	0.60	0.67	1.56	0.77

(1) CPN had restated earnings per share for the year 2003 as a result of the increase of ordinary shares by reducing the par value to Baht 1 per share in 2004

(2) Total Revenue excluded gain from exchange rate, gain from ECD buyback, gain from disposal of assets and gain on finance lease

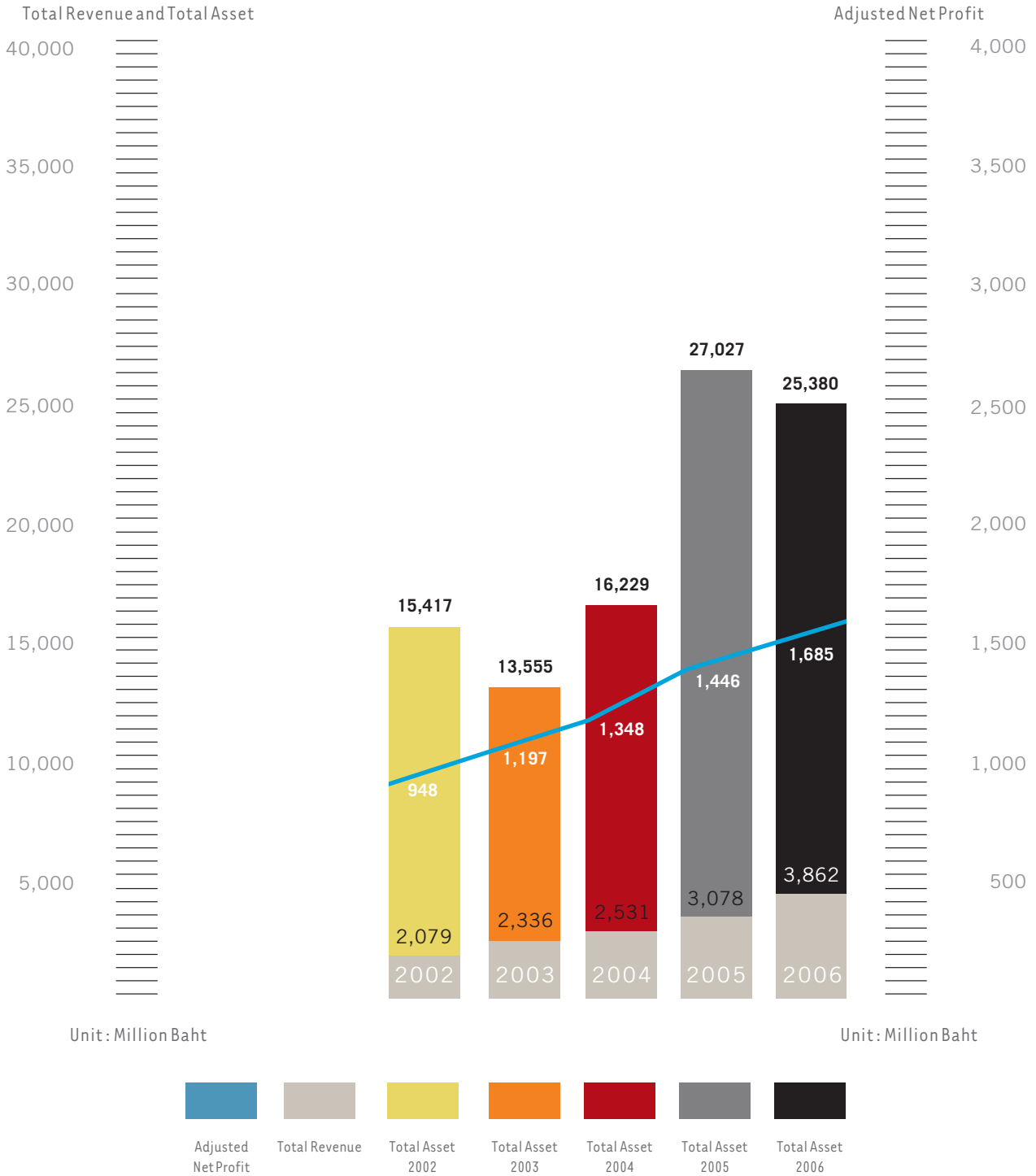
(3) For the year 2005 net profit excluded gain for the financial lease of partial assets of CentralPlaza Rama 2 and CentralPlaza Ratchada-Rama 3 to CPNRF, write-off as a result of impairment of assets under development and other related items

(4) Include Minority Interest in Subsidiaries

(5) ROE exclude Minority Interest in Subsidiaries

(6) Basic Earnings per share only attributable to ordinary shareholders

COMPANY FINANCIAL HIGHLIGHTS




COMPANY FINANCIAL HIGHLIGHTS

As at 31 December

(Unit : K Baht)


	2002	2003 ⁽¹⁾	2004	2005	2006
Operating Results					
Total Revenue ⁽²⁾	2,079,171	2,335,956	2,530,941	3,078,222	3,862,383
Revenue From Rental & Service	1,863,952	2,009,270	2,170,932	2,533,757	2,943,113
Cost Of Rental & Service	633,248	715,934	763,418	976,550	1,221,281
Gross Profit	1,230,704	1,293,336	1,407,514	1,557,207	1,721,832
Net Profit	947,859	1,196,877	1,347,744	3,294,545	1,685,194
Adjusted Net Profit ⁽³⁾	947,859	1,196,877	1,347,744	1,445,988	1,685,194
Financial Position					
Total Assets	15,417,307	13,554,598	16,228,658	27,027,046	25,379,999
Total Liabilities	9,619,857	5,959,006	7,763,231	15,813,389	13,352,575
Interest Bearing Debt	7,060,668	3,508,789	4,820,545	13,156,786	10,853,211
Shareholders's Equity	5,797,450	7,595,592	8,465,426	11,213,657	12,027,424
Retained Earning	2,498,507	3,295,361	4,163,766	6,913,606	7,727,273
Capital	2,000,245	2,178,816	2,178,816	2,178,816	2,178,816
Total Number of Shares	200,025	435,763	2,178,816	2,178,816	2,178,816
Financial Ratios					
Interest Bearing Debt / Equity	1.22	0.46	0.57	1.17	0.90
Gross Profit Margin (%)	66.03	64.37	64.83	61.46	58.50
Net Profit Margin (%)	45.59	51.24	53.25	107.03	43.63
ROA	6.15	8.83	8.30	12.19	6.64
ROE	16.35	15.76	15.92	29.38	14.01
EPS ⁽⁴⁾	2.57	0.60	0.67	1.56	0.77
DPS (pay in the following year)	1.00	0.22	0.25	0.40	0.31

(1) CPN had restated earnings per share for the year 2003 as a result of the increase of ordinary shares by reducing the par value to Baht 1 per share in 2004

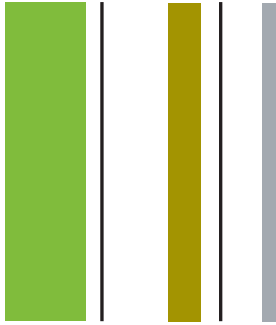
(2) Total Revenue excluded gain from exchange rate, gain from ECD buyback, gain from disposal of assets and gain on finance lease

(3) For the year 2005 net profit excluded gain for the financial lease of partial assets of Central Plaza Rama 2 and Central Plaza Ratchada Rama 3 to CPNRF, write-off as a result of impairment of assets under development and other related items

(4) Basic Earnings per share only attributable to ordinary shareholders



Letter to Shareholders



Mr. Vanchai Chirathivat
Chairman President

It is my pleasure to inform shareholders that the year 2006 was another one of success and pride for Central Pattana Public Company Limited (CPN). Amidst the economic slowdown caused by elevated high oil prices, increased interest rates, political instability, and measures to control foreign capital influx, which directly affected the confidence of consumers and investors, CPN successfully maintained an average occupancy rate of over 90% and even managed to increase rental rates at all properties. CPN gained confidence of investors which resulted in the stability of CPN share prices on the Stock Exchange of Thailand (SET). Even though during year 2006 overall economic situation had slowed down and investment climate had weakened, we managed to uphold our share value, which has risen by over 56.9% during the past year. This figure was higher than the growth of the SET Index.

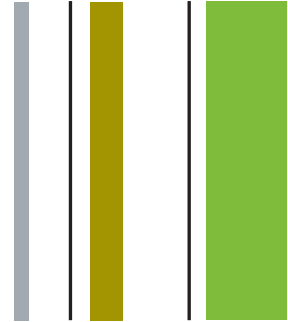
For the year 2006, CPN and its subsidiaries reported Baht 6,706.2 million in total income from rental & services and food & beverage, a 4.4% growth from that of last year; and Baht 1,685.2 million in net income, a 16.6% growth from that of last year. Note that this excludes two non-recurring items, a one-time gain from financial lease of most of the assets of Central Plaza Rama II and Central Plaza Ratchada-Rama III to the CPN Retail Growth Property Fund and the write-off as a result of impairment of assets under development, and other related transactions in the last year results. As of December 31, 2006, shareholders' equity registered at Baht 12,574.2 million, an increase of 6.7% from that of last year. Our financial position remained strong with a net debt-to-equity ratio of 0.6 times. As a result, the Board of Directors has agreed to proposed to the 2007 shareholders' meeting on 27 April 2007 for an approval of annual dividend payment of Baht 0.31 per share for the year 2006 operating performance, representing a 40% dividend payout of net income.

Our other pride is the successful inauguration of CentralWorld, the largest lifestyle shopping complex in Southeast Asia. We have unofficially opened the complex since July 2006. Even though the occupancy rate at the initial stage was lower than those of other CPN properties, the occupancy rate has gradually grown and reached over 80% at the end of 2006. The project also gained confidence from leading international brands, including "Toy R Us", "Ted Baker", "NEXT", "Country Road", "FCUK", and "Raoul". We have strong intentions to make CentralWorld an unrivalled shopping complex, which offers high quality services and world-class experience. Even though our CentralWorld has faced tough competition and a stagnant economy, we are convinced that the prime location of the complex and its commercial potential, component with an office building, a large convention center, a hotel, and our deep roots in the business, will lead CentralWorld to be another one of our properties that will not only bring pride but also create substantial value for all shareholders.

CPN has grown considerably from when it was first listed on SET, 11 years ago. CPN is now the leader in retail property development and management with 10 properties under its management, all of which are successful. CPN was selected as one of 50 companies among the SET 50, commanding a market capitalization of over Baht 49,000 million, an increase of 550.6% from the day it was first listed and is



Mr. Kobchai Chirathivat
President & Chief Executive Officer



the major unitholder of CPN Retail Growth Property Fund (CPNRF), the largest retail property fund in Thailand. The Company is convinced that CPNRF will continue to grow with CPN to become one of Southeast Asia's major real-estate funds.

To sharpen our competitive advantage and maintain our position as the leader in the market as well as creating value for shareholders, CPN is determined to further develop our operational competency and our human resources while adopting the use of advanced management tools to assess our management efficiency. For the purpose of notable asset enhancement, CPN built the addition of car park and leaseable areas under Central Plaza Rattanathibet and did a facelift at large together with a new store layout under Central Plaza Ramindra. We constantly engage in this to raise our levels of service and fulfill customers' needs, which will in turn benefit CPN through higher revenue and income. Furthermore, it is our aim to continuously develop new properties. Currently, we have started construction of two green-field projects. One is Central Plaza Chaengwattana (Bangkok), a shopping center and an office building, expected to be commenced in the late 2008. The other is Central Festival Pattaya Beach (Chonburi Province), designed to be a shopping center and a hotel on the beach in Pattaya. The project will be completed in early 2009. The other two green-field projects, in Khon Kaen and Chonburi Provinces, are on progress of design development and detail study and ground breaking should be started by mid 2007. Other projects in hand are under studies.

Our criteria are that new development projects must undergo through scrutiny and align with prevailing economic circumstances. If the economy and market are under unfavorable conditions, some projects might face a delay. In addition, in securing capital for new projects, CPN will mobilize funds through divestment of properties to CPNRF, which would serve as a major source of fund supporting CPN's growth. This is to minimize risks from shouldering excessive loans and carrying an excessive net debt-to-equity ratio. Shareholders can therefore rest assured that CPN will conduct its business expansion in a sustainable fashion through cautious investments.

Apart from its business expansion plans, CPN is convinced that sustainable growth rests on good corporate governance and corporate social responsibility, which is why the Company values both matters and included them in CPN's policy and plans since 2006, and will continue extensive work in both areas.

Our success could not have happened without the strong determination and effort of our management and staff under good corporate governance practice. On behalf of Central Pattana Public Company Limited, I would like to express my gratitude to shareholders, business partners, tenants, financial institutions, and all CPN staff for their continuous trust and supports. I hope each and everyone will confidently forge ahead with CPN.

Board of Directors

1. Mr.Chakchai Panichapat

Independent director



2. Mr.Suthichart Chirathivat

Director



3. Mr.Sunandha Tulayadhan

Independent director



4. Mr.Suthikaiti Chirathivat

Director



5. Mr.Kanchit Bunajinda

Director



6. Mr.Kobchai Chirathivat

Director



7. Mr.Naris Cheyklin

Secretary to the Board of Directors





8. Mr. Vanchai Chirathivat
Chairman



9. Mr. Anek Sithiprasasana
Vice Chairman



10. Mr. Sudhisak Chirathivat
Director



11. Mr. Suthichai Chirathivat
Director



12. Mr. Sudhitham Chirathivat
Director / Executive Director - Operation



13. Mr. Paitoon Taveebhol
Independent director



14. Mr. Prin Chirathivat
Director



Audit Committee / Executive Committee

1. Mr.Paitoon Taveebhol
Chairman of Audit Committee



5. Mr.Suthichai Chirathivat
Executive chairman



2. Mr.Sunandha Tulayadhan
Audit Committee Member



6. Mr.Suthichart Chirathivat
Executive Director Human Resources



3. Mr.Chakchai Panichapat
Audit Committee Member



7. Mr.Sudhitham Chirathivat
Executive Director - Operation



4. Mr.Prin Chirathivat
Executive Director - Finance



8. Mr.Suthikaiti Chirathivat
Executive Vice Chairman



9. Mr.Sudhisak Chirathivat
Executive Director - Operation



1.

2.

3.




4.

5.

6.



 Board of Directors / Audit Committee / Executive Committee / Management Team


Mr.Vanchai Chirathivat / Stocks hold 2.13%
Chairman 

Present :

- >> Honorary Chairman, Malee Sampran Public Company Limited
- >> Chairman, Central Group of Companies
- >> Chairman, Central Department Store Company Limited
- >> Chairman, Central Trading Company Limited
- >> President, Executive Director, Central Plaza Hotel Public Company Limited
- >> Honorary Chairman, Post Publishing Public Company Limited




Mr.Anek Sithiprasasana / Stocks hold 0.00%
Vice Chairman 

Present :

- >> Deputy Minister of Interior
- >> Chairman of The Board of Directors, The Mass Communication Organization of Thailand
- >> Permanent Secretary of The Prime Minister's Office
- >> Permanent Secretary of The Minister of Interior's Office
- >> Director General of The Department of Local Administration



Mr.Suthichai Chirathivat / Stocks hold 1.92%
Director / Executive chairman 

Present :

- >> Executive Chairman, Central Group of Companies
- >> Executive Director, Central Plaza Hotel Public Company Limited

Experience :

- >> Vice Chairman & CFO, Central Group of Companies
- >> Assistant General Manager, Central Department Store Company Limited
- >> Manager, Central Department Store-Silom Branch
- >> Assistant Manager, Central Department Store-Silom Branch



Mr.Paitoon Taveebhol / Stocks hold 0.00%
Independent director / Chairman of Audit Committee 

Present :

- >> Board Member, Mater Dei Institute
- >> President, The Alumni Association of Business Administration, Ramkhamhaeng University

Experience :

- >> Managing Director, BT Business Consulting Company Limited
- >> Managing Director, Arthur Andersen Business Advisory Limited
- >> Director and Executive Director, SGV-Na Thalang Company Limited
- >> Vice President and Council Member, The Institute of Certified Accountants and Auditors of Thailand
- >> Vice President and Council Member, The Institute of Internal Auditors of Thailand
- >> President and Secretary General, The ASEAN Federation of Accountants

Mr.Chakchai Panichapat / Stocks hold 0.00%
Independent director / Audit Committee Member

Present :

- >> Director and Executive Director, Amata Corporation Public Company Limited
- >> Independent Director, Saha Union Public Company Limited
- >> Independent Director and Chairman of the Audit Committee, City Sports and Recreation Public Company Limited
- >> Chairman, Magnecomp Precision Technology Pcl.
- >> Independent Director and Member of the Audit Committee, Kang Yong Electric Public Company Limited

Experience :

- >> Deputy Secretary General of the Board of Investment



Mr.Sunandha Tulayadhan / Stocks hold 0.00%
Independent director / Audit Committee Member

Present :

- >> WPP Country Chairman, Thailand and Vietnam

Experience :

- >> Chairman, Ogilvy & Mather Group, Thailand and Vietnam
- >> Regional Executive Board Member, Ogilvy & Mather Asia Pacific
- >> Director, Ogilvy & Mather Worldwide Board



Mr.Suthikiati Chirathivat / Stocks hold 1.92%
Director / Executive Vice Chairman

Present :

- >> Chairman of the Executive Board, Central Plaza Hotel Public Company Limited
- >> Executive Director and Executive Vice Chairman, Central Group of companies
- >> Director and Chairman Executive Committee, The Post Publishing Public Company Limited

Experience :

- >> Assistant Manager, Central Trading Company Limited
- >> Assistant General Manager, Central Department Store Company Limited
- >> One of the founder of Central Plaza Lardprao
- >> The first importer and originated BARCODE system in Thailand
- >> The Former & Head of Thai Retailers Association
- >> The First founder of food franchises in Thailand (KFC, Mister Donut, Baskin Robbins)

คุณวุฒิทางสังคม :

- >> Honorary Doctoral Degree of Philosophy in Mass Communications
- >> Member of the National Legislative Assembly (1991-1992)
- >> Served as Senator (1992-1996)
- >> Former Advisor, (BARCODE)
- >> Director, Assumption Association
- >> Director of Thai Tourist Industry Association
- >> Member of Old England Students Association



Mr.Suthichart Chirathivat / Stocks hold 1.07%
Director / Executive Director - Human Resources

Present :

- >> Chairman, Big C Super Center Public Company Limited
- >> Director, and Executive Director, Central Plaza Hotel Public Company Limited
- >> Director and Treasurer-Billiard Sports Association of Thailand
- >> Director, The Vintage Club Company Limited
- >> Executive Director Central Group of Companies

Experience :

- >> President, Thai Retailers Association
- >> Chairman, Committee on Retail Business Thai Chamber of Commerce
- >> Advisor Board of Trade of Thailand
- >> Director and Treasurer-Foundation For Environment Preservation
- >> President and Chief Executive Officer, Central Retail Corporation Company Limited



Mr.Sudhisak Chirathivat / Stocks hold 0.65%
Director / Executive Director - Operation

Present :

- >> Executive Director-Operation, Central Group of Companies
- >> Executive Director, Central Plaza Hotel Public Company Limited
- >> Director, Central Retail Logistic Company Limited
- >> Director, Harg Chiangmai Department Store Company Limited
- >> Director, Central Garment Factory Company Limited
- >> Director, Central Trading Company Limited
- >> Chairman, Robinson Department Store Public Company Limited

Experience :

- >> President, Central Marketing Group
- >> Managing Director, Central Garment Factory Company Limited
- >> Managing Director, Prin Intertrade Company Limited



Mr.Sudhitham Chirathivat / Stocks hold 1.19%
Director / Executive Director - Operation



Present :

- >> Executive Director, Central Group of Companies
- >> Director, Central Holding Company Limited
- >> Board of Directors of TT&T Public Company Limited
- >> Director, Central Plaza Hotel Public Company Limited
- >> Executive Director, The Vintage Club
- >> Executive Director, Robinson Department Store Public Company Limited
- >> Member of the National Legislative Assembly Thailand Bullet

Experience :

- >> Managing Director & CEO, Central Pattana Public Company Limited
- >> Vice President, Store Planning & Operations, Marketing and Merchandising, Central Department Store Company Limited
- >> President, Thai Shopping Center Association
- >> Chairman, Coffee Partners Company Limited (Starbucks-Thailand)
- >> President, Rotary Club of Bangkok
- >> Director, The Thai Chamber of Commerce

Mr.Kobchai Chirathivat / Stocks hold 1.22%
Chief Executive Officer / President



Present :

- >> Director, Central Holding Company Limited
- >> Director, Central Advance System Company Limited
- >> Director, Central Capital Company Limited

Experience :

- >> Chief Operating Officer & Executive Vice President, Central Pattana Public Company Limited
- >> Senior Vice President-New Business Development, Central Pattana Public Company Limited
- >> Director-Property Management, Central Pattana Public Company Limited
- >> Deputy Managing Director, Central Trading Company Limited
- >> Marketing Manager, Central Trading Company Limited
- >> Assistant Manager, Central Trading Company Limited

Mr.Prin Chirathivat / Stocks hold 1.38%
Director / Executive Director - Finance



Present :

- >> Executive Director, Central Plaza Hotel Public Company Limited
- >> Director, General Card Service Limited
- >> Executive Director, Central Retail Corporation Company Limited
- >> Director, Malee Sampran Public Company Limited
- >> Executive Director, Central Group of Companies
- >> Chairman of Audit Committee, Bualuang Securities Public Company Limited
- >> Advisory Committee, Marketing For Alternative Investment (MAI)
- >> Chiangrai Rajabhat University Steering Support Committee, Chiangrai Rajabhat University

Experience :

- >> Executive Director, Interlife John Hancock Assurance Public Company Limited
- >> Executive Director, Central Department Store Company Limited
- >> Investment Banking, Bualuang Securities Public Company Limited
- >> Director, Indara Insurance Public Company Limited
- >> Director, Dhanamitr Factoring Public Company Limited

Mr.Kanchit Bunajinda / Stocks hold 0.00%
Director



Present :

- >> Director, Private Equity (Thailand) Company Limited (An Affiliate of Lombard Investment, Inc.)
- >> Director, Preuksa Real Estate Public Company Limited
- >> Director, Central Plaza Hotel Public Company Limited
- >> Independent Director, United Broadcasting Corporation Public Company Limited

Experience :

- >> Senior Vice President, Heading the Financial Institutions group and the Mergers & Acquisition practice, Merrill Lynch Phatra Company Limited (Now change to Phatra Securities Company Limited)

Mr. Naris Cheyklin / Stocks hold 0.00%
Secretary to the Board of Directors / Senior Executive Vice President - Finance & Accounting

Experience

- >> Senior Vice President, Siam City Bank Public Company Limited
- >> Director & Executive Director, Siam City Insurance Company Limited
- >> Director & Vice President, Thai Wah Public Company Limited
- >> Group Financial Controller, Tanayong Public Company Limited
- >> Computer Audit Supervisor, SGV Na Tha Lang Company Limited



Mr.Sudthidej Chirathivat / Stocks hold 0.75%
Senior Executive Vice President -Business Development & Project Construction

Experience :

- >> Director, Central Pattana Public Company Limited
- >> Executive Vice President, Business Development and Construction Management, Central Pattana Public Company Limited
- >> Vice President - Leasing, Central Pattana Public Company Limited
- >> Leasing Manager, Bangna Central Property Company Limited
- >> Vice President, Food Park Company Limited
- >> Vice President - Leasing and marketing, Central Trading Company Limited



Mr. Sudhipak Chirathivat / Stocks hold 0.59%
Executive Vice President, Leasing

Experience :

- >> Executive Vice President, Business Development, Central Pattana Public Company Limited
- >> Executive Vice President, Marketing, Central Pattana Public Company Limited
- >> Vice President, Business Development, Central Pattana Public Company Limited
- >> Senior Leasing and Marketing Manager, Central Pattana Public Company Limited
- >> Executive Vice President, Thai International Fast - Food Company Limited
- >> Executive Vice President, Central Garment Factory Company Limited
- >> Marketing Manager, Central Garment Factory Company Limited



Ms.Wallaya Chirathivat / Stocks hold 0.39%
Executive Vice President, Business Development

Experience :

- >> Vice President, Central Department Store
- >> Managing Director, Central Supermarket
- >> Co-Chief Executive Officer, Tops Supermarket
- >> Executive Vice President, Central Retail Corporation Company Limited



Mr. Terachart Numanit / Stocks hold 0.00%
Executive Vice President, Project Construction

Experience :

- >> Chief Estimate, John Holland (Thailand)
- >> Project Manager, New York City, Transit Authority, NYC., USA
- >> Project Engineer, Parsons Brinckerhoff, NYC., USA
- >> Special Project Director, K-Tech Construction and Engineering Company Limited
- >> Project Director - Itochu (Thailand)



Ph.D.Nattakit Tangpoonsinthana / Stocks hold 0.00%
Executive Vice President, Marketing

Experience :

- >> Chief Marketing Officer, Strategic Marketing Division, Thai Samsung Electronics Company Limited

Present :

- >> Visiting Lecturer, Mass Communication, The Faculty of Communication Arts, Chulalongkorn University



2006 ECONOMIC AND RETAIL INDUSTRY OVERVIEW

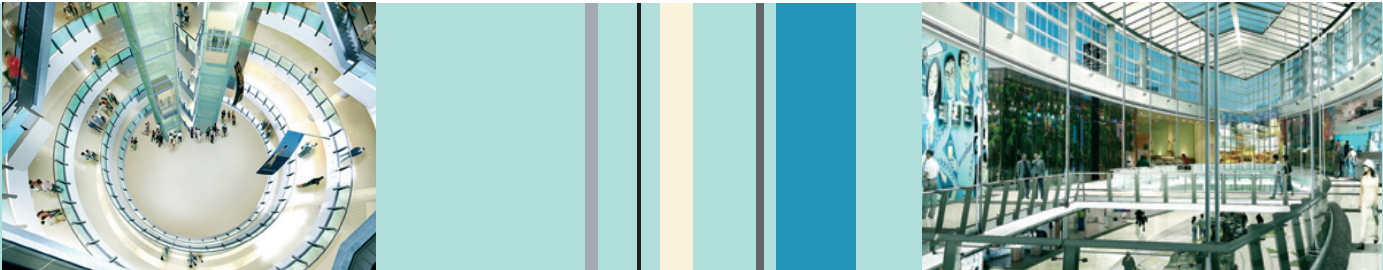


Economic Overview

In 2006, GDP growth was recorded higher from 4.5% in 2005 to 5.0% in 2006, led by the stronger-than-expected exports, despite political uncertainty and high global oil prices. Politics stood on shaky grounds from the very beginning with numerous street protests, which followed with a snap election by the government only to be overturned by the Constitutional Court when it annulled the election in April. The government from that day on became a caretaker with limited power and policies to boost the economy were left unexecuted. Not until the Coup by military personals in September, which overthrew the government and installed a new 1-year interim government was there a sense of some confidence and stability in the economy and political reform. Due to the lack of a functioning government for the most part of the year coupled with the increased risk and uncertainty in the business environment the economy experienced a slow down of investments both in the public and private sectors, which saw growth declined from 11% in 2005 to approximately 6.7% in 2006. Escalating global oil prices that began in 2005 and reaching its peak in August continued to erode household income and pinch companies' earnings. Higher consumer product prices largely resulted from high oil prices also prompted the monetary policy committee to raise interest rates to curb inflationary pressures. The culmination of these negative impacts took its toll on consumer confidence, which decreased to a 50 months low in September and on domestic consumption growth, which decreased to 3.0% in 2006 from 5.9% in 2005. To make matters worse the interim government in December 2006 enforced capital controls to intervene Baht currency appreciation and amended the foreign business act to crack down on the nominee structures. Although these actions were put in place to stabilize the economy and create greater transparency in the business environment, many local companies and foreign investors voiced their disagreement with such measures, thereby creating risk to the recovery of private investments in 2007. However, not all news in 2006 was dismal. On the contrary, export had a tremendous year, which saw growth of 17.4% compared to 15.0% in 2005. Tourism also performed well with tourist arrivals up 18.8% to 13.68 million visitors which to some degree buoyed the decline in domestic consumption. Lastly inflation in 2006 slightly up to 4.7% from 4.5% in 2005 resulted from the flood in the third quarter that impacted 48 provinces in Thailand and pushed up agriculture product prices.

Retail Sector highlights

The retail sector in 2006 had the most challenging year since the Asian Crisis. High oil prices, high interest rates and higher consumer goods prices due to inflation deteriorated household income. The unstable political environment and economic uncertainty also continued to erode consumer confidence. To combat the slow down in sales, retailers continuously launched advertising campaigns, marketing events and many other promotional activities to bolster sales. This also included the refurbishment of shopping center to magnetize the customers. Retailers have shifted their focus to attract more foreign shoppers by offering special tourist discount and VAT reclaim service. These marketing strategies did help generate sales but it could not reverse the damaged done by the economic and political gloom. As a result retail sales witnessed its slowest growth rate in almost ten years.



The movement of developers of shopping center in the year 2006 as follows ;

- >> Opening of Siam Paragon Shopping Complex in December 2005 and CentralWorld in August 2006 which added huge supplies or retail spaces in Bangkok's main shopping district.
- >> New shopping malls in Bangkok, namely Union Malls opened in March and Esplanade Complex opened in December 2006.
- >> New retail spaces in Bangkok (including the office), namely QH Lumpini and Exchange Tower
- >> New formats launched by Siam Future Development Public Company Limited creating new appetite, for example, specialty stores, life-style center, community malls, and conveniences store.
- >> Renovations are being done at most existing malls to attract tenants and customers for examples;
 - >>> The Mall Group – Bangkae and Thapra branches
 - >>> Fashion Island
 - >>> Amarin
 - >>> Mahboonkrong
- >> Extensive marketing from all mall operators to drive traffic to shopping centers.

Expectations for 2007

- >> Positives for 2007
 - 1) Government investment in infrastructure (5 new lines of Sky train and Subway)
 - 2) Inflation is tamed ; therefore it will stimulate purchasing power and consumer confidence.
 - 3) Interest rate has reduced and expected to be lower through 2007
 - 4) Amendment to Constitution is completed and Election takes place in December 2007
 - 5) Softening of geopolitical risks
 - 6) Homebuyers are likely to start buying again due to decisions put on hold in 2006 from economic and political uncertainties. Lower interest rate will also help homebuyers. Moreover, continued trend among young people to move out of their parents' homes to establish their detached families.
 - 7) Oil price stays at a current level, however due to new levy rate which will rise from Baht 2.5 to Baht 4.0 gradually when oil price declines to finance the huge Oil fund debt of Baht 64 billion accumulated in 2004 and 2005, lowering of oil price will not help consumer much.
- >> Negative for 2007
 - 1) Consumer confidence is still shaken due to last year stagnant economic and instable political environment and especially the bombings blast in Bangkok on New Year's Eve.
 - 2) Vague retail business law and retail zoning law will make it difficult for retail chains especially hypermarkets and supermarkets to expand their businesses.

Our Property

Over the past 27 years, CPN has successfully evolved into Thailand's largest and most sophisticated retail property developer. Today, the company owns and manages 10 premium shopping centers, three office buildings and two residential condominiums. CPN's property is double that of its closest competitor, making it the undisputed market leader.

Rather than being content with its lead, growth over the past five years has actually accelerated at such a pace that CPN now opens, on average, one new shopping center every year. This robust growth rate is expected to continue well into the future.

The company's long term strategy is to continue to develop its trademark shopping centers at well-identified, profitable locations throughout Bangkok and other major Thai cities. Expansion overseas is also on the cards, and CPN is looking forward to this next challenge. CPN plans to take the retail property expertise it has gained through nearly three decades in the Thai market and export it to neighboring countries by developing world-class shopping centers in strategic markets.

Strategic Locations

As an expert in retail development, CPN knows that property location is vital to success. In its march to market dominance, CPN has employed unwavering good judgment when selecting the strategic locations for its shopping centers. An intrinsic understanding of shopping center operations and dynamics coupled with vigilant surveys of prime trading areas ensure CPN's shopping centers are built at locations offering the highest potential for success.



central plaza
LADPRAO

Bangkok
Retail GFA : 78,700 sq.m. / Office GFA : 27,500 sq.m.
Total GFA : 106,200 sq.m.

The company's first project was groundbreaking in more ways than one, introducing the concept of shopping plazas to Thailand and revolutionizing retail trading. The project encompasses an office tower, a five-star hotel, a nine-screen cinema complex, a Central Department Store, local and international brand-name boutiques and a 9,000-square-meter convention center. Not only is it Bangkok's first integrated retail destination, but it is also one of the city's busiest shopping complexes, attracting more than 40 million visitors each year.



central plaza
RAMINDRA

Bangkok
Total Retail GFA : 23,500 sq.m.

This shopping center was built with family and community in mind. It contains a Central Department Store, retail outlets, restaurants and a three-screen cinema. Regular family-oriented activities encourage year-round patronage, and help to solidify the plaza's status as a community gathering place and dining venue. Easily reached by public transportation and surrounded by residential areas, Ramindra has become an integral part of the neighborhood.



central plaza
BANGNA

Bangkok
Retail GFA : 113,000 sq.m. / Office GFA : 10,000 sq.m.
Apartments GFA : 2,000 sq.m. / Total GFA : 125,000 sq.m.

Located in eastern Bangkok, near the city's new international airport, this is CPN's largest mixed-use development project. Built as an all-encompassing city within a city, the project features a healthy mix of retail, residential and offices, with a six-level shopping plaza, three high-rise condominiums and a 37-floor office tower. With a cinema complex, a water park and a high-tech game center, Central City is extremely popular with families throughout the city's rapidly growing eastern suburbs.



centralplaza
PINKLAO

Bangkok
Retail GFA : 104,500 sq.m. / Office GFA : 48,300 sq.m.
Total GFA : 152,800 sq.m.

This landmark development in western Bangkok is known for its affluent, well-educated and family-oriented customers. With a vast array of facilities including specialty stores, exclusive residential apartments, an office tower, a Central Department Store, a 36 lane bowling alley and a 10-screen cinema-it's easy to see why it attracts such discerning clientele.



centralplaza
RAMA 3

Bangkok
Total Retail GFA : 98,000 sq.m.

Located in Bangkok's new financial zone, close to the headquarters of five major banks, Ratchada-Rama III is the only one-stop shopping and entertainment complex within a five-kilometer radius. Amenities in this conveniently located complex include a mix of retail shops, a Central Department Store, a food court, a 38-lane bowling alley, a nine-screen cinema complex and a games arcade.



centralplaza
PATTAYA

Chonburi / Total Retail GFA : 29,000 sq.m.

CPN's Pattaya development caters to a diverse group of customers that includes local residents as well as the conference participants, weekending Bangkokians and more than two million tourists who flock to this beach-side resort city each year. Incorporating the best elements of tropical architecture, CentralFestival is anchored by a Big C Super Center and features a shopping area and five-screen cinema complex.



centralplaza
CHIANGMAI AIRPORT

Chiang Mai / Total Retail GFA : 107,000 sq.m.

As the largest shopping and entertainment complex in northern Thailand, this property welcomes 6 million customers each year. The plaza caters to visitors with its eclectic array of enticements, including a Robinson Department Store, a seven-screen cinema complex, a large multi-purpose hall and the original "Northern Village concept" area, which features easy, convenient and comfortable access to a wide selection of the locally made handicrafts that northern Thailand is famous for.



centralplaza
RAMA 2

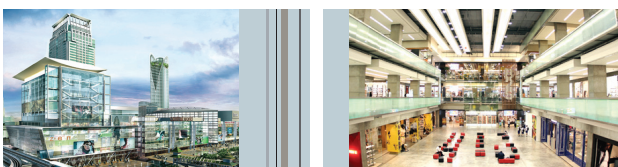
Bangkok / Total Retail GFA : 161,500 sq.m.
Strategically located on the main highway south of Bangkok in a rapidly expanding and densely populated residential area, Rama II boasts a retail shopping center, a Central Department Store, a supermarket, a food court and strong entertainment magnets, including a 38-lane bowling alley and 12-screen cinema complex.



centralplaza
RATTANATHIBET

Nonthaburi / Total Retail GFA : 105,000 sq.m.

CPN acquired Siam-Jusco Rattana Thibet in December 2003 and went on to rename and reinvent the plaza as a community mall with a warm, fun and family-friendly atmosphere. Along with a Robinson Department Store, anchors include Index Living Mall, Smart Tech IT Center, Homework and Office Depot. Adding to its diversity and family appeal, a brand new cinema complex and bowling alley have recently been built.



centralworld

Bangkok / Retail GFA : 302,100 sq.m.
Office GFA : 127,400 sq.m. / Total GFA : 429,500 sq.m.

becoming the largest shopping complex in Southeast Asia. With cutting-edge design and 21st century vitality, CentralWorld has quickly become a vibrant lifestyle hub that attracts visitors from all over the world.

Anchored by two department stores that are unique to Thailand ñ Zen and Isetan and other brand-name tenants, CentralWorld is a shopper's paradise. World-class entertainment options are also on offer, with a 21-screen cinema complex, a 28-lane bowling and Thailand Knowledge Park learning center.

When fully complete, the CentralWorld project will also include Bangkok's largest downtown convention center, a 45-storey premium-grade office tower, a 500-room 5 star hotel

 YEAR IN BRIEF 2006

March



Central Tower B Pinklao, a 18 storey office building with 16,736 sq.m. in area, was inaugurated. This office building is located in the premises of CentralPlaza Pinklao in response to the expansion of business corporations in the vicinity.

June



We issued unsubordinated, unsecured debentures worth Baht 1,500 million in total to raise funds for business expansion. This comprised debentures worth Baht 1,000 million with a fixed interest rate of 6.39% and those worth Baht 500 million with a floating interest rate of MLR minus 1.55%.

July



We opened the renovated section of Central World. This is a key step for CentralWorld to become the largest Lifestyle Shopping Complex in Southeast Asia.

May

The credit ratings, as assigned by TRIS Rating, of CPN and its debt instruments were upheld at 'A'. This reflects our strength as the leader in shopping center development in Thailand considering our expansion plan in the next 2-3 years which requires massive investment despite the country's declining economic growth rate.

Our share was selected by Morgan Stanley Capital International Inc. in calculating the MSCI index in Asia Pacific. This reflects our potential to grow further while demonstrating the appeal of our shares in the eyes of foreign investors.

December

A promotional activity called "CG is Our Life" Project was launched to ensure awareness in our staff of our policy and guidelines concerning good corporate governance, and align their understanding on the importance of good corporate governance.

We opened the extended section of CentralPlaza Rattanathibet Shopping Center featuring a retail space to make it an integrated shopping center. This included a car park to facilitate the increasing number of customers.

We re-opened CentralPlaza Ramindra after carrying out interior and exterior renovation to be more modern and better respond to the needs of target customers.

2006 OPERATING RESULTS



The year 2006 is considered one of another milestone for Central Pattana Plc. We have become the operator of the largest shopping centre in this region under an efficient management system of international standard. We put a strong emphasis on the satisfaction of customers and all stakeholders. Highlights of 2006 include the following :

1. Central World

The largest lifestyle shopping complex in Southeast Asia comes into operation.

The opening of Central World, the largest lifestyle shopping center in Southeast Asia, is our pride and most notable achievement this year. Its soft opening took place in July 2006. Central World is considered our flagship project, the convergence of flagship retail brands under the management of Central Retail Corporation (CRC) and flagship businesses in our hotel business. The opening of Central World is, therefore, clear evidence that underscores our leadership in Thailand's property management for retail business. CPN's potential is more widely accepted in the international arena with all supporting factors that we put together to make Central World a shopping complex with the best retail features, as detailed below :

- 1.1 Prime location: Central World is located on the largest piece of land, 64 rai (26 acres), in the heart of the city and accessible through various channels. Unique features of this prime location include :
 - >> Ready access to two skytrain stations Chidlom and Siam
 - >> Ready access to two main business roads Rama I and Rajdamri
 - >> 18 entrance and exit roads.
- 1.2 Exclusive stores : Central World houses two department stores, Zen and Isetan, each of which has only one store in Thailand.
- 1.3 More than 500 leading retail shops.
- 1.4 More than 50 restaurants, Central Food Hall, and Food Loft.
- 1.5 Children's and youths' TK Park.
- 1.6 Entertainment complex with two large cinemas, SF World Cinema and Major Cineplex, which can accommodate over 4,500 viewers, including stylish bowling lanes and karaoke.
- 1.7 Central World Activity Square, an outdoor activity ground accommodating up to 100,000 visitors per day.



- 1.8 Largest indoor car park in Bangkok for 7,000 cars.
- 1.9 Connection to the 45-storey CentralWorld Office Building.
- 1.10 Central World Hotel, a five-star hotel with a 16,000-sq.m. convention center, scheduled for operation in 2007.

2. Asset Enhancement

In addition to opening newly constructed shopping centers, we have a policy to enhance our existing projects to always keep them in good shape and up-to-date in response to the emerging needs of consumers. During 2006, we worked on the enhancement of :

2.1 CentralPlaza Ramindra

- >> Renovated the facade and brought in new brands into retail shops to increase the variety of retail shops and services. Completed in December 2006, this has resulted in a larger number of customers.

2.2 CentralPlaza Rattanathibet

- >> Expanded the building and parking space, which resulted in the lettable area increasing by 12,000 sq.m. and the car park accommodating up to 850 cars. Service began in December 2006.
- >> Replaced old retail shops with new ones and prepared for the renovation of the existing shopping center area, which is planned to start in early 2007 and be completed later in the year.

2.3 CentralPlaza Ratchada Rama III

- >> Modified the 4,300-sq.m. food court on the 6th floor to a new lettable area currently occupied by Power Buy and Super Sport to make shopping more complete.
- >> Altered the use of parts of lettable and common areas for greater merchandise variety to fulfill customers' needs while raising rental and services revenue and number of tenants.
- >> A new food court is under construction, with completion scheduled for 2007.

2.4 CentralPlaza Rama II

- >> Modified the Sun Parking on the 4th floor of the car park into a 4,100-sq.m. California Fitness gymnasium, with inauguration set for 2007.

2006 OPERATING RESULTS



3. Toward Becoming World-Class Shopping Center

During 2006, the Board of Directors came up with a vision for our property management business to become a "World-Class Shopping Center" by further upgrading the management system at all projects to meet international standards during 2006-2009. We had in fact been doing this for the past several years as the leader in the retail sector of the property management industry, with the following details :

- 3.1 Adopted the Total Quality Management by inviting Thailand Productivity Institute to be our adviser with an aim of qualifying for Thailand Quality Award (TQA).
- 3.2 Implemented the use of Balance Scorecard management system at all business units within 2007. In this regard, we have already implemented the use of Balance Scorecard at group levels and the property management unit in 2006. We will cascade the use of Balance Scorecard from the management level to cover all departments and sections within 2007.
- 3.3 Initiated new projects to increase the efficiency and effectiveness of our operation, such as :



>> Energy Saving in Shopping Centers Competition for the optimum use of energy.

>> Tenants Management Information System (TMIS) to increase our efficiency in marketing planning.

3.4 Focused on good corporate governance in its management, with a policy defined and activities organized to publicize and campaign for staff to become aware of and are ready to comply with good corporate governance practices. This is critical to the sustainable growth of CPN.

4. Continuous Business Expansion

To maintain its market share and leadership in property management in the retail sector, CPN has formulated a strategic plan to expand its business continuously in locations of high-growth potential. Our current projects under development consist of Central Plaza Chaeng Wattana, Central Festival Pattaya Beach, Central Plaza Chon Buri, and Central Plaza Khon Kaen. Other locations, both domestic and international, are under consideration and feasibility studies (detailed under "Future Projects"). One common denomination : Cautious investments will be made to ensure sustainable growth.

CORPORATE SOCIAL RESPONSIBILITY



By the nature of Central Pattana Plc's business, which involves bringing convenience and modernity to people's daily life, we naturally deal with communities and the general public. We recognize the impacts of our business on the society and the environment, and have laid down a policy on our responsibilities for the society, environmental protection, and energy conservation while adopting a professional management system to prevent possible impacts on the community and the environment. All properties under our management must be equipped with traffic management and efficient water treatment systems. Water from our properties must be treated to eliminate all contamination or, at least, treated to meet the required standard before being released to public water sources. We also have energy conservation measures at all of our shopping centers. As regards community relations, we have continually organized various projects with communities, and government agencies, including the items below.

Environment / Energy Conservation / Natural Resource Conservation

- >> We have invested in "Central Park", a 36-rai park on the premises of Central Plaza Rama II, and opened it to the public as an exercising and a recreational park, a children's playground, and an event ground. Also nearby is a water reservoir to prevent floods in Bang Khun Thien District. Central Plaza Rama II is, therefore, the country's first shopping center with a recreation park.
- >> We have invested Baht 250 million in the construction of "Sky Walk", an elevated pedestrian bridge linking Chidlom and Siam skytrain stations. This project not only provides commuters with greater convenience and safety, but is also a means to encourage more people to use public transport to reduce traffic congestion in the inner city area while contributing to energy conservation. We have already presented the Sky Walk to Bangkok Metropolitan Administration.
- >> At all branches of Central Plaza, we have adequate entrance and exit roads, footpaths, U-turn bridges, pedestrian bridges, and traffic lights located at suitable and safe positions. We constantly coordinate with local traffic police to provide convenience to the public and prevent impacts on the community caused by traffic congestions around the projects.



- >> We, in conjunction with Department of Renewable Energy and Energy Conservation, organized an "Energy Conservation Day" to continually promote energy conservation. All projects under our management participated in the program by improving staff behavior and changing electrical appliances to higher efficient ones for energy saving sustainability.

Waste Management

- >> Central Plaza Rama II was named by the Pollution Control Department as one among 40 buildings in Bangkok and perimeters with efficient water treatment systems.
- >> Central Plaza Rattanathibet won a certificate of outstanding toilets from the Minister of Public Health.
- >> Central City Bangna and Central Plaza Rattanathibet staff joined their respective municipalities and communities in cleaning ditches and public areas.

Quality of Life / Community Relations

- >> Central City Bangna and Central Plaza Ram Indra have continuously collaborated with government agencies in organizing a "White Home Project" to cope with drug problems.
- >> All branches of Central Plaza have given cooperation to local police in organizing security guard training.
- >> All branches of Central Plaza joined hands to collect donations from the public to help disaster victims and the needy in nearby communities.
- >> Central Plaza Ladprao organized firefighting training for volunteers from local communities.

 ORGANIZATION DEVELOPMENT & HUMAN RESOURCES



CG is our life



ให้ความ
เสมอภาค
กับทุกคน



centralw@rld
We are Dedicated
to be the Best
of the Best
เราจะสร้างปรากฏการณ์ที่ไม่มีใครเป็นที่สุด

A crucial factor for driving any organisation or company and creating 'the rewarding experience' is quality human resources with both competence and merit, and a company focus on continuous development. Such a company fulfills the needs of customers and related persons most efficiently, thereby enabling it to grow in a sustainable manner while steadily adding value to shareholders.

In 2006, CPN focused on organisation development in an integrated fashion with human resource administration and in greater coordination with CPN's long-term strategic plan to support business expansion, summarized as follows :

1. Defined CPN's business direction, vision, strategies, and suitable policy framework for prevailing business circumstances. A Strategic Planning and Business Policy Office is now in place to devise plans and supervise plan implementation by various units.
2. Managed business under the Total Quality Management system to develop its capability for organisational management and

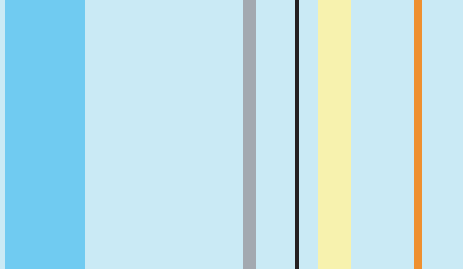


strive for world-class procedures in CPN's move towards the Thailand Quality Award (TQA).

3. Applied the Balanced Scorecard management system to its strategic management to allow staff to set goals and assess their performance increasingly in line with CPN's strategies and goals.
4. Improved CPN's business processes continuously in line with prevailing circumstances and business competition under the Business Process Improvement Project.
5. Managed and control business risks under the supervision of the Risk Management Committee, together with corporate governance practice in full recognition of CPN's responsibility to all involved.

CPN has all the confidence in the experience of its people, filled with quality and a firm commitment to achieving international standards, which will lead CPN towards being the most admired retail experience developer.

FUTURE PROJECTS



CentralPlaza Chaengwattana Project

- >> Located on an area of 24 Rai on Chaengwattana Road, Bang Talad Sub-district, Pak Kred District, Nonthaburi Province.
- >> It comprises a shopping mall with a space of 100,000 sq. m. (including a Central Department Store), an office building of 20,000 sq. m. located on top of the shopping mall and a parking area of 94,000 sq. m. to attract customers living in Nonthaburi and nearby.
- >> Chaengwattana Road is considered to be a desirable site because of its future growth. The site is surrounded by accommodation units and residential areas, office buildings, educational buildings and government agencies, and a new government center has been proposed in Government policy. Consequently, strong purchasing power can be expected.
- >> The project is scheduled to be complete by 2008.
- >> The investment cost is approximately 5,000 million Baht.

CentralFestival Pattaya Beach Project

- >> Located on an area of over 22 Rai on Middle Pattaya Road, Nong Prue Sub-district, Bang Lamung District, Chonburi Province.
- >> It is to be developed into a shopping mall of 80,000 sq. m. (including a Central Department Store) with a parking area of 70,000 sq. m. The project will appeal to consumers living in the area.
- >> Pattaya is a high potential site as it is a popular tourist attraction. It has business growth potential. Situated on the Beachside Road easily reached by customers, the location of the project is advantageous. As the project will be different from competitors, even from the existing Central Festival Center Pattaya, the Company believes that strong purchasing power can be expected from residents and tourists, both Thai and foreigners.
- >> Its completion is due in 2009.
- >> The investment cost is approximately 4,000 million Baht.

CentralPlaza Chonburi Project

- >> Located on an area of over 63 Rai on Sukhumvit Road in Mueang District, Chonburi Province.



- >> It comprises a shopping mall with a space of 140,000 sq. m. with Robinson Department Store and a parking area for over 1,500 cars to attract consumers living in Chonburi and nearby, including those working in the Eastern Seaboard Industrial Estate.
- >> The advantage lies in its location on Highway 3 (Sukhumvit Road), which leads to major tourist attractions, business centers, and major industrial estates of the Eastern Region. When completed, its unique architectural style will stand out as a landmark of the region.
- >> The project is scheduled to be complete by 2009.
- >> The investment cost is approximately 2,000 million Baht.

CentralPlaza Khonkaen Project

- >> Located on an area of over 35 Rai in Khon Kaen Province.
- >> It comprises a shopping mall with a space of 150,000 sq. m. with a Robinson Department Store to attract consumers living in Khon Kaen and nearby.
- >> Khon Kaen Province is a high-potential province of the Northeastern Region, with government support as the export center of Indochina. It is also the commercial, technological, and government agency hub of the Northeast, complete with state and private universities in the vicinity and its own airport.
- >> The project is scheduled to be completed by 2009.
- >> The investment cost is approximately 2,000 million Baht.

Projects under feasibility study

Rama 9 Project :

- >> Located at the intersection of Ratchadapisek and Rama 9 Road adjacent to the subway station.

International Project :

- >> Preliminary feasibility study for business expansion to high growth potential countries in Southeast Asian.

NATURE OF BUSINESS

Central Pattana Public Company Limited was established on June 17, 1980 with the objective of developing large format, full service retail shopping centers. The Company has been listed on the Stock Exchange of Thailand (SET) since March 1, 1995. Its current fully paid-up equity is Baht 2,178,816,000 with 61% holds by Central Holdings Co., Ltd., and Chirathivat family members as its major shareholders. Its core business is to provide serviced retail space for rent. At present, the Company manages 10 shopping complexes in Bangkok and upcountry. In addition, the Company has operated other related businesses, i.e. office buildings, residential buildings, food centers, water and recreational parks, and the provision of services and facilities in its shopping complexes. All businesses operate by very experienced management team.

Business Categories

The Company's main business is to develop retail property for rent comprising shopping complexes, office buildings, residential buildings, food centers, water and recreational parks. Each project is uniquely developed depending upon given location and customer base. Property development includes the acquisition of suitable land, construction supervision, leasing, marketing, and property management, as well as the provision of services in the shopping complexes when they are operational. The Company's businesses can be categorized as follows:

1. Shopping Complexes

Main business of the Company's, which is generates rental income and utilities, security, and cleaning services income from 8 projects and generates management income from CPN Retail Growth Property Fund ("CPNRF") which the Company is a property manager of its 2 projects.

At present, the Company and its subsidiaries manage 10 shopping complexes, as follows:

The Company's Projects	Start of operation
Central Plaza Lardprao	December 1982
Central Plaza Ramindra	November 1993
Central City Bangna	December 1993
Central Plaza Pinklao	March 1995
Central Festival Center Pattaya	July 1995
Central Airport Plaza Chiangmai	March 1996
CentralWorld	December 2002
Central Plaza Rattanaibet	December 2003

The CPNRF's Projects*	Start of operation
Central Plaza Ratchada Rama III	October 1997
Central Plaza Rama II	December 2002

*Leased out to CPNRF since Aug, 2005

2. Office Buildings

Office buildings are the valued complement to shopping complexes, due to generate incremental revenue from land usage enhancement and increase traffic for shopping complexes. The development of office buildings depends on the supply and demand of office space in each location. The Company has four office building projects which are located within the following shopping complexes: Central Plaza Lardprao, Central Plaza Pinklao, Central City Bangna and CentralWorld. Most of office buildings tenants operate businesses that are retail-related, i.e. learning centers, beauty treatment centers, finance and security companies, etc. The Offices at CentralWorld is an exception, as it offers a 45-storey premium grade office space to international companies.

3. Residential Buildings

At present, the Company manages two residential building projects: Lang Suan Colonade – a furnished apartment situated on Lang Suan Road, the heart of the central business district (CBD) in Bangkok, and 12 units in Central City Residence - a condominium which is part of Central City Bangna.

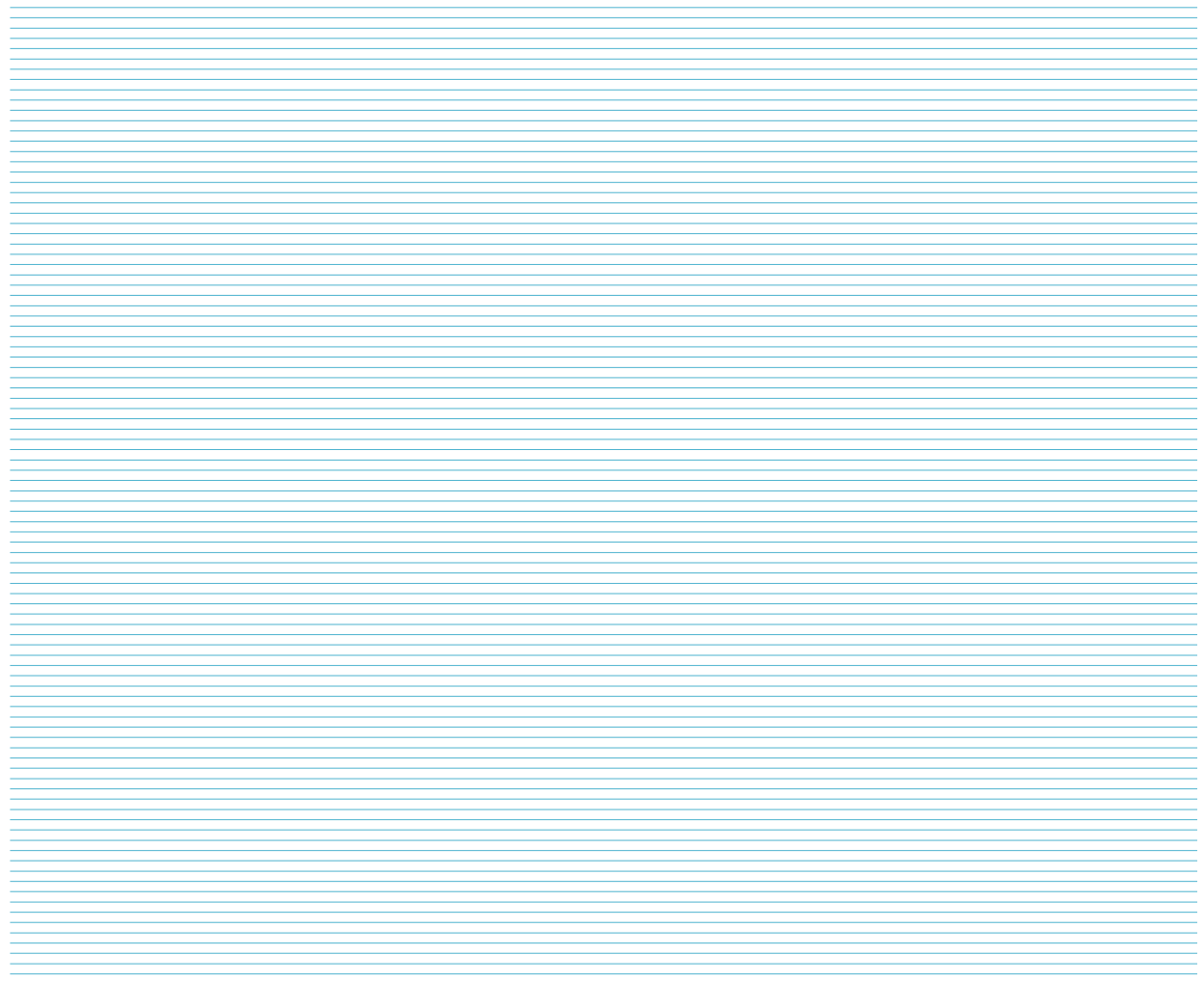
4. Water Park and Recreational Park

The water and recreational park business provides variety and entertainment where customers can enjoy outdoor

activities at shopping complexes. At present, there are 2 projects. Leo Land Water Park, situated on the 6th floor of Central City Bangna, is popular among families and tourists. Central Park, located in Central Plaza Rama II, comprises a health park, a playground, an activity area and restaurants.

5. Food Centers

Food Centers in shopping complexes comprise various booths selling economically priced popular dishes ready to serve for our customers. Revenue from the sales of food and beverages is a part of the Company's income.



THE REVENUE STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES

Type of Business / Operated By	% of Shareholders	Year 2006		Year 2005		Year 2004	
		Amount	%	Amount	%	Amount	%
Shopping Center		5,545	71.6%	5,474	78.4%	5,130	82.9%
- Central Pattana PLC.							
- Central Pattana Chiangmai Co., Ltd.	99.99%						
- Bangna Central Property Co., Ltd.	99.99%						
- Central Play Land Co., Ltd.	99.99%						
- Central Pattana Rama 3 Co., Ltd.	99.99%						
- Central Pattana Rama 2 Co., Ltd.	99.99%						
- Central Pattana Rattanathibet Co.,Ltd.	99.99%						
- CPN Pattaya Beach Co.,Ltd.	99.40%						
- Central World Co., Ltd.	92.50%						
- Central Pattana Khon Kaen Co.,Ltd.	78.13%						
Office Building		733	9.5%	482	6.9%	229	3.7%
- Central Pattana PLC.							
- Bangna Central Property Co., Ltd.	99.99%						
- Central World Tower Co., Ltd.	92.50%						
Residential		22	0.3%	31	0.4%	40	0.6%
- Langsuan Realty Co., Ltd.	99.99%						
- Bangna Central Property Co., Ltd.	99.99%						
Water & Recreation Park		10	0.1%	14	0.2%	48	0.8%
- Bangna Central Property Co., Ltd.	99.99%						
- Central Pattana Rama 2 Co., Ltd.	99.99%						
Food Center		397	5.1%	420	6.0%	387	6.3%
- Central Food Avenue Co., Ltd.	99.99%						
- Central Pattana Chiangmai Co., Ltd.	99.99%						
- Bangna Central Property Co., Ltd.	99.99%						
- Central Realty Services Rama 3 Co., Ltd.	99.99%						
- Central Pattana Rama 2 Co., Ltd.	99.99%						
- Central Pattana Rattanathibet Co., Ltd.	99.99%						
- Central World Co., Ltd.	92.50%						
Interest Income		159	2.0%	55	0.8%	32	0.5%
Management Income		198	2.6%	66	0.9%	10	0.2%
Share of profit from investment in CPNRF		299	3.9%	83	1.2%	-	0.0%
Others		388	5.0%	356	5.1%	314	5.1%
Total Revenue ⁽¹⁾		7,749	100.0%	6,981	100.0%	6,190	100.0%

Remark (1) Total Revenue of the year 2005 exclude gain on financial lease amounted to 2,885 Million Baht

MANAGEMENT'S DISCUSSION AND ANALYSIS

Performance for the fiscal year 2006

In 2006, retail market experienced a slow down due to sluggish economic growth. As shown in our FY2006 operation and financial performance, Central Pattana Public Company Limited ("CPN") fared reasonably well during such downturn. FY2006 total revenue grew 4.4% y-o-y whilst net profit showed a growth of 16.6% y-o-y, compared to that of FY2005 (exclusion of gain for the financial lease of assets to CPNRF and write-off as a result of impairment of assets under development). During FY2006, CPN completed expansion and renovation projects at CentralWorld in August and December 2006, respectively, and an asset enhancement project at Central Plaza Rattathibet in December 2006. In addition, CPN has started construction of two of the five planned green-field developments, Central Plaza Chaengwattana and Central Pattaya Beach, which will be opened by 4Q08 and 2Q09, respectively. In light of the steady free cash flow, CPN's Board of Directors has proposed for approval of the shareholders' meeting in April 2007 a dividend payment of Baht 0.31 per share or 40% payout of net profit from the FY2006 performance.

Comparison between FY2006 and FY2005 performance should be done under the consideration that partial performance of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 has been transferred to CPN Retail Growth Property Fund (CPNRF) since August 2005 due to the financial lease of most of the assets of those properties to CPNRF. This was the main contribution to the changes in the company's performance when comparing this year's performance to the previous year. However, for comparative purpose, additional analysis is provided to show what the company's performance would have been if performance of such properties and other items associated with the

financial lease had been excluded in the calculation in FY2006 and FY2005. In addition, there were two non-recurring items accounted in FY2005 financial result: 1) a gain for the financial lease of the partial areas of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 to CPNRF and a write-off (non-cash) as a result of impairment of assets under development.

Revenue

Consolidated income from rental & service and food & beverage in 2006 stood at 6,706.2 MB, up 4.4% y-o-y. Rental & service income grew 5.1% y-o-y to 6,309.7 MB even though the majority of income from Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 were transferred out to CPNRF. For comparative purpose, excluding performance of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 in FY2006 and FY2005, FY2006 income from rental & service and food & beverage of the company's other properties increased 13.5% y-o-y. The growth was primarily due to full year contribution of additional saleable area at Central Plaza Rattathibet after the relaunching in September 2005, the opening of CentralWorld, higher take up rate at The Offices at CentralWorld and increases in service income from the new CAM Charge rate applied to all properties since August 2006. FY2006 Food & beverage sales declined 5.6% y-o-y on closures of food courts at Central Plaza Ratchada-Rama 3 for renovation and CentralWorld in 3Q06.

Other income in 2006 decreased 82.3% to 585.6 MB, as that of FY2005 included a one-time gain of 2,884.8 MB from financial lease of the assets to CPNRF. Excluding such gain, FY2006 other income would have been 38.7% higher than the 422.1 MB of FY2005's, primarily due to property management fee from CPNRF.

Cost and Administrative expenses

Total cost of rental & service and food & beverage include utilities, depreciation and amortization on rented properties, on-site personnel, repair & maintenance and property tax. For FY2006, total cost stood at 3,782.8 MB, an increase of 8.1% y-o-y due to the full year absence of partial cost of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3. Excluding cost of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3, FY2006 total cost of the company's other properties increased 13.3% y-o-y, mainly driven by additional depreciation of the expansion phase of CentralWorld which opened in August 2006, higher cost at Central Plaza Rattathibet since it was launched in September 2005 and higher utility costs at all properties due to increased electricity rate (FT Baht per unit).

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Total operating and administration expenses include expenses on personnel, advertising and promotion, office supplies, professional fees, depreciation and amortization on office equipments. For FY2006 consolidated operating and administration expenses showed a decrease of 23.3% to 1,078.0 MB as that of FY2005 included a non-cash write-off of 406.6 MB as a result of impairment of assets under development and partial expense of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 were transferred out to CPNRF since August 2005. Excluding the write-off and expenses of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 in FY2006 and FY2005, operating and administration expenses in FY2006 would have increased 11.8% y-o-y, mainly due to significant increase in advertising and promotion expense for marketing activities during and after the opening of CentralWorld's newly opened phase and higher personnel expense from organization restructuring, salary base adjustment and increase in personnel to support business expansion.

Operating profit and Net income

Consolidated operating profit and net income in 2006 amounted 2,589.9 MB and 1,685.2 MB, respectively. Net income in 2006 were recorded down 48.8% y-o-y as FY2005's performance included a one-time gain of 2,884.8 MB (2,018.9 MB net of tax) for the financial lease of the partial areas of Central Plaza Rama 2 and Central Plaza Ratchada-Rama 3 to CPNRF and a write-off (non-cash) of 406.6 MB (170.7 MB net of tax and minority interest) as a result of impairment of assets under development. Excluding the gain and write-off and other related items, FY2006 net profit would have been 16.6% higher than FY2005's of 1,446.3 MB, due to increase in total revenue as previously mentioned.

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Net profit margin in 2006 stood at 22.6%, down from 33.7% in FY2005 mainly due to the inclusion of net gain from two non-recurring items in FY2005. Excluding these two non-recurring items and their related transactions, FY2005 net profit margin would have been 21.0%. The growth of net profit margin in FY2006 was mainly supported by full year contributions from property management fee from and the investment in CPNRF.

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Return on equity (ROE) in 2006 was 14.3% which decreased from last year at 33.5%, due to an inclusion of two non-recurring items in FY2005. Excluding net gain from two non-recurring items and their related transactions, FY2005 return on equity would have been 14.7%.

Financial Position as at December 31, 2006

Assets

As at December 31, 2006, the consolidated assets amounted to 34,336.5 MB, an increase of 960.2 MB, or 2.9% y-o-y. Total current assets declined by 2,796.1 MB, or 38.4%

GOOD CORPORATE GOVERNANCE

Good Corporate Governance

1. Policy on Good Corporate Governance

CPN has a clear policy on good corporate governance, which is considered a tool to help shape our management structure and make our business administration efficient, clear, and transparent, which will afterwards bring about higher credibility and sustained growth. Our management has mapped out a set of guiding principles for directors, the management, and all our staff to follow to build up our organizational culture. These principles are :

- >> Open & Honest
- >> Fair to All
- >> Care for People & Society
- >> Treat People Equally
- >> Keep Promises & Confidentiality

We consider these guidelines as our policy on good corporate governance, which directors, executives, and all staff are required to observe. These guidelines have been communicated to directors, executives, and staff through various channels, such as the staff manual, in which ethics for directors, executives, and staff; the policy on quality management; work regulations; and staff welfare are covered. In addition to the staff manual, which is distributed to each of our staff, electronic media and notice boards are used as supporting channels for messages regarding good corporate governance. To ensure correct understanding among executives and staff, training is another channel used to continuously promote good corporate governance. And to demonstrate that the Company put a strong emphasis on good corporate governance, these guidelines regularly appear on various other media, such shirt pins, key chains, desktop paging, and computer screen savers. More importantly, we have had the “I box”, a suggestion box to welcome opinions from staff at all levels. This is an effort to widen the internal communication channels between the management and staff for further improvement, rectification, and development of good corporate governance.

CPN has initiated a program called the “CG is our Life, CPN Goes forward with Good Corporate Governance”. It is a special program intended for promoting good corporate governance among the management and all staff at our headquarters and all 10 shopping centres so that everybody will be fully aware of and understand good corporate governance, and observe it willingly.

Our Good Corporate Governance Working Team has performed its role in mapping our measures, principles, and guidelines in regard to good corporate governance and has produced and distributed a manual, code of business ethics, as well as other regulations and standards for the performance of shareholders and stakeholders. The Working Team also arranged training for executives and staff to equip them with the understanding of their responsibilities so that they can perform their roles appropriately. The Working Team also follows up the progress of good corporate governance, make assessment and improvement as well as input to the recommendations made by the Board.

Thanks to its strong emphasis on good corporate governance which has been actively put into practice, CPN has been named one of the outstanding organisations with good in corporate governance among 402 listed companies on the Stock Exchange of Thailand (SET).

2. Rights and Equality of Shareholders

The Company has instituted guidelines to protect the rights and equality of shareholders as follows:

- >> Shareholders have the right to participate in the decision-making of significant matters. All relevant details as well as the recommendations of the Board on every agenda item must be raised to shareholders at their meetings so that they can have sufficient information for consideration and voting.

- >> The Company will send a proxy form as well as details of proxy assignment procedures to shareholders together with the invitation to each shareholders' meeting. This will be a type B proxy, in which shareholders can state their preference for voting. Type B proxy also provides the names of independent directors whom shareholders can assign as their proxies.
- >> The Company arranges for the verification of relevant documents and proof of the right to participate in shareholders' meetings. The Company also allows two hours before the commencement of the meeting for registration.
- >> The Company provides shareholders with basic rights and equitable treatment, which include the right to receive the share certificate and share transfer, the right to receive clear and accurate information, the right to attend shareholders' meetings and voting for the approval of significant matters, the right to elect each individual CPN management team member to administer the business, the right to set the compensation of the Board, the right to appoint the auditor and his/her fee, the right to receive dividends, and/or other rights including the right to receive adequate and timely information
- >> The Company has a system to assure shareholders of accurate dividend payments. The alliance structure among the Company, its affiliates, and joint ventures is simple, without joint shareholding or cross-shareholding. Our regulation prevents illegal use of information and conflicts of interest.
- >> The Company allows shareholders to present suggestions, recommendations, or complaints through its website, investor relation's e-mail, telephone, and by conventional mail. Such suggestions and recommendations will be used for the improvement of our business to meet shareholders' needs and satisfaction.
- >> The Company provides minority shareholders with the

right to propose in advance meeting agenda items and names of candidates to be selected to the Board. Such proposal can be made through the Company's website. This practice started with the shareholders' meeting for the year 2007 onwards.

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3. Rights of Stakeholders

The Company recognises the rights of various groups of stakeholders as follows :

Employees : The Company treats all employees fairly and justly, providing compensation suitable for each individual's knowledge and skills as well as experience and nature of work. We conduct salary surveys among similar businesses and adjust our expenditure in accordance with the cost of living. We also consider the adjustment of our salary structure as well as compensation in other forms to catch up with the employment market. We value the quality of life and safety by providing annual physical check-up for employees and conducting exercises on emergency response, such as those to fires and disasters.

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 We provide training both within and outside the Company to raise our employee's potential and equip them with the required knowledge and skills, such as Emergency Response and Crisis Management, Thailand Quality Award for Executives, Ethical Approach to Corporate Social Responsibility, and Internal Control for Sustainable Growth. During 2006, we arranged 252 in-house training sessions for 1,866 staff members, and 219 others for 182 staff members under a total budget of Baht 4,823,335.

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 We provide a channel for all staff to express their opinions. This includes the "I Box", a suggestion box for staff. Employees can also express their satisfaction towards the Company and inter-departmental services through the annual EOS (Employee Opinion Survey) and VOC (Voice of Customer).

Creditors : The Company repays principals and interests of all loans to all creditors in the correct amounts and in a timely way. We strictly honor loan terms and conditions.

Construction Contractors : We make transparent and straightforward all stages of bidding, price negotiation, selection of contractors, and contract agreement. We treat all construction contractors equally and fairly. Representatives from the Construction Management Department, Legal Department, and Finance Department must be involved in all stages of work.

Customers : The Company values customers and provide its customers with business advice to help them reach their goals. Providing the agreed standards of service, we respond to customers' needs and respect their confidentiality. We have a dedicated working unit and dedicated staff to receive complaints from customers and take the fastest corrective actions. Moreover, to quickly and efficiently respond to tenants, potential tenants, and customers visiting our shopping centres, we have set up a CPN Call Center at +66(0) 2635-1111, from Monday through Sunday and on holidays, to provide information and recommendations.

Competitors : We respect competition rules and regulations by following the free market. We do not commit market dumping, price cutting, or anything dishonest to harm competitors. We search for niche markets and develop new marketing tactics to best respond to consumers' needs.

Community and Society : We conduct our business with responsibility for the community and society, taking into account environmental conservation. We welcome complaints through Company website and call centre. We regularly support projects that benefit the community and society, such as donating blood under the "6 Million

c.c. Tribute to HM the King Program," selling cloth dolls to raise funds for the lunch of needy children under the care of The Fund for the Development of Children in Remote Areas, presenting a blood-donation mobile unit to The Thai Red Cross, making a cash donation for the procurement of raincoats for the needy under a project of the Thai Red Cross. In addition, our Central Plaza Rama II was named by the Pollution Control Department as an operator with an outstanding water treatment system.

4. Shareholders' Meetings

During 2006, one Shareholders' Meeting was held at The Offices at Central World in accordance with related laws. The Company sent invitations together with information concerning each agenda item to shareholders 14 days ahead of the meeting date. We also had the details of the invitation letters and other information concerning the meeting uploaded onto the Company's website to provide enough time for shareholders to scrutinise significant matters. Moreover, we made an announcement in regard to the date, time, and venue of the meeting, as well as the meeting agenda in newspapers for three consecutive days and no less than three days ahead of the meeting. In this regard, 11 out of 13 directors (the Chairman, the President & CEO, independent directors, and other directors) attended the 2006 Shareholders' Meeting.

Before the meeting, the Chairman announced the number of shareholders or proxies and the number of shares belonging to the attendees. The Chairman also explained clearly how ballots would be cast and counted, and conducted the meeting according to the agenda. All shareholders had equal voting rights and were provided with sufficient time for expressing their opinions and asking questions at the meeting. They were also given opportunities to ask chairpersons of committees for clarification of certain matters.

The consideration and ballot casting proceeded in accordance with the meeting agenda. Vote counting was conducted under the regulations, with transparency and openness. Ballots were openly counted by announcing to the meeting those votes in agreement, disagreement, and abstention. Decisions were based on the criteria set by law.

The minutes of the meeting were completely recorded with details on votes counted for each agenda item, and submitted to SET within 14 days after the meeting date. A reliable system is in place for filing the minutes of meetings. We posted these minutes on the Company's website within three days after the Chairman had endorsed the accuracy of the minutes.

5. Leadership and Vision

The Board is involved in deciding the Company's vision, mission, strategies, objectives, business plans, and financial plans. The Board, Audit Committee, Nomination and Compensation Committee, and the management have their distinct roles and responsibilities. The Board oversees and ensures that the Executive Committee conducts the business in accordance with business and financial plans effectively and efficiently.

6. Conflicts of Interest

The Board has imposed measures to carefully manage potential conflicts of interest. In this regard, a policy was formulated for the approval of connected transactions and for the prevention of the management and other people involved from making personal gains from the use of Company's internal information. The policy is detailed as follows:

Connected Transactions and Transaction with Potential Conflicts of Interest

The Audit Committee is responsible for reviewing and making suggestions and recommendations on critical

transactions beyond the authority of the Management Team. In this regard, the Board of Directors thoroughly considers such transactions, taking into account the highest benefit of the Company. Directors with possible interests in such transaction will not attend and will abstain from voting on that particular agenda item. The practice conforms to the regulations of SET. We also arrange for the disclosure of the information every quarter in the financial statements and in the annual report, as well as in Form 56-1.

As another measure, management team members are required to complete the clarification form for connected transactions for the accounting period ending December 31 every year.

Use of Company Information

The Company has instituted the following regulations:

Regulations on shareholding in CPN :

- (1) The management and staff of CPN who have access to Company's internal information must not buy, sell, transfer, or receive CPN shares by gaining from the Company's undisclosed information from the date when they are informed of the Company's operating results until three days after the Company has submitted the results to SET.
- (2) The management and staff of CPN must not buy, sell, transfer, or receive CPN shares from the date when they are informed of the Company's undisclosed information until three days after the Company has submitted the results to SET. Such information concerns events or operations which are firmly scheduled to take place or have already secured approval from the Executive Committee. Such information, when disclosed to the public, will bring about a significant impact on the share price and trading volume.

(3) The management is responsible for the report of the change in shareholding to the Securities and Exchange Commission (SEC) within three working days from the date of the change in shareholding. The management and staff are also required to compile a quarterly summary of shareholding for submission to the internal unit overseeing the matter.

>> **Regulations on the Control of Internal Information in CPN** mainly involve the prohibition of company personnel from using undisclosed information for personal benefit in their selling or buying of CPN shares. The regulations also prohibit CPN personnel from disclosing Company information to benefit outsiders in their sale or purchase of CPN shares. All personnel involved must sign up to demonstrate their acknowledgement and understanding in the regulations. They are also required to strictly follow the regulations; otherwise, they may face disciplinary measure. Besides, outsiders who get involved in important Company information also have to sign a confidentiality agreement to ensure that they will keep the confidentiality in the same manner as Company's management and staff.

7. Business Ethics

CPN has a policy on the responsibility for shareholders and stakeholders for mutual and sustained satisfaction and benefit. Business ethics, which we have put in writing, are therefore an important supporting factor for business administration which the Board, the management, and all staff are required to observe strictly and consistently. Those who challenge business ethics will receive punishment. We recognise the criticality of the improvement and development of our business ethics to keep pace with changing circumstances. We also continuously follow up its implementation and make it CPN's culture and values.

8. Role of Non-Executive Directors

The 13-member Board of Directors consists of:

- >> Two executive directors,
- >> Eight non-executive directors (representatives of major shareholders), and
- >> Three independent directors.

The three independent directors account for 23% of the Board. However, we have a number of directors, in fair proportion to the investment volume in the Company, who represent 77% of the Board. We can, therefore, assure investors that directors will perform their duties in their capacity as the representatives of shareholders with proper checks and balances on the Board.

9. Aggregation or Segregation of Positions

The Chairman of the Board and the President & CEO are two separate persons, but both are representatives of the same group of major shareholders. However, the Chairman encourages all directors to participate in meetings, provide help and advice, and supervise and support the management through the President & CEO. The Board is to stay away from routine tasks and business activities under the responsibility of the President & CEO. Therefore, there is a clear distinction between the roles of the Board and the management. In addition, by the structure of the Board, the three independent directors must play their counterbalancing role in reviewing Company management.

10. Compensation of the Board and Management

Compensation of Directors : The Company has a fair and reasonable compensation policy, which is issued by the Nomination and Compensation Committee, taking into account duties and responsibilities, CPN's operating results, and the compensation package for directors of similar companies. Compensation for the Board consists of:

	Name	Position	Attendance		
			Ordinary meeting	Extraordinary meeting	Total
1.	Mr. Vanchai Chirathivat	Chairman	4/4	1/1	5/5
2.	Mr. Anek Sithiprasasana	Vice Chairman	3/4	1/1	4/5
3.	Mr. Paitoon Taveebhol	Independent Director	3/4	1/1	4/5
4.	Mr. Chackchai panichapat	Independent Director	4/4	0/1	4/5
5.	Mrs. Sunandha Tulayadhan	Independent Director	4/4	1/1	5/5
6.	Mr. Kanchit Bunajinda	Director	4/4	1/1	5/5
7.	Mr. Suthichai Chirathivat	Director	4/4	1/1	5/5
8.	Mr. Suthikiati Chirathivat	Director	4/4	1/1	5/5
9.	Mr. Suthichart Chirathivat	Director	4/4	1/1	5/5
10.	Mr. Sudhisak Chirathivat	Director	4/4	1/1	5/5
11.	Mr. Sudhitham Chirathivat	Director	3/4	1/1	4/5
12.	Mr. Kobchai Chirathivat	Director	4/4	1/1	5/5
13.	Mr. Prin Chirathivat	Director	4/4	1/1	5/5

12. Committees

1) Audit Committee

The Audit Committee consists of three independent, non-executive directors, one of whom is an accounting expert. During 2006, 11 meetings were held with full attendance of all members. The committee must submit performance reports to the Board every quarter for acknowledgment. The Audit Committee report for the year 2006 is detailed on page 78

2) Nomination and Compensation Committee

The Nomination and Compensation Committee currently consists of seven members, two of whom are independent directors and five non-executive directors. One meeting was held in 2006 with full attendance of all members. The Committee submits its progress report to the Board for acknowledgment and for consideration regarding the nomination of directors in place of those who complete their

terms, as well as directors' compensation. The Board also provides a charter for the Nomination and Compensation Committee.

3) Risk Management Committee

The Risk Management Committee currently consists of four members, one of whom is a director, one is the President & CEO, and the other two are from the Management Team. The committee is in charge of considering and formulating the risk management policy and system, as well as monitoring progress, starting from risk identification, risk analysis, to risk assessment. The Committee, then, will systematically follow up and draw up a report while providing support and advice on risk management to various working units and continuously and regularly ensure company-wide implementation. During the year, four meetings were held and progress reports were submitted to the Board every quarter for acknowledgment.

4. Good Corporate Governance Working Team

The Good Corporate Governance Working Team currently consists of five members, one of whom is from the Management Team and acts as the Chairman working along with four other members representing various working units. The Working Team is in charge of formulating principles, guidelines, and standards of behavior for stakeholders. Its responsibilities include the monitoring of the implementation of good corporate governance throughout the year and make continuous assessment. The outcome of the assessment will then be submitted to the Board for consideration, approval, and recommendation. The Working Team's duty also covers the production of a booklet containing all good corporate governance measures for both internal and external dissemination. Besides, the Committee takes charge of organizing training for the management and all staff to ensure that they comply with all the rules concerning good corporate governance.

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 In its 2006 meeting, the Committee has:

- >> Reviewed the development plan of good corporate governance and appointed a committee for the selection of insurance agents and a committee for the procurement of office equipment and computers. This is to have more working committees assisting in ensuring fairness and transparency under good corporate governance principles.
- >> Established criteria to allow minority shareholders to propose their agenda items at shareholders' meetings and nominate their representatives to the Board.
- >> Reviewed business plans and organized activities for the community, society and the environment, for example, construction of a health park for public use in which activities in connection with the nature and environment conservation were organized. Other examples included

cooperation with government agencies in drug suppression and training of community security guards, construction of schools for underprivileged children in rural areas, blood donation among staff and the public, temple restoration, donation of cash or stationery items, and disaster relief.

- >> Developed the CPN website for dissemination of information on good corporate governance.

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 Besides, the Working Team continuously informs the Board, the management, and all staff of the progress of good corporate governance work for the sustainable growth of the Company.

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13. Internal Control, Internal Audit, and Risk Management
Internal Control and Internal Audit Systems

CPN highly values internal control, both at the executive and the working levels. We do recognise that internal control is an important factor for the operation, and have an organization structure with clear reporting lines. We also have written policies and regulations, which are regularly reviewed to keep pace with changing circumstances. This flexibility is considered our strong base for other related internal control, including risk assessment, adequacy of internal control over all business processes, as well as efficient follow-up and assessment systems. This is supported by the development of efficient information and communication systems with internal and external parties.

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 We also have an Internal Audit Office, an independent office directly reporting to the Audit Committee. The office reviews and assesses the adequacy of internal control systems, risk management processes, and good corporate governance. It regularly reports its internal audit report to the Audit Committee and continuously develops the internal audit work.

Our internal audit work is intended to be independent, fair, and in line with international standards to assure that our business can reach its goals. In addition, the Audit Committee has a clear role in overseeing this office by giving suggestions and guidelines while regularly monitoring good corporate governance practices from the Good Corporate Governance Committee and the management.

Risk Management

The Company highly values risk management and continuously performs risk assessment to ensure that effective development of risk management is in place. We have hired an internationally accepted consultant to assess and develop an integrated risk management system. We appointed a Risk Management Committee in charge of risk management and established a risk management structure to keep control on the risks within acceptable levels. The Committee is also in charge of risk management at all shopping centers and draws up quarterly risk management reports for submission to the Board. Its duties include regular coordination with the Audit Committee to exchange knowledge and information on risk and internal control which potentially affects the business.

14. Board of Directors' Reports

The Board is responsible for the financial statements of CPN and all affiliates, and financial information appearing in the annual report. The Board has appointed the Audit Committee to take responsibility for the quality of financial reports and internal control, as well as other processes drawn up under its discretion and in line with generally accepted accounting principles. The Board also ensures the adequacy of material information disclosed in the notes to financial statements. The Chairman of the Board and the President & CEO must

counter-sign this report to show their responsibilities, as detailed on page 80

15. Effective Communications with Investors

The Board recognises the criticality of the disclosure of information which must be accurate, complete, transparent, thorough, and timely. To ensure that investors and all stakeholders receive information that is reliable and adequate for making their decisions, the Company has set up an Investor Relations unit dedicated to communication with shareholders, investors, analysts, and credit rating companies-both domestically and internationally. This unit, under the responsibility of Finance Manager-Investor Relations, is in charge of disseminating CPN information efficiently and equally, under SEC and SET regulations.

CPN information is disseminated to the public via the following channels:

- >> SET through its Electronic Company Information Disclosure (ELCID). The information is posted on www.set.or.th
- >> SEC, whose information is posted on www.sec.or.th
- >> Company website at www.centralpattana.com
- >> Investor Relations Newsletters, issued at least once a quarter
- >> Activities of listed companies and investors, in conjunction with SET, on Opportunity Days
- >> Analyst meetings
- >> Press conferences
- >> Company visits & One-on-one meetings
- >> Site visits
- >> Roadshows, both domestic and international
- >> E-mails.

In 2006, senior executives and officers responsible for investor relations met shareholders and investors for information dissemination on various occasions as follows:

Format of meeting	Time
Company visits & one-on-one meetings	109
Analyst meetings	4
Site visit	1
Roadshows	3
Total	117

Interested persons can access CPN information through:

Contact person : Khun Choenporn Subhadhira
 Manager, Investor Relations

Address : Floor 31, The Offices At Central World
 Central Pattana Public Company Limited
 999/9 Rama I Road, Pathumwan
 Subdistrict, Pathumwan District,
 Bangkok 10330 Thailand

Telephone : +66(0) 2667-5555 ext. 1614 or 1669

Facsimile : +66(0) 2264-5593

E-mail : suchoenporn@centralplaza.co.th

Website : www.centralpattana.com

2006 Investor Relations Calendar

1st Quarter, 2006

- : Roadshows in Singapore and Hong Kong
- : Announced Quarter 4/2005 results
- : Analysts' Meeting (Opportunity Day 1/2006)
- : Roadshows in the UK and the US

2nd Quarter, 2006

- : 2006 Annual General Shareholders' Meeting
- : Announced Quarter 1/2006 results
- : Analysts' Meeting (Opportunity Day 2/2006)
- : 2005 dividend payment
- : Roadshows in Singapore and Hong Kong

3rd Quarter, 2006

- : CentralWorld Site Visit
- : Announced Quarter 2/2006 results
- : Analysts' Meeting (Opportunity Day 3/2006)

4th Quarter, 2006

- : Announced the Quarter 3/2006 results
- : Analysts' meeting

The year 2006 was one of significant progress for investor relations, especially the relations with analysts and institutional investors, evident in the number of research reports by securities companies and the steadily-rising number of company visits as well as the inquires. We expect that this will result in greater liquidity for our shares in the future.

In 2007, we are still determined to carry on with investor relations. Our goal is to increase the number of shareholders and strengthen the relationship with shareholders and retail investors in addition to that with major and institutional investors. Our plan is divided into two parts.



||| RISK FACTORS AND RISK MANAGEMENT

External Risk Factors

1. Economic Situation

The slowed-down economy produced by negative domestic factors since late 2006, mainly political instability and national security matters, has direct affected the investment climate for business people along with consumer spending. This may further affect our occupancy rate and rental rate increase as well as the number of customer traffic. However, our long experience shows that most tenants still have confidence in CPN and are ready to invest with us. Besides, thanks to our prudent investment policy, we are confident that we will capably get through this difficult period.

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2. Government Financial Policy

Capital control measure has caused a delay of our funding plan through CPNRF's capital increase. However, we can still raise fund through other channels, including loans or joint ventures. We expect that this would not affect our projects under construction. By whatever way of capital raising, expect to maintain the net interest bearing debt-to-equity ratio at no higher than 1:1. The optimal capital structure depends on our fund raising plan, costs of fund, and related markets conditions. By closely monitoring the situation, we stand ready to adjust our investment plan in line with the country's financial policy, economic situation, money market situation, and the local capital market.

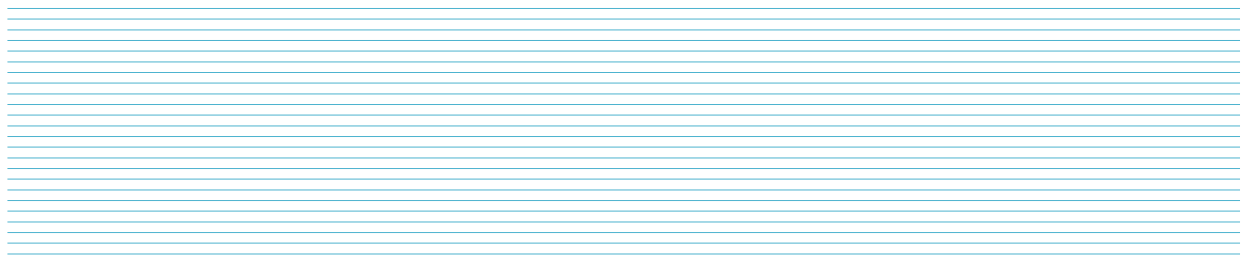
3. Fluctuation of Interest Rates

Interest rates have continually risen through this past year, even though they are expected to fall next year. Amidst the fluctuation of the interest rates due to various external factors, we will carry on our investment in new projects under our business expansion plan, which requires high investment. To reduce risks from interest rate fluctuations, we will look for long-term loans with fixed interest rates, which is our traditional practice. We also conduct careful budgeting to efficiently manage our capital with reasonable cost of fund.

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4. Sabotage, Incidents and Natural Disasters

As a result of recurrent domestic insurgencies, we need to always recognize the criticality of our security measures and to closely follow up the situation through news sources. Strict precautionary measures have been taken to prevent possible disturbances at all properties under our responsibility. We have our response plans to safeguard lives and assets of all parties involved. Above all, to guard against financial damages, we have arranged comprehensive insurances for all properties against damages from natural disasters and sabotage.



5. Amendment of Related Laws

Laws or government policies related to city planning, land expropriation, mass transit systems, or the environment may impose limitations on our development plan for shopping complexes, but these are beyond our control. We, therefore, pay close attention to site selection and size of land. We go through all details of related laws before making investment decisions. We also closely follow situations in this area to properly map out our property development plan.

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Internal Risk Factors

6. Inability to Renew Land Lease Agreements

To acquire locations with high potential, we sometimes need to lease some land, of which the lease agreement has already contained renewal conditions. However, if we cannot renew certain lease agreements, we may lose some expected economic benefits from them. To alleviate such risks and sustain our future growth rate, we continuously conduct studies on new projects, both close to the land with expiring lease agreements and at other potential locations.

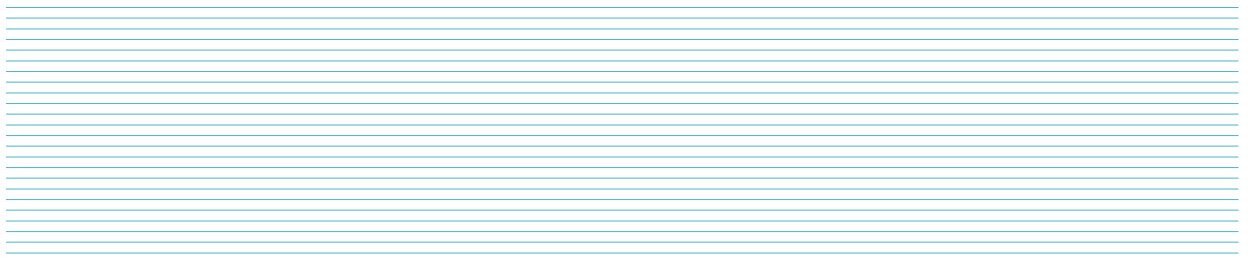
7. Construction Work

The success of new projects under our proactive business expansion plan depends on the support of various parties, including construction contractors. In addition to the good history of construction contractors, we carefully consider their financial stability to prevent project delays or suspension due to construction contractors' financial difficulties. The volatility of construction material prices may lower returns on investment from new projects. We, therefore, constantly look into new construction techniques to save both construction costs and time while maintaining the construction standards under budget.

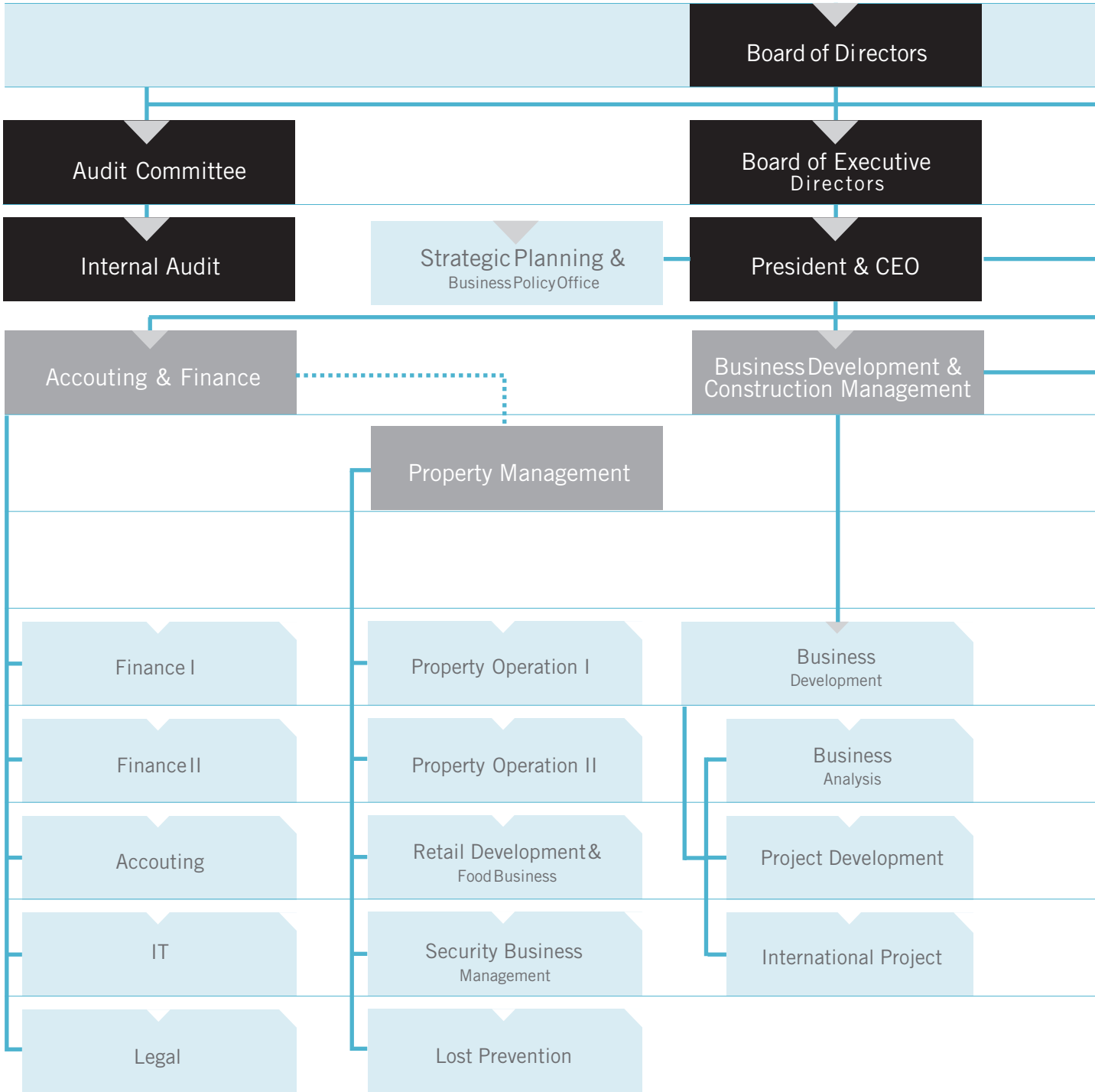
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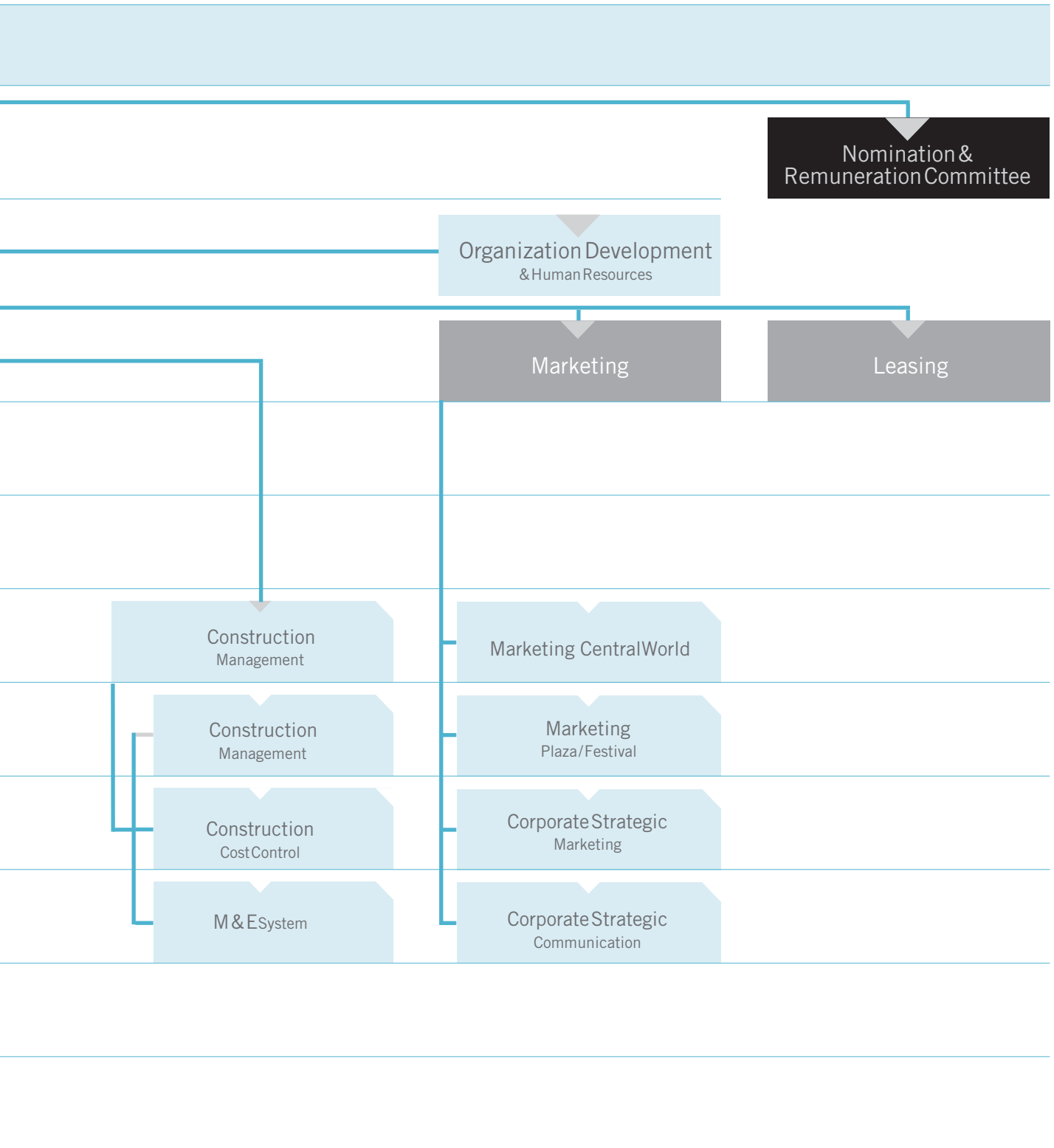
8. Operations

To prevent possible risks to our own operations, such as fire and sabotage, we have instituted our risk management plan. We set up a risk management team to identify risks and assess all stages of operations in all work areas, covering all projects and headquarters. We then design standard measures, policies, and guidelines to prevent and reduce risks to our operations. We constantly evaluate our risk control measures. The risk management team must present a quarterly report on risk management to the meeting of the company's Risk Management Committee. In 2007, we also have a policy on risk management concerning corporate governance, the environment, and impacts on the community.



ORGANIZATION CHART





MANAGEMENT STRUCTURE

The management structure of Central Pattana Public Company Limited (CPN) consists of the Board of Directors and Executive Committee together with three Sub-Committees and one Working Team, namely Audit Committee, Nomination and Compensation Committee, Risk Management Committee, and Good Corporate Governance Working Team. The company has its President & CEO as the top executive who executes his authority through the Management Committee. Below are details of each:

Board of Directors

The Board of Directors (“Board”) currently consists of 13 members, namely:

- | | |
|-------------------------------|----------------------|
| 1. Mr. Vanchai Chirathivat | Chairman |
| 2. Mr. Anek Sithiprasasana | Vice Chairman |
| 3. Mr. Paitoon Taveebhol | Independent Director |
| 4. Mr. Chackchai Panichapat | Independent Director |
| 5. Mrs. Sunandha Tulayadhan | Independent Director |
| 6. Mr. Kanchit Bunajinda | Director |
| 7. Mr. Suthichai Chirathivat | Director |
| 8. Mr. Suthikiati Chirathivat | Director |
| 9. Mr. Suthichart Chirathivat | Director |
| 10. Mr. Sudhisak Chirathivat | Director |
| 11. Mr. Sudhitham Chirathivat | Director |
| 12. Mr. Kobchai Chirathivat | Director |
| 13. Mr. Prin Chirathivat | Director |

Mr. Naris Cheyklin, Senior Executive Vice President Finance & Accounting, serves as secretary to the Board. The directors who are the Company’s signatories are Mr. Anek Sithiprasasana, Mr. Sudhitham Chirathivat, Mr. Prin Chirathivat, and Mr. Kobchai Chirathivat. The joint signatures of any two of these four directors with Company seal are required for validity.

Duties and responsibilities of the Board

- 1) Be consistently accountable to the shareholders and protect the benefit of each shareholder equally.
- 2) Arrange for the disclosure of Company information to shareholders, investors, and all stakeholders. Such information must be correct, complete, standardized, transparent, and timely.
- 3) Comply with the laws, company objectives and regulations, as well as the resolutions of shareholders’ meetings with honesty, integrity, ethics, and care for the Company’s interest.
- 4) Define Company’s vision, strategies, policy, and business directions and ensure that the business is efficiently and effectively administered by the management team under CPN’s policy to add the highest value, which must be secure and sustained, to the Company and shareholders.
- 5) Regularly follow up business performance.

- 6) Ensure efficient internal control and audit.
- 7) Ensure efficient risk management and regular monitoring.
- 8) Ensure good corporate governance practices and supervision.
- 9) Arrange for a secretary to assist the Board in its various activities and help the Board and the Company run the business in line with the related laws and regulations.
- 10) Ensure the availability of business ethics for directors, management team members, and staff, which serve as CPN's standard of practice.
- 11) Independent directors should exercise independent discretion in the formulation of strategies, management of work and resources, appointment of directors, and determination of business standards. They should also be ready to disagree with management team members and other directors on matters that may affect the equality of each shareholder.

Recruitment of Directors

Recruitment of directors is under the responsibility of the Nomination and Compensation Committee. The committee will select and screen candidates with qualifications as stipulated in the Company regulations and nominate to the Board for consideration before submission to shareholders' meetings.

Newly-appointed directors learn about their duties and responsibilities as well as rules and regulations concerning each committee, significant company strategies, policies, management structure, business administration, and past performance through the meeting with the Board and management committee. This is to produce appreciation of their roles and CPN's business. In addition, the company encourages all directors to attend training regarding the Board responsibilities to equip them with knowledge and understanding in their role as directors and good corporate governance practice.

Executive Committee

The Executive Committee, appointed by the Board, currently consists of six members, namely:

- | | |
|-------------------------------|--------------------|
| 1. Mr. Suthichai Chirathivat | Executive Chairman |
| 2. Mr. Suthikiati Chirathivat | Committee |
| 3. Mr. Suthichart Chirathivat | Committee |
| 4. Mr. Sudhisak Chirathivat | Committee |
| 5. Mr. Sudhitham Chirathivat | Committee |
| 6. Mr. Prin Chirathivat | Committee |

Duties and responsibilities of Executive Committee

- 1) Consider the following matters and submit them for the consideration of the Board:
 - 1.1 Company strategies

- 1.2 Annual budget estimates, based on the Company strategies
 - 1.3 Capital expenditure budget exceeding Baht 200 million
 - 1.4 Activities and operations concerning mergers and takeovers
 - 1.5 Appointment of President & CEO.
- 2) Ensure that business is conducted under budget and in line with the stipulated objectives.
 - 3) Consider and approve matters as assigned by the Board.

Audit Committee

The Audit Committee, appointed by the Board, consists of independent directors who are not members of the Executive Committee, one of whom must be an accounting expert.

- | | |
|-----------------------------|-----------|
| 1. Mr. Paitoon Taveebhol | Chairman |
| 2. Mr. Chackchai Panichapat | Committee |
| 3. Mrs. Sunandha Tulayadhan | Committee |

Ms. Suwannee Wacharodomprasert, Senior Manager of Internal Audit Office, serves as secretary to the Audit Committee.

The Audit Committee is required to follow a charter defined under the regulations of SET.

Duties and responsibilities of the Audit Committee

- 1) Ensure accurate and adequate financial reports.
- 2) Ensure suitable and effective internal control and internal audits.
- 3) Ensure compliance with securities and exchange laws, regulations of SET, and relevant laws.
- 4) Consider, select, and propose to appoint the Company's auditor together with its fee.
- 5) Consider the disclosure of Company information where related transactions or transactions with potential conflicts of interest are concerned, to ensure accuracy and completeness.
- 6) Prepare Audit Committee Report, signed by its Chairman, for publishing in the Company's annual report.
- 7) Ensure the effectiveness and adequacy of risk management.
- 8) Support the development of good corporate governance by giving suggestions and monitoring the progress of its promotion among staff to ensure that they know, understand, and recognize its criticality.
- 9) Provide advice on the formulation of policies, such as that on the selection of insurance brokers and the procurement & purchasing policy.
- 10) Conduct other duties as assigned by the Board and concurred by the Audit Committee.

Nomination and Compensation Committee

The Nomination and Compensation Committee, appointed by the Board, currently consists of seven members, namely:

- | | |
|-------------------------------|-----------|
| 1. Mr. Chackchai Panichapat | Chairman |
| 2. Mrs. Sunandha Tulayadhan | Committee |
| 3. Mr. Kanchit Bunajinda | Committee |
| 4. Mr. Suthichart Chirathivat | Committee |
| 5. Mr. Sudhisak Chirathivat | Committee |
| 6. Mr. Sudhitham Chirathivat | Committee |
| 7. Mr. Prin Chirathivat | Committee |

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Mr. Naris Cheyklin, Senior Executive Vice President Finance & Accounting, serves as secretary to the Nomination and Compensation Committee.

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Duties and responsibilities regarding nomination

- 1) Propose a clear, fair, and reasonable policy on the selection and recruitment of directors for submission for the Board's consideration and further to shareholders' meetings for approval.
 - 2) Propose a clear, fair, and reasonable policy on the selection and recruitment of the President and CEO for submission for the Board's approval.
 - 3) Review and table for approval from the Board policies and strategies concerning human resources in line with CPN's business strategies.
 - 4) Nominate selected candidates with knowledge, ethics, and other qualifications as directors or the President & CEO.
 - 5) Review the proportion of the Board, taking into account the appropriate numbers and each director's experience. This includes making suggestions on the recruitment of director replacement.
 - 6) Ensure the preparation of a succession plan for directors as well as the President & CEO.
 - 7) Define the President & CEO's employment period and contractual conditions for employment, assess his/her performance, and propose his/her successor.
-

Duties and responsibilities regarding compensation

- 1) Formulate a policy and form of compensation for directors in line with business strategies, for submission to the Board and further to shareholders' meetings for approval, based upon clear, fair, and reasonable principles.
- 2) Formulate a policy and form of compensation for the President & CEO in line with business strategies, for submission to the Board for approval, based upon clear, fair, and reasonable principles.
- 3) Propose a compensation plan, in cash or in kind, for the Board and committee members appointed by the Board as well as the President & CEO.
- 4) Consider, review, and keep the compensation method and compensation rate in line with market conditions and CPN's business performance and the performance of individual directors and the President & CEO.

- 5) Ensure that directors and the President & CEO receive a compensation package suitable for their duties and responsibilities.
- 6) Define an assessment approach for the performance of directors and the President & CEO and decide their annual compensation by taking into consideration their duties and responsibilities as well as long-term value that they can create for shareholders.
- 7) Consider the annual compensation for each director and the President & CEO before tabling them for the Board's approval.

Risk Management Committee

The Risk Management Committee is currently a 10-person committee consisting of one chairman & his/her deputies, and committee members, namely:

1. Mr. Prin Chirathivat	Advisory Chairman
2. Mr. Kobchai Chirathivat	Chairman
3. Mr. Sudthidej Chirathivat	Vice Chairman
4. Mr. Naris Cheyklin	Vice Chairman
5. Mrs. Suwadee Singngam	Leader of Working Committee & Secretary
6. Miss Wallaya Chirathivat	Working Committee Member
7. Mr. Terachart Numanit	Working Committee Member
8. Mrs. Panida Sooksridakul	Working Committee Member
9. Mr. Panat Krairochananan	Working Committee Member
10. Mrs. Prapairat Kanavittaya	Working Committee Member

Duties and responsibilities of Risk Management Committee

- 1) Make suggestions and give support to the Board in formulating the risk management policy and defining acceptable risk levels.
- 2) Define the framework of CPN's risk management in line with the risk management policy, and follow up on its implementation as well as reviewing the effectiveness of the framework.
- 3) Table a broad view for the Board's consideration of business risks and its management method, and follow up on results.
- 4) Review risk management reports, ensure adequate and suitable risk management to acceptable levels, and ensure continued implementation of risk management.
- 5) Regularly coordinate with the Audit Committee by sharing information about risks and internal control potentially affecting CPN's business.
- 6) Decide and provide recommendations on critical issues which learn from the risk management process.
- 7) Support a Company culture for adequate risk management and internal control.

Good Corporate Governance Committee

The Good Corporate Governance Committee is currently a five-person committee consisting of a Chairman and committee members, namely:

- | | |
|-------------------------------|------------------|
| 1. Mr. Naris Cheyklin | Chairman |
| 2. Mrs. Pussadee Phanthumphan | Committee Member |
| 3. Miss Naparat Sriwanvit | Committee Member |
| 4. Mrs. Suwadee Singngam | Committee Member |
| 5. Mr. Uthai Kongkittiwong | Committee Member |

Duties and responsibilities

- 1) Define criteria, guidelines, and standards for all stakeholders, regularly follow up and assess their performance through the year, and submit the findings to the Board for consideration, approval, or comments.
- 2) Produce a Good Corporate Governance manual, complete with rules and practices for distribution to stakeholders both within and outside the organization. Arrange training for executives and all staff to acknowledge, comprehend, and voluntarily fully comply with the Good Corporate Governance practices.
- 3) Request approval from the Executive Committee, to be treated as a commitment for organization management.
- 4) Request information and cooperation from all units both within and outside CPN on behalf of the Company.

Management Committee

The Management Committee currently consists of seven members, namely:

- | | |
|----------------------------------|--|
| 1. Mr. Kobchai Chirathivat | President & Chief Executive Officer |
| 2. Mr. Sudthidej Chirathivat | Senior Executive Vice President
Business Development & Project Construction |
| 3. Mr. Naris Cheyklin | Senior Executive Vice President, Finance & Accounting |
| 4. Mr. Sudhipak Chirathivat | Executive Vice President, Leasing |
| 5. Miss Wallaya Chirathivat | Executive Vice President, Business Development |
| 6. Mr. Terachart Numanit | Executive Vice President, Construction Management |
| 7. Dr. Nattakit Tangpoonsinthana | Executive Vice President, Marketing |
| 8. Mrs. Panida Sooksridakul | Senior Director, Property Management
(Acting Executive Vice President, Property Management) |

Duties and responsibilities of the Management Committee

- 1) Develop and propose strategic business plans
- 2) Develop and propose annual budget estimates
- 3) Propose capital expenditure budgets exceeding Baht 50 million
- 4) Propose the appointment of executive members reporting directly to the President & CEO.
- 5) Approve projects as assigned by the Board and the Executive Committee.

Shareholding of Directors

As at 31 December 2006, Central Pattana Plc commanded 2,178,816,000 registered shares. The shares held by each director were as follows:

No.	Name	Shareholding (shares)	Shareholding (%)
1.	Mr. Vanchai Chirathivat	46,461,966	2.13%
2.	Mr. Suthichai Chirathivat	41,791,000	1.92%
3.	Mr. Suthikiati Chirathivat	41,730,200	1.92%
4.	Mr. Suthichart Chirathivat	23,295,400	1.07%
5.	Mr. Sudhisak Chirathivat	14,173,200	0.65%
6.	Mr. Sudhitham Chirathivat	25,935,400	1.19%
7.	Mr. Kobchai Chirathivat	26,483,500	1.22%
8.	Mr. Prin Chirathivat	30,150,550	1.38%
9.	Mr. Sudhidej Chirathivat	16,295,700	0.75%
10.	Mr. Sudhipak Chirathivat	12,794,800	0.59%
11.	Miss Wallaya Chirathivat	8,579,600	0.39%

Additional qualification of Board of Directors and Executive Committee:

- 1) Must not be bankrupt, incompetent, or quasi-incompetent.
- 2) Must never have been imprisoned by final judgment on offences relating to fraudulent intent.
- 3) Must never have been dismissed from government service or public agencies as a result of dishonesty or malfeasance.

Self-assessment of Board of Directors

Board directors must conduct their annual self-assessment and present the findings to the Board for acknowledgement. Collective assessment of the Board must also be conducted annually for their preparedness, initiatives on business strategy and business planning, risk management and internal control, prevention of conflicts of interest, follow-up on financial reports and operations, the Board meetings, and so on. In addition, the Board must assess future business direction and identify matters of special interest for all directors to acknowledge. This information serves as a practical guideline for efficient and effective job performance, and prepares them for problem and risk prevention to business in a timely manner.

Assessment of President & CEO's performance

The assessment of the President & CEO's performance is the responsibility of Executive Committee, which must present its findings to the Nomination and Compensation Committee and the Board annually.

REMUNERATION TO THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

Directors' Remuneration: The Company prescribes policy for fair and reasonable remuneration of directors, which has been determined by The Nomination and Remuneration Committee. This ensures that remuneration of directors is at an appropriate rate commensurate with directors at businesses of a size and type that is compatible with the Company, and taking into account the roles and responsibilities of each directors and performance of the Company. Directors shall receive remuneration of totaling Baht 5,000,000 per year, of which payment structure, approved by the resolution at the 2006 Annual General Shareholders' Meeting on April 28, 2006, as follows:

Remuneration for	No. of Director	Directors Fees (Baht/Quarter)	Meeting Allowances for Directors (Baht/Meeting)	Meeting Allowances for Audit Committee (Baht/Meeting)
Independent Director (Chairman of Audit Committee)	1	60,000 ⁽¹⁾	30,000	20,000 ⁽⁴⁾
Independent Director (Audit Committee Member)	2	50,000 ⁽²⁾	30,000	20,000 ⁽⁴⁾
Honorary Director	-	40,000 ⁽³⁾	20,000	-
Executive Director/Director who is Shareholders' Representative	10	20,000	20,000	-

⁽¹⁾ Increase from 50,000 Baht/Quarter to 60,000 Baht/Quarter since April 28, 2006

⁽²⁾ Increase from 40,000 Baht/Quarter to 50,000 Baht/Quarter since April 28, 2006

⁽³⁾ Increase from 30,000 Baht/Quarter to 40,000 Baht/Quarter since April 28, 2006

⁽⁴⁾ Increase from 10,000 Baht/Meeting to 20,000 Baht/Meeting since April 28, 2006

Director remuneration in form of director fees and meeting allowances paid by the Company to the Board of Directors in their capacity as Directors and Audit Committee members, comprising a total of 13 directors totaled Baht 3,330,000. The details are below;

Unit : Baht

Name	Position	Director Fees	Meeting Allowances for Directors	Meeting Allowances for Audit Committee	Total Remuneration
1. Mr. Vanchai Chirathivat	Chairman	80,000	100,000	-	180,000
2. Mr. Anek Sithiprasasana	Vice Chairman	80,000	80,000	-	160,000
3. Mr. Paitoon Taveebhol	Chairman of Audit Committee	230,000	120,000	190,000	540,000
4. Mr. Chackchai Panichapat	Audit Committee Member	190,000	120,000	190,000	500,000
5. Mrs. Sunandha Tulayadhan	Audit Committee Member	190,000	150,000	190,000	530,000
6. Mr. Kanchit Bunajinda	Director	80,000	100,000	-	180,000
7. Mr. Suthichai Chirathivat	Director	80,000	100,000	-	180,000
8. Mr. Suthikiati Chirathivat	Director	80,000	100,000	-	180,000
9. Mr. Suthichart Chirathivat	Director	80,000	100,000	-	180,000
10. Mr. Sudhisak Chirathivat	Director	80,000	100,000	-	180,000
11. Mr. Sudhitham Chirathivat	Director	80,000	80,000	-	160,000
12. Mr. Kobchai Chirathivat	Director	80,000	100,000	-	180,000
13. Mr. Prin Chirathivat	Director	80,000	100,000	-	180,000
Total		1,410,000	1,350,000	570,000	3,330,000

Management Remuneration :

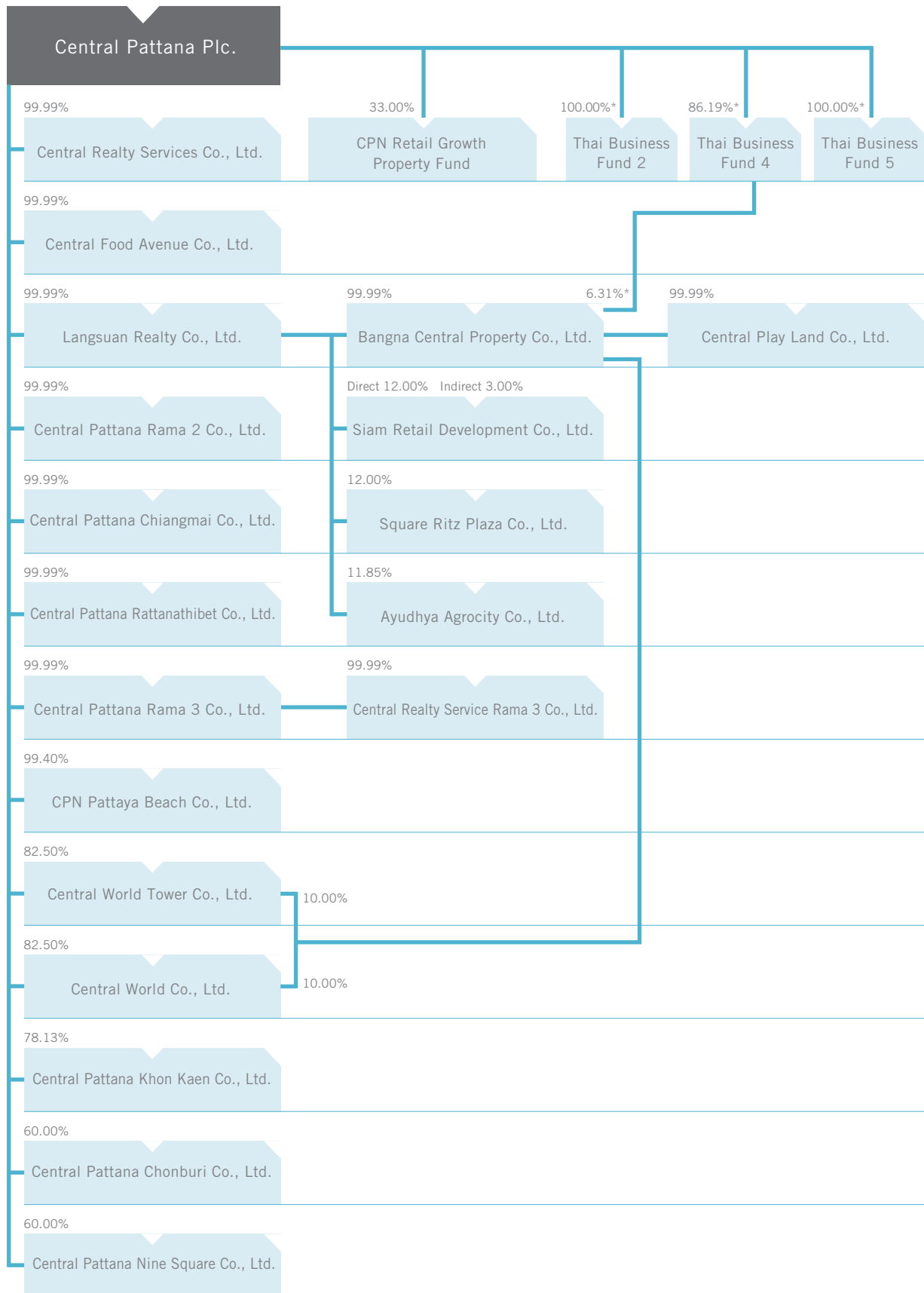
Salaries and Bonuses

Remuneration in form of salaries and bonuses paid to 9 executives in 2006 amounted to Baht 40,047,862.

Provident Fund

The Company contributed a total of Baht 2,191,240 into the Provident Fund of its 8 executives.

HOLDING STRUCTURE



* Only owner type unitholder, exclude lender type unitholder

CONNECTED TRANSACTIONS

In 2006, the Company and its subsidiaries conducted connected transactions with potential conflicts of interest, as disclosed in item 4 of the notes to financial statements. Most of the connected transactions were done with businesses in which the Chirathivat Group holds majority shares, like the Company. For CPN, a majority share of 34% is held by the Chirathivat Group and 27% by Central Holding Co., Ltd., altogether accounting for 61%. Transactions and rationales in conducting such transactions are summarised as follows:

1. **Revenue from related parties:** comprise revenue from space rental and utility service fee in shopping centers, revenue from land rental, and management fees, as well as revenue from other sources, including insurance premiums, property taxes, sales promotion expenses, warrant fees, commissions, and other fees for various services collected from connected parties.

Justification and Rationale for Connected Transactions

CPN's core business is the provision of space for rent in shopping centers, office buildings, residential condominiums, food centers, water parks, and leisure parks located in the premises of shopping center projects. We are also the provider of utility services in shopping centres. Various businesses in the Central Group are all inter-related and complementary of one another - department stores, supermarkets, retail shops, and various leading branded restaurants. Most of the revenue from connected parties is earned from normal business conducted under general commercial conditions. In addition to having business partners with high growth potential and secure financial status, businesses under popular brands belong to related companies can draw more customers to our shopping centers. This, as a consequence, brings about higher returns to the Company and shareholders. The Company has a policy on the rates of rental and services collected from connected parties as follows:

- Rates of rental, service fees, and utility fees from space rental in shopping centers collected from businesses are based on market prices. When compared with other nearby space for rent, or in the same floor, our rental rates and service fees are comparable to those other places. In this regard, rental rates are subject to locations, area sizes, forms, periods, and categories, and are in line with normal business practice.
- Other types of revenue, which are from the collection of insurance premiums, property taxes, sales promotion expenses, commissions, and other service fees in our shopping centers are all revenue arising from the conduct of normal business. According to our policy and criteria, the collection of these types of revenue is based on the actual cost. This policy is equally implemented with our connected businesses and other general tenants and is in line with normal business condition.
- Revenue from land lease occurs at some properties where CPN and other companies in the Central Group have a project on the same piece of land to maximise its marketing value. It must also be a project of the right size suitable for joint development on the same piece of land. In this case, one of our companies will act as the buyer or leasee of the whole piece of land from the landlord and will divide the land into various sizes in accordance with the needs of other companies and have those companies lease or sub-lease. The rental is the cost plus actual interests. Most transactions in this category were conducted before the Company were listed on the Stock Exchange of Thailand (SET) which our assets were evaluated under SET regulations. All transactions concerning revenue from land leases are verified by the auditor.
- Revenue from anchor is agreed at the stage of project design. Rental is derived from the costs of land and construction plus actual interests as well as operating expenses. Most transactions in this category were conducted before the Company were listed on SET which our assets were evaluated under SET regulations. All transactions concerning income from anchors are verified by the auditor.

Details of Revenue from Connected Parties

Connected Party	Transaction value (Baht million)	Detail
1.1 Central Retail Corporation Company Limited (CRC) Group (Majority share held by the Chirathivat Group)	422	<ul style="list-style-type: none"> - CPN earns revenue from rental, service fees, utility fees, and other revenue from leasing retail areas in shopping centers to various retail businesses under the CRC Group: Central Department Store, Robinson Department Store, Zen Department Store, Tops Supermarket, Power Buy, B2S, Supersports, Homework, Office Depot- (franchise), Marks & Spencer (franchise), Watson (joint venture), and Bic C Super Center (joint venture). All transactions in this category occur in the course of normal business. - CPN earns revenue from land leasing to Big C Super Center Plc, a company in the CRC Group. This is the lease of part of the land in our Khon Kaen Project and Chon Buri Project. Rental rates are in line with the above-mentioned method. - CPN charges management fees from Central Department Store Co., Ltd. (the owner of Central Department store - CDS) which is in the CRC Group. This is in fact reimbursement for the compensation paid to executives who run both companies.
1.2 Central Marketing Group Co., Ltd. (CMG) (Majority share held by the Chirathivat Group)	79	<ul style="list-style-type: none"> - CPN earns revenue from rental, service fees, utility fees, and other revenue from leasing space in shopping centers to various retail businesses in CMG, whose business consists of import, manufacturing, distribution, and sale of consumer goods bearing both international and house brands. These retailers are: <ul style="list-style-type: none"> (1.2.1) Clothing products and accessories, such as Guess, Calvin Klein, Lee, FCUK, G2000, U2 (1.2.2) Cosmetic products, such as Clarins, Yves Saint Laurent (1.2.3) Watches, such as Guess, Casio (1.2.4) Baggage, sports gears, and others. All transactions in this category occur in the course of normal business.
1.3 Central Plaza Hotel Public Company Limited Group (CHR) (Majority share held by the Chirathivat Group)	24	<ul style="list-style-type: none"> - CPN collects rental and service fees from CHR for the lease of the area where Bangkok Convention Center is located in the Central Plaza Ladprao Project. This is a long-term lease, from 1 January 1992 until 18 December 2008, in which the rental rate is based on the calculation method mentioned above. The rental is divided into two parts, one of which is the rental that was paid in the year when the agreement was signed and the other is the annual rental.
1.4 Central Restaurant Co., Ltd., Group (CRG) (Majority share held by the Chirathivat Group)	84	<ul style="list-style-type: none"> - CPN earns revenue from rental, service fees, and utility fees from the lease of space in shopping centers to businesses in CRG, which engages in various Western-style fast-food businesses, including Quick Service Restaurants; namely, Mister Donut, KFC, Auntie Anne's, Baskin-Robbins, and Pizza Hut. All transactions in this category occur in the course of normal business.
1.5 Businesses in which Company directors hold shares or serve as directors	114	<ul style="list-style-type: none"> - CPN earns revenue from rental, service fees, utility fees and other revenue from the lease of space in shopping centers to other companies in which CPN directors shares or hold a director position, such as Fuji Japanese Restaurant, Zen, Body Shop, Thai Privilege Care Spa, Sakura Restaurant, Photo en Vogue, Lee Coopers, Spaghetti Factory, and Ragazze. All transactions in this category occur in the course of normal business practice.

2. Expenses paid to connected parties comprise expenses for space rental, land rental, and management fees. In 2006, CPN paid altogether Baht 160 million to connected businesses.

Justification and Rationale for Connected Transactions

- Rental of land from connected businesses occurs in projects where CPN and other companies in the Central Group have a joint development plan on the same piece of land to maximise the marketing value and make the size of the project most advantageous. In this case, one company will act as the buyer or leasee of the land from the landlord and will divide the land into different sizes as required for leasing or sub-leasing. The rental will be the cost plus actual interests. Most of these transactions occurred before the Company was listed on SET which our assets were evaluated under the SET regulations. In addition, rental fee of each transaction is verified by the auditor.
- Space rental in shopping centers in projects where CPN has a joint investment with a department store is divided into two parts, the shopping center and the department store. In some cases, CPN rent a large area in a department store and develop it into lettable area, considering mainly the return on investment from rental and service fees against the cost of space rental that we have to repay the department store. An agreement on the cost of space rental is reached at the stage of project design using the same criteria as those we use when leasing large areas to connected businesses. Most such transactions occurred before the Company was listed on SET which our assets were evaluated under SET regulations. In addition, each transaction concerning rental payment of large areas is verified by the auditor.
- In hiring a connected business as management consultant, our consideration is mainly based on its experience in the retail business and the understanding of the strategies of our business. The management fees that we pay to the connected business are comparable to that which the service provider collects from other customers.
- The application for insurance with a connected business is considered a normal transaction in the normal business practice and is made under CPN's regulations regarding the selection of insurance agents. The information necessary for making a quotation is sent to all agents completely and equally. Quotations from no less than three standard insurance agents are compared and decided by the selection committee under the agreement of independent directors. Directors or company executives who have stakes in the agents company and are connected persons are excluded from the selection committee. Recognize, however, that taking out insurance from a connected business saves on insurance premiums and helps CPN get better insurance coverage. Since the total value of the combined assets belonging to the Central Group is very high, we have higher bargaining power over insurance companies. Also, if we need to claim for compensation from the insurance companies, we are confident that we will receive full assistance in the negotiation.

Expenses paid to connected parties

- (2.1) CPN leases land from Central Department Store Co., Ltd., (HCDS) to open shopping centers in Central Plaza Ram Indra and Central Plaza Pinklao projects.
- (2.2) CPN sub-leases land from Central Inter Pattana Co., Ltd., to open a shopping center in Central Plaza Ladprao Project (ownership of land is held by the State Railway of Thailand).

- (2.3) CPN sub-leases land from Central Pattaya Co., Ltd., to open a shopping center in Central Festival Center Pattaya Project (ownership of land is held by an individual).
- (2.4) CPN leases some parts of the buildings belonging to HCDS in Central Plaza Ladprao, Central Plaza Pinklao, and Central Plaza Ratchada Rama III projects for development into retail areas in addition to the parts where we hold ownership or land leasehold rights.
- (2.5) CPN hired HCDS to manage, provide management consultation, set up policies, and provide recommendations for running businesses. This hiring contract lasts from 1 January 2006 to 31 December 2007. The major shareholder of HCDS is the same group of people as that of CPN, that is, the Chirathivat Group (ordinary person and juristic person). Under this contract, CPN pays service fees to HCDS at 0.8% of the revenue from rental and service fees each month, which ranges between Baht 3,622,500 and Baht 5,433,750 each month. The ceiling and minimum are also subject to a 5% increase each year. The rate of fees was tabled for approval by the Audit Committee and the Board of Directors, in which directors who hold stakes in this transaction abstained from voting. CPN disclosed the details of the transactions to SET on 9 December 2005 and 23 February 2006 respectively.
- (2.6) In 2006, CPN took out insurance for shopping centers and office buildings against any accident and disasters with CG Broker Co., Ltd., an insurance agent whose major shareholder is the same as CPN's major shareholder, that is, the Chirathivat Group (ordinary person and juristic person). Total premiums are worth Baht 53.9 million.

3. Loans between CPN and connected parties

Policies on loans between CPN and connected parties

All loans must follow the following policies:

- CPN and subsidiaries (those with 99.99% shares held by CPN)

CPN allows subsidiaries to borrow from CPN, and vice versa if the subsidiaries have surplus money and CPN needs such money. In this case, contra accounts are set up, and promissory notes are prepared as evidence. As regards interest rates, the applying rates are subject to prevailing market rates. Connected transaction approvers consist of the Vice President of Finance, the Senior Executive Vice President of Finance & Accounting, and the President & CEO.

- CPN and joint-venture companies (those with 50 to 99.99% shares held by CPN)

CPN allows joint-venture companies to secure their own sources of fund. In urgent cases, however, they may borrow from shareholders in proportion to their shareholding. Approval is needed from the Senior Executive Vice President of Finance & Accounting, the President & CEO, and the Board of Directors respectively. In this case, promissory notes are prepared as evidence. As regards interest rates, the applying rates are based on prevailing market rates.

- CPN and associated companies (those with less than 50% shares held by CPN) or connected parties

CPN has no policy to let associated companies or connected parties borrow from it. In fact, for the past five years, no such instance has happened. According to CPN's regulations, if a loan is extended to an associated company, approval is needed from the Board of Directors under the same arrangement as above in promissory notes and interest rates.

Loans between CPN and connected parties

(3.1) Loans obtained from subsidiaries and connected parties

As at year-end 2006, CPN had Baht 5,853 million in total loans obtained from subsidiaries and joint ventures, as shown in its financial statements, and Baht 3 million from joint ventures, as shown in its consolidated financial statements. These items without collaterals and payable on demand. As regards interest rates, these are equivalent to that on three-month fixed deposits. See the notes to financial statements, item 4.

(3.2) Loans between CPN and subsidiaries and joint ventures

As at year-end 2006, CPN provided Baht 4,744 million in loans to subsidiaries and joint ventures, as seen in its financial statements, mainly to develop ordinary business projects. A Baht 10-million loan in consolidated financial statement was extended to Central Pattana Chon Buri Co., Ltd., a joint-venture company, which was short-term without collateral and payable on demand. CPN levied interest rates equivalent to those levied by its commercial banks. See the notes to financial statements, item 4.

A Baht 162.7-million loan to Siam Retail Development Co., Ltd. (in which CPN held 15% of the shares), for use in project development, was in proportion to CPN equity in that company. Since the company was under debt restructuring called for by a rehabilitation plan, CPN is likely to get partial repayment of the loan - but at an uncertain date and for an uncertain sum. Therefore, CPN has set up a provision for the full amount. Today CPN has no policy of extending loans to associated companies.

4. Guarantees for loans for connected parties

Justification and Rationales

CPN's policy is to provide loan guarantees for its subsidiaries in proportion to its shareholding but has no policy of placing collateral for such loan guarantees. However, CPN does provide guarantees as its parent company, and collects commissions from subsidiaries for such guarantees.

As at year-end 2006, CPN had three categories of guarantee obligations to connected parties:

(4.1) Loan guarantees for subsidiaries' outstanding loans as of year-end 2006, amounting to Baht 4,462 million.

This consisted of guarantee obligations to Thai Business Fund 4 of Baht 3,291 million and Thai Business Fund 5 of Baht 1,171 million.

(4.2) Overdrawn account guarantees for subsidiaries amounting to Baht 74 million, with 12 million Baht outstanding as at year-end 2006.

(4.3) Guarantees for public utilities expenses for subsidiaries to Thai commercial banks, amounting to Baht 132 million.

Approval procedure for connected transactions

Besides the approval of transactions under normal business procedures, to be given by the designated authorized parties, those whose main responsibility is for committing connected transactions must recognize potential conflicts of interest, exercise discretion to ensure maximum CPN interests, and conduct such transactions on an arm's length basis. In addition, approval processes must be transparent and be in compliance with rules and regulations of SET. Here are the Company's practical guidelines for connected transactions. Transactions worth more than Baht 1 million must secure a prior approval of the Vice President of Finance Department. If the vice president's view is that the transactions must be disclosed to SET, or need approval from the Board, and/or need approval from the shareholders, and/or the responsible parties must notify the entering into connected transactions to SET, and/or seek for required approvals in compliance with rules and regulations of the SET before entering into such connected transactions. All of such procedures are specified in Company regulations on "Transactions with Connected Parties" on which all relevant parties must sign their names in acknowledgment. Any infringement - through omission or negligence - is treated as non-compliance with CPN regulations. All directors and management team members must sign their names at each year-end to confirm that no outstanding transactions leading to potential conflicts of interest happened during the year, other than those that have complied with SET regulations.

Policy or trend for future connected transactions

CPN expects that connected transactions will continue with about the same frequency as in previous years, as all companies under the Central Group are in the retail commercial business - thereby making it impossible for them to avoid connected transactions. However, transactions of CPN, by and large, are conducted on an arm's length basis. For business transparency and practicality, the Company has therefore devised its policy on connected transactions:

1. CPN's policy is to conduct its retail property development and management with a focus on the development of shopping centers in high potential areas with decent returns on investment, by securing suitable plots of land for such development. Whenever possible, for the maximum benefit to CPN, this is to be an outright purchase, lease, or any other direct method involving an external party.
2. Joint business undertaking by CPN and affiliated companies, associated companies, and related companies. (the "Central Group")
 - 2.1 CPN is to apply market prices designed for prime customers to assess short-term and long-term rentals and other revenue from companies under the Central Group. The auditor is asked to provide its view on such items in the corresponding financial statements.
 - 2.2 For land to be purchased from or sold to any companies under the Central Group, the following policy is to be in force. Land purchase from an external party for development into a shopping center along with other businesses run by companies under the Central Group, including hotels or department stores, will be undertaken by one of the companies. Once a design for project development is in place, the buyer is to sell the land for other purposes, including that for hotel development or for department store development, to other companies at cost plus actual interest incurred. However, other different principle which comply with rules and regulations of SEC, SET and/or any related government agency may be applied in order to enhance company's transparency and prevent any conflicts of interest.
 - 2.3 Joint investment with department stores or companies under the Central Group or connected parties with joint construction (2.3.1 and 2.3.2) or with large space lease from CPN (2.3.3).

2.3.1 Joint construction of Shopping Centers and Department Stores

Principles

- CPN holds the ownership of land used for the construction of shopping centers and arranges for the construction. The same applies to department stores, for which the department stores owns its land used for construction of department stores and arranges for the construction.
- CPN is responsible for the costs of land and construction of shopping centers while the department stores take responsibility for the costs of land and construction of department stores.

However, we have come up with an alternative practice. That is, CPN takes responsibility for the costs of land and construction of the entire project while allowing department stores to be the major tenants instead of having them pay for the land and construction. This practice found implementation in the Central Plaza Rama II Project under the rental rates defined in 2.3.3.

2.3.2 Common areas, comprising car parks and the surrounding areas of shopping centers

Principles

In general, CPN takes responsibility for all common areas, which is considered part of the service provided to tenants. Our policies for department stores in our group are:

- a. CPN holds the ownership of and takes responsibility for the cost of land under common areas.
- b. Department stores jointly take responsibility for construction according to market practice as follows:
 - Car parks: At no less than half of the construction costs of the car park area to be provided by department stores for customers as required by law
 - Common area: In proportion to the gross area.
- c. CPN takes responsibility for maintenance costs and collects service fees from department stores according to actual costs.
 - Car parks: In proportion to the car park area to be provided by department stores for customers as required by law
 - Common area: In proportion to the gross area.

This excludes cases where CPN takes full responsibility for the costs of land and construction, as in the Central Plaza Rama II Project, where the Company is responsible for the costs of the entire common area. In this case, department stores are treated like other tenants.

2.3.3 If a large space is to be rented and a lease agreement was signed at the design stage, rental will mainly be based on construction costs including the sum of these costs:

- Allocated costs of land and construction (including the interests incurred during the construction period)
- Cost of related systems of such space
- Allocated cost of common area
- Operating cost

2.4 Transactions regarding provision or receiving of services, purchase or sale of assets, and other transactions between the Company and connected parties are based on market prices or on an arm's length basis. Otherwise, the Company will follow the regulations on connected transactions set by SET.

AUDIT COMMITTEE REPORT

To the shareholders of Central Pattana Public Company Limited

Consisting of three independent, expert Directors (one of whom is well-versed in accounting), the Audit Committee reviews CPN's performance against its charter issued by the Board of Directors, which aligns with the regulations of the Stock Exchange of Thailand (SET).

In 2006, the Committee held a total of 11 meetings, occasionally with the Management, the auditor, the internal auditors, and independent, non-executive director. At each meeting, the Committee reported its views and recommendations independently, as summarized below.

Preparation of Financial Reports and Disclosure

Together with the Management and the auditor, the Committee reviewed quarterly and annual financial statements and endorsed them for essential accuracy against generally accepted accounting principles, along with complete and reliable disclosure of related transactions and potential conflicts of interest. The Committee also provided its views on the audit plans and findings by the auditor before submitting them for the Board's approval.

Internal Controls and Internal Audit

The Committee oversee internal audit performance to ensure alignment with professional standards and use of the Audit Management System Software. in support of audit work to raise the efficiency of the audit processes for more stringent internal control systems. Apart from approving annual audit plans as well as the internal audit reports, it provided recommendations to the internal audit office and the Management for improvement. Finally, it provided continuous support on personnel and manpower development.

Compliance with Relevant Laws and Regulations

The Committee reviewed the compliance with relevant laws, particularly securities and exchange laws and the regulations of SET.

Disclosure of Related Transactions

The Committee reviewed related transactions, as well as potential conflicts of interest, for disclosure and provided recommendations to the Management to ensure transparency, completeness, and accuracy.

Risk Management

In conjunction with the Risk Management Committee and task force, as well as the Management, the Committee provided its recommendations on performance and progress reports concerning CPN's risk management - through exchange of knowledge and information on risks and internal control.

Good Corporate Governance

The Committee continuously promotes and monitors CPN's development process of good corporate governance practices while providing necessary guidelines and advice. It also urged the Good Corporate Governance Work Team to perform and monitor the development for more concrete results.

Selection and Appointment of Auditor

The Committee rated the auditor's performance in 2006, which was the first year it had conducted the audit for CPN, as satisfactory and investigated the suitability of raising its fee to match its proposed scope of work. Therefore, for 2007, the Committee proposed to the Board of Directors the appointment of KPMG Poomchai Audit Ltd. as the auditor with a fee of 1,110,000 baht for further approval at the annual general meeting of the shareholders.

The Audit Committee's Self-Assessment

On 22 January 2007, the Committee underwent self-assessment for 2006 performance. The result indicated that the overall performance was satisfactory.

In view of the Audit Committee, the preparation and disclosure of financial reports were sufficient and reliable. Risk management and internal control were adequately performed with continuous development in support of the Company's sustainable good corporate governance.



Mr. Paitoon Taveebhol
Chairman of Audit Committee
22 January 2007

||| AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of Central Pattana Public Company Limited

I have audited the accompanying consolidated and separate balance sheet as at 31 December 2006, the related statements of income, changes in shareholders' equity and cash flows for the year then ended of Central Pattana Public Company Limited and its subsidiaries, and of Central Pattana 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 audit. The consolidated and separate financial statements of Central Pattana Public Company Limited and its subsidiaries and of Central Pattana Public Company Limited as of and for the year ended 31 December 2005 were audited by another auditor whose report dated 23 February 2006, expressed an unqualified opinion on those financial statements.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2006, the results of operations and cash flows for the year then ended of Central Pattana Public Company Limited and its subsidiaries, and of Central Pattana Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Thirdthong Thepmongkorn)
Certified Public Accountant
Registration No. 3787

BALANCE SHEETS

As at 31 December 2006 and 2005

(in Baht)

Assets	Note	Consolidated		The Company	
		2006	2005	2006	2005
Current assets					
Cash and cash equivalents	5	3,035,011,417	5,021,817,719	385,795,552	280,353,985
Current investments	6	655,319,982	1,117,891,127	2,203,553	2,103,459
Trade accounts receivable	7	266,967,638	134,744,804	72,382,116	61,562,117
Short-term loans to related parties	4	10,117,924	8,794,435	147,229,353	160,493,939
Other current assets	8	520,065,439	1,000,314,345	176,168,367	196,573,488
Total current assets		4,487,482,400	7,283,562,430	783,778,941	701,086,988
Non-current assets					
Investments accounted for using the equity method	9	2,246,663,687	2,266,374,905	16,237,241,155	18,959,286,365
Long-term investments - related parties	10	-	-	-	-
Other long-term investments	6	1,000,000	1,000,000	1,000,000	1,000,000
Long-term loans to related parties	4	-	-	4,596,439,660	3,704,309,080
Property and equipment	11	26,351,695,291	23,086,341,624	3,487,124,686	3,405,896,613
Intangible assets	12	86,732,979	80,556,054	-	-
Deferred tax assets	13	526,341,989	488,471,022	209,209,353	193,625,316
Other non-current assets	14	636,560,517	169,988,347	65,205,096	61,841,203
Total non-current assets		29,848,994,463	26,092,731,952	24,596,219,950	26,325,958,577
Total assets		34,336,476,863	33,376,294,382	25,379,998,891	27,027,045,565

BALANCE SHEETS

As at 31 December 2006 and 2005

(in Baht)

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005	2006	2005
Current liabilities					
Bank overdrafts	15	11,719,321	15,931,936	-	-
Trade accounts payable		3,710,065	7,567,105	5,190,829	4,048,301
Short-term loans from related parties	4, 15	3,171,250	3,042,341	159,592,432	4,035,546,839
Current portion of long-term loans	15	2,236,576,226	1,597,844,004	1,000,000,000	273,335,106
Income tax payable		346,745,000	234,767,667	150,600,276	145,076,515
Contractor payable		835,070,697	727,991,564	67,382,395	6,878,529
Other current liabilities	16	1,405,952,757	1,946,901,963	468,918,185	618,210,951
Total current liabilities		4,842,945,316	4,534,046,580	1,851,684,117	5,083,096,241
Non-current liabilities					
Long-term loans from related parties	4, 15	-	-	5,693,618,980	5,347,904,092
Long-term loans	15	8,875,511,177	9,442,969,288	4,000,000,000	3,500,000,000
Deferred tax liabilities	13	796,079,582	863,074,058	-	-
Unearned rental and service income		4,983,811,529	5,114,974,540	937,060,020	1,081,218,799
Deposits received from customers		2,112,732,152	1,611,715,510	865,898,048	796,855,882
Guarantees for leasehold prepayments		151,212,010	20,431,664	4,313,843	4,313,843
Total non-current liabilities		16,919,346,450	17,053,165,060	11,500,890,891	10,730,292,616
Total liabilities		21,762,291,766	21,587,211,640	13,352,575,008	15,813,388,857
Shareholders' equity					
Share capital					
Authorised share capital	17	2,178,816,000	2,178,816,000	2,178,816,000	2,178,816,000
Issued and paid-up share capital		2,178,816,000	2,178,816,000	2,178,816,000	2,178,816,000
Reserves					
Share premium	18	2,007,565,850	2,007,565,850	2,007,565,850	2,007,565,850
Fair value changes		1,174,644	1,074,644	1,174,644	1,074,644
Negative goodwill		112,594,465	112,594,465	112,594,465	112,594,465
Retained earnings					
Appropriated for legal reserve	18	217,881,600	217,881,600	217,881,600	217,881,600
Unappropriated		7,509,391,324	6,695,724,149	7,509,391,324	6,695,724,149
Total equity attributable to the Company's shareholders		12,027,423,883	11,213,656,708	12,027,423,883	11,213,656,708
Minority interest		546,761,214	575,426,034	-	-
Total shareholders' equity		12,574,185,097	11,789,082,742	12,027,423,883	11,213,656,708
Total liabilities and shareholders' equity		34,336,476,863	33,376,294,382	25,379,998,891	27,027,045,565

The accompanying notes are an integral part of these financial statement

STATEMENTS OF INCOME

For the years ended 31 December 2006 and 2005

(in Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Revenues					
Rental and service income	4	6,309,654,875	6,001,511,076	2,943,113,295	2,533,757,279
Food and beverage sales		396,567,352	420,176,364	-	-
Interest income	4	158,842,162	54,911,560	173,141,989	103,383,154
Other income	4, 20	585,595,860	3,306,860,148	447,426,551	357,855,025
Share of profits from investments accounted for using the equity method		298,701,162	83,227,460	939,557,251	2,531,579,037
Total revenues		7,749,361,411	9,866,686,608	4,503,239,086	5,526,574,495
Expenses					
Cost of rental and service	4	3,479,029,143	3,177,288,982	1,221,280,607	976,549,988
Cost of food and beverage sales	4	303,767,573	323,433,745	-	-
Administrative expenses	4, 21	1,075,218,826	1,402,999,305	712,168,421	617,093,294
Directors' remuneration	4	2,760,000	2,560,000	2,760,000	2,560,000
Total expenses		4,860,775,542	4,906,282,032	1,936,209,028	1,596,203,282
Profit before interest and income tax expenses		2,888,585,869	4,960,404,576	2,567,030,058	3,930,371,213
Interest expense	4, 23	(621,042,447)	(543,523,949)	(548,820,297)	(309,507,166)
Income tax expense	24	(611,015,267)	(1,282,775,420)	(333,016,186)	(326,319,467)
Profit after tax		1,656,528,155	3,134,105,207	1,685,193,575	3,294,544,580
Net loss of minority interest		28,665,420	160,439,373	-	-
Net profit		1,685,193,575	3,294,544,580	1,685,193,575	3,294,544,580
Basic earnings per share	25	0.77	1.56	0.77	1.56

The accompanying notes are an integral part of these financial statement

STATEMENTS OF CHANGES IN SHAREHOLDER' EQUITY

For the years ended 31 December 2006 and 2005

(in Baht)

	Consolidated									
	Note	Reserves			Retained earnings			Total equity		
		issued and paid-up share capital	Share premium	Fair value changes	Negative goodwill	Legal reserve	Unappropriated	attributable to the Company's shareholders	Minority interest	Total shareholders' equity
Balance at 1 January 2005		2,178,816,000	2,007,565,850	2,684,795	112,594,465	217,881,600	3,945,883,569	8,465,426,279	277,775,670	8,743,201,949
Changes in shareholders' equity for 2005										
Fair value changes		-	-	(1,610,151)	-	-	-	(1,610,151)	-	(1,610,151)
Net expense recognised directly in shareholders' equity		-	-	(1,610,151)	-	-	-	(1,610,151)	-	(1,610,151)
Net profit (loss)		-	-	-	-	-	3,294,544,580	3,294,544,580	(160,439,373)	3,134,105,207
Total recognised income and expense		-	-	(1,610,151)	-	-	3,294,544,580	3,292,934,429	(160,439,373)	3,132,495,056
Dividends	26	-	-	-	-	-	(544,704,000)	(544,704,000)	-	(544,704,000)
Investments from minority interest		-	-	-	-	-	-	-	458,089,737	458,089,737
Balance at 31 December 2005		2,178,816,000	2,007,565,850	1,074,644	112,594,465	217,881,600	6,695,724,149	11,213,656,708	575,426,034	11,789,082,742
Changes in shareholders' equity for 2006										
Fair value changes		-	-	100,000	-	-	-	100,000	-	100,000
Net income recognised directly in shareholders' equity		-	-	100,000	-	-	-	100,000	-	100,000
Net profit (loss)		-	-	-	-	-	1,685,193,575	1,685,193,575	(28,665,420)	1,656,528,155
Total recognised income and expense		-	-	100,000	-	-	1,685,193,575	1,685,293,575	(28,665,420)	1,656,628,155
Dividends	26	-	-	-	-	-	(871,526,400)	(871,526,400)	-	(871,526,400)
Investments from minority interest		-	-	-	-	-	-	-	600	600
Balance at 31 December 2006		2,178,816,000	2,007,565,850	1,174,644	112,594,465	217,881,600	7,509,391,324	12,027,423,883	546,761,214	12,574,185,097

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN SHAREHOLDER' EQUITY

For the years ended 31 December 2006 and 2005

	Note	The Company							Total equity attributable to the Company's shareholders
		Reserves			Retained earnings				
		Issued and paid-up share capital	Share premium	Fair value changes	Negative goodwill	Legal reserve	Unappropriated		
Balance at 1 January 2005		2,178,816,000	2,007,565,850	2,684,795	112,594,465	217,881,600	3,945,883,569	8,465,426,279	
Changes in shareholders' equity for 2005									
Fair value changes		-	-	(1,610,151)	-	-	-	(1,610,151)	
Net expense recognised directly in shareholders' equity		-	-	(1,610,151)	-	-	-	(1,610,151)	
Net profit		-	-	-	-	-	3,294,544,580	3,294,544,580	
Total recognised income and expense		-	-	(1,610,151)	-	-	3,294,544,580	3,292,934,429	
Dividends	26	-	-	-	-	-	(544,704,000)	(544,704,000)	
Balance at 31 December 2005		2,178,816,000	2,007,565,850	1,074,644	112,594,465	217,881,600	6,695,724,149	11,213,656,708	
Changes in shareholders' equity for 2006									
Fair value changes		-	-	100,000	-	-	-	100,000	
Net expense recognised directly in shareholders' equity		-	-	100,000	-	-	-	100,000	
Net profit		-	-	-	-	-	1,685,193,575	1,685,193,575	
Total recognised income		-	-	100,000	-	-	1,685,193,575	1,685,293,575	
Dividends	26	-	-	-	-	-	(871,526,400)	(871,526,400)	
Balance at 31 December 2006		2,178,816,000	2,007,565,850	1,174,644	112,594,465	217,881,600	7,509,391,324	12,027,423,883	

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006 and 2005

(in Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Cash flows from operating activities</i>				
Net profit	1,685,193,575	3,294,544,580	1,685,193,575	3,294,544,580
<i>Adjustments for</i>				
Depreciation and amortisation	1,245,572,321	1,068,746,178	201,453,630	205,922,782
Interest expense	621,042,447	543,523,949	548,820,297	309,507,166
Reversal of allowance for doubtful accounts	(3,675,242)	(929,877)	(1,338,431)	(81,160)
Allowance for loss from impairment of assets	-	406,639,444	-	-
Loss on disposal of property and equipment	24,882,710	-	30,661	-
Amortisation of negative goodwill	(6,658,676)	(6,658,676)	-	-
Gain from sales and finance leases of building and equipment	-	(2,896,199,414)	-	-
Gain from sales of current investments	-	(3,271,074)	-	(3,271,074)
Recognition of unearned rental and service income	(244,834,736)	(250,966,870)	(74,640,382)	(76,028,818)
Share of profits from investments accounted for using the equity method	(298,701,162)	(83,227,460)	(939,557,251)	(2,531,579,037)
Net loss of minority interest	(28,665,420)	(160,439,373)	-	-
Income tax expense	611,015,267	1,282,775,420	333,016,186	326,319,467
	3,605,171,084	3,194,536,827	1,752,978,285	1,525,333,906
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(128,547,592)	(31,592,694)	(9,481,568)	9,998,201
Other current assets	(6,099,103)	(506,388,842)	20,405,120	(65,583,758)
Other non-current assets	11,237,923	(216,332,080)	(3,364,513)	2,213,445
Trade accounts payable	(3,857,040)	5,313,954	1,142,528	1,635,148
Other current liabilities	(545,065,563)	(938,384,937)	(153,409,123)	(220,110,988)
Unearned rental and service income	113,671,725	1,939,323,547	(69,518,397)	(71,091,821)
Deposits from customers	501,016,642	19,998,245	69,042,167	61,609,064
Guarantees for leasehold prepayment	130,780,347	1,215,445	-	-
Interest paid	(616,926,090)	(535,055,185)	(544,703,939)	(301,038,402)
Income taxes paid	(603,903,378)	(505,302,882)	(343,076,462)	(349,102,146)
Net cash provided by operating activities	2,457,478,955	2,427,331,398	720,014,098	593,862,649

The accompanying notes are an integral part of these financial statement

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006 and 2005

(in Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Cash flows from operating activities</i>				
Dividends received	318,412,380	-	3,584,338,481	675,555,997
Decrease (increase) in current investments	462,671,145	(575,745,642)	(94)	103,271,040
Purchase of equity securities	-	(3,601,950,000)	(99,400)	(8,951,866,982)
Proceeds from redemption of investment units in funds	-	-	77,364,000	230,917,683
Loans to related parties	(1,323,489)	(688,690)	(2,088,015,876)	(2,953,874,388)
Loans repaid by related parties	-	21,235,226	1,209,149,882	2,701,722,232
Sales and financial leases of property and equipment	-	6,893,104,349	-	3,288,634
Purchase of property and equipment	(4,439,873,666)	(3,002,328,916)	(220,512,583)	(105,622,960)
Sales of property and equipment	23,338,364	-	968,978	-
Net cash provided by (used in) investing activities	(3,636,775,266)	(266,373,673)	2,562,193,388	(8,296,608,744)
<i>Cash flows from financing activities</i>				
Increase (decrease) in bank overdrafts	(4,212,615)	3,852,183	-	-
Proceeds from loans from related parties	128,909	143,437	1,409,377,266	12,456,134,175
Proceeds from borrowings	1,572,000,000	3,693,909,000	1,500,000,000	1,000,000,000
Repayment of loans from related parties	-	-	(4,939,616,785)	(4,531,904,270)
Repayments of borrowings	(1,503,899,885)	(2,309,955,080)	(275,000,000)	(602,465,202)
Proceeds from minority interest of subsidiaries	-	458,089,737	-	-
Dividends paid	(871,526,400)	(544,704,000)	(871,526,400)	(544,704,000)
Net cash provided by (used in) financing activities	(807,509,991)	1,301,335,277	(3,176,765,919)	7,777,060,703
Net increase (decrease) in cash and cash equivalents	(1,986,806,302)	3,462,293,002	105,441,567	74,314,608
Cash and cash equivalents at beginning of year	5,021,817,719	1,559,524,717	280,353,985	206,039,377
Cash and cash equivalents at end of year	3,035,011,417	5,021,817,719	385,795,552	280,353,985

The accompanying notes are an integral part of these financial statement

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2006 and 2005

Non-cash transactions

The Company has additional unpaid liabilities from the construction of property under development for the year ended 31 December 2006 amounting to approximately Baht 60.5 million (2005 : Baht 1.2 million).

The Group has additional unpaid liabilities from construction of property under development for the year ended 31 December 2006 amounting to approximately Baht 107.1 million (2005 : Baht 432.0 million).

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2006 and 2005

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 21 February 2007.

1. GENERAL INFORMATION

Central Pattana Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 999/9 Rama I Road, Patumwan, Patumwan, Bangkok 10330.

The Company was listed on the Stock Exchange of Thailand in March 1995.

The principal activities of the Company are to invest in developing new projects, manage projects and earn income from property management. Details of the Company’s subsidiaries, jointly controlled entities and Funds are as follows:

	Type of business	Country of incorporation	Ownership interest	
			2006	2005
<i>Direct subsidiaries</i>				
Central Pattana Rama 2 Co., Ltd.	(1)	Thailand	100.0	100.0
Central Pattana Chiangmai Co., Ltd.	(1), (2) and (4)	Thailand	100.0	100.0
Langsuan Realty Co., Ltd.	(3)	Thailand	100.0	100.0
Central Pattana Rattanathibet Co., Ltd.	(1)	Thailand	100.0	100.0
Central Realty Service Co., Ltd.	(2)	Thailand	100.0	100.0
Central Food Avenue Co., Ltd.	(4)	Thailand	100.0	100.0
Central World Tower Co., Ltd.	(1)	Thailand	92.5	92.5
Central World Co., Ltd. (Formerly Central World Plaza Co., Ltd.)	(2) and (4)	Thailand	92.5	92.5
Central Pattana Khon Kaen Co., Ltd.	(1)	Thailand	78.1	78.1
Central Pattana Nine Square Co., Ltd.	(1)	Thailand	60.0	60.0
Central Pattana Rama 3 Co., Ltd.	(1)	Thailand	100.0	100.0
CPN Pattaya Beach Co., Ltd.	(1)	Thailand	100.0	-
<i>Indirect subsidiaries</i>				
Central Play Land Co., Ltd.	(1) and (5)	Thailand	100.0	100.0
Bangna Central Property Co., Ltd.	(1) to (5)	Thailand	99.0	99.0
Central Realty Service Rama 3 Co., Ltd.	(2)	Thailand	100.0	100.0
<i>Jointly controlled entity</i>				
Central Pattana Chonburi Co., Ltd.	(1)	Thailand	60.0	60.0
<i>Funds</i>				
The Thai Business Fund 2	(6)	Thailand	100.0	100.0
The Thai Business Fund 4 (a portion of share capital is owned by Bangna Central Property Co., Ltd. at 6.3%)	(6)	Thailand	92.5	92.5
The Thai Business Fund 5	(6)	Thailand	100.0	100.0

Type of business

- (1) Construction of shopping centre buildings for rent
- (2) Provision of utilities services in shopping centres
- (3) Construction of condominiums and shop houses for rent
- (4) Sales of food and beverage
- (5) Operator of play land and water theme park on shopping centres
- (6) Investment in real estate

2. BASIS OF PREPARATION OF 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.

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

The financial statements are presented in Thai Baht. They are prepared on the historical cost basis except as disclosed 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly controlled entities (together referred to as the “Group”) and the Group’s interests in associates.

Significant intra-group transactions between the Company and its subsidiaries and jointly controlled entities 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.

Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(b) Hedging

Hedge of interest rates

The Company has entered into an interest rate swap contract to protect it from risks incurring from movements in interest rates. Interest differentials under swap arrangements are accrued and recorded as adjustments to the interest expense relating to the hedged loans.

(c) Cash and cash equivalents

Cash and cash equivalents 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) Trade and other accounts receivable

Trade and other accounts receivable (including balances with related parties) 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) Investments

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates in the separate financial statements of the Company are accounted for using the equity method.

Investments in other debt and equity 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 using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the balance sheet date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Property and equipment

Property and equipment comprise leasehold rights, land, assets for lease and operating furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. The accounting policy for leasehold rights is disclosed in detail in the accounting policy of long-term leases.

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 and equipment. The estimated useful lives are as follows:

Leasehold rights to land and buildings	30 years (over the period of lease)
Leasehold rights to land	25-30 years (over the period of lease)
Buildings and improvements	25-30 years
Furniture, fixtures and equipment	5-15 years
Transportation equipment	5 years

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

(g) Long-term leases

Where the Group is the lessee

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease. For long-term leases where the Group does not occupy the entire areas at the lease inception date, lease expenses are charged to the statement of income on a systematic basis over the period of the lease in proportion to the area that the Group occupies in each year.

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

Where the Group is the lessor

Assets leased out under operating leases are included in property and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property and equipment owned by the Group. Rental income is recognised on a straight-line basis over the lease term.

Assets leased out by the Group under which a significant portion of the risks and rewards of ownership are transferred to the lessee are classified as finance lease. The assets held under finance lease are recorded as accounts receivable under finance lease in the balance sheet.

The sales revenue recorded at the commencement of a finance lease represents the fair value of the asset, or if lower, the present value of the minimum lease payments accruing to the lessor, computed at a commercial rate of interest. The cost of sale recognised at the commencement of the lease term is the cost or carrying amount of the leased property. The difference between the sales revenue and the cost of sale is recorded as gain which is recognised by the Group in accordance with its normal accounting policy.

*(h) Intangible assets**Negative goodwill*

Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Negative goodwill occurring on acquisitions of subsidiaries after 1 January 2000, the effective date of TAS 43: Business Combinations is classified under assets and is presented as a deduction from other assets in the balance sheet. As this negative goodwill does not relate to future losses or expenses, this negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement on a straight-line method over the remaining weighted average useful life of the depreciable assets.

Negative goodwill occurring on acquisitions of subsidiaries before 1 January 2000 represents the excess of fair value of land over the cost of acquisition and is presented under shareholders' equity in the balance sheet. This is negative goodwill which occurred before the effective date of TAS 43: Business Combinations. The Group chose not to restate the financial statements on adoption of TAS 43. However, if the Group has made a retroactive adjustment, the retained earnings is increased at the same amount.

Assets usage right

Assets usage right that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Negative goodwill	20 years
Assets usage right	10 and 28 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 amounts 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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value.

(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 excludes value added taxes and is arrived at after deduction of trade discounts.

Rental and service income

Rental income is recognised in the statement of income on a straight-line basis over the term of the lease. Service income is recognised as services are provided. Lease incentives granted are recognised as an integral part of the total rental income. Unearned rental and service income are recognised on a straight-line basis over the term of the lease.

Food and beverage income

Revenue from foods and beverage sales is recognised upon delivery of goods to customers.

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 which in the case of quoted securities is usually the ex-dividend date.

(n) Expenses

Interest expenses and similar costs are charged to the statement of income in 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 comprises current and deferred tax. Income tax is recognised in the statement of income.

Current tax

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

Deferred tax

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Group and the Company 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.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Rental and service income	Market prices which are subject to location, lease space, lease form, timing and type of lease
Management income	The rate being charged by other parties in the business
Interest charged to subsidiaries those are wholly owned	The bank's fixed deposit rate
Interest charged to other subsidiaries and related parties	The bank's Minimum Lending Rate
Cost of rental and services	Market prices
Other income	The rate being charged by other parties in the business
Administrative expenses	At cost

Significant transactions for the years ended 31 December 2006 and 2005 with related parties are summarised as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Revenue				
Rental and service income				
Subsidiaries	-	-	105,440	94,878
Jointly controlled entity	-	213	-	355
Related parties	656,233	620,775	277,420	246,202
Total	656,233	620,988	382,860	341,435
Management income				
Subsidiaries and funds	-	-	129,411	78,702
Related parties	2,116	3,695	1,949	3,695
Total	2,116	3,695	131,360	82,397
Interest income				
Subsidiaries and funds	-	-	152,630	92,189
Jointly controlled entity	-	1,254	-	416
Related parties	235	202	182	181
Total	235	1,456	152,812	92,786
Gain on finance leases Associate	-	2,884,779	-	-
Other income				
Subsidiaries and funds	-	-	69,922	50,922
Jointly controlled entity	-	2,850	-	2,852
Related parties	64,584	37,516	40,912	23,144
Total	64,584	40,366	110,834	76,918

During the year 2005, two subsidiaries entered into finance lease agreements with CPN Retail Growth Property Fund which resulted in a gain on finance leases as follows:

(in thousand Baht)

Cash receipt from finance leases of building and utility system	4,944,616
Less costs of building and utility system and expenses	(2,059,837)
Gain before income tax	2,884,779
Less income tax	(865,855)
Net gain on finance leases	2,018,924

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Expenses				
Cost of rental and services				
Subsidiaries and funds	-	-	400,412	199,789
Related parties	91,773	73,664	87,376	69,307
Total	91,773	73,664	487,788	269,096
Cost of food and beverage				
Related parties	40	40	-	-
Management fee				
Related parties	60,840	54,972	60,840	54,972
Administrative expenses				
Subsidiaries and funds	-	-	48,350	16,175
Jointly controlled entity	-	176	-	-
Related parties	7,665	-	3,221	2,584
Total	7,665	176	51,571	18,759
Directors' remuneration	2,760	2,560	2,760	2,560
Interest expense				
Subsidiaries and funds	-	-	258,977	53,976
Jointly controlled entity	-	17,045	-	16,206
Total	-	17,045	258,977	70,182

Balances as at 31 December 2006 and 2005 with related parties were as follows:

Trade accounts receivable

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Subsidiaries:				
Bangna Central Property Co., Ltd.	-	-	5,856	4,358
Central Pattana Chiangmai Co., Ltd.	-	-	5,411	3,861
Central Realty Service Co., Ltd.	-	-	3,568	3,530
Central World Co., Ltd. (formerly Central World Plaza Co., Ltd.)	-	-	1,731	3,125
Others	-	-	2,726	3,359
Total subsidiaries	-	-	19,292	18,233

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Related parties:				
Central Department Storeis Group	71,557	22,177	7,308	4,869
Others	8,165	3,043	1,189	1,420
Total related parties	79,722	25,220	8,497	6,289
Total	79,722	25,220	27,789	24,522

Loans to related parties

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Advances to</i>				
Related parties	10,118	8,794	-	-
<i>Short- term loans to</i>				
Subsidiaries:				
Thai Business Fund 5	-	-	146,364	160,494
Central Realty Service Co., Ltd.	-	-	860	-
CPN Pattaya Beach Co., Ltd.	-	-	5	-
Total short- term loans	10,118	8,794	147,229	160,494
<i>Long- term loans to</i>				
Subsidiaries and jointly controlled entity:				
Central World Tower Co., Ltd.	-	-	1,521,202	1,795,183
Central World Co., Ltd. (formerly Central World Plaza Co., Ltd.)	-	-	1,388,559	552,168
Central Pattana Rattana Thibet Co., Ltd.	-	-	947,257	789,164
Central Pattana Khon Kaen Co., Ltd.	-	-	438,408	224,789
Central Pattana Chiangmai Co., Ltd.	-	-	269,641	321,019
Central Pattana Chonburi Co., Ltd.	-	-	25,295	21,986
Others	-	-	6,078	-
	-	-	4,596,440	3,704,309
Related party:				
Siam Retail Development Co., Ltd.	162,739	162,739	162,739	162,739
Less allowance for doubtful accounts	(162,739)	(162,739)	(162,739)	(162,739)
	-	-	-	-
Total long- term loans	-	-	4,596,440	3,704,309
Total loans to related parties	10,118	8,794	4,743,669	3,864,803

Movements during the years on loans to related parties were as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Short-term</i>				
At 1 January	8,794	29,341	160,494	174,876
Increase	1,324	11,083	824	-
Decrease	-	(31,630)	(14,089)	(14,382)
At 31 December	10,118	8,794	147,229	160,494
<i>Long-term</i>				
At 1 January	-	-	3,704,309	3,437,775
Increase	-	-	2,087,284	2,953,644
Decrease	-	-	(1,195,153)	(2,687,110)
At 31 December	-	-	4,596,440	3,704,309

Loans to subsidiaries and related parties are unsecured and denominated in Thai Baht, except a loan to Central Pattana Khon Kaen Co., Ltd., a subsidiary, which is secured by plots of land owned by the subsidiary with a carrying value of land of Baht 572 million (2005: Baht 326 million). All loans are repayable on demand. Loans to subsidiaries wholly owned by the Company carry interest at the bank's fixed deposit rate of the Company. Loans to other subsidiaries and related parties carry interest at the bank's borrowing rate of the Company.

Loans from related parties

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Short-term loans from</i>				
Subsidiaries:				
Central Pattana Rama 2 Co., Ltd.	-	-	-	3,876,319
Thai Business Fund 2	-	-	158,990	159,228
Central Realty Service Co., Ltd.	-	-	602	-
	-	-	159,592	4,035,547
Related parties:				
Others	3,171	3,042	-	-
Total short-term loans	3,171	3,042	159,592	4,035,547

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Long-term loans from Subsidiaries:</i>				
Central Pattana Rama 2 Co., Ltd.	-	-	3,769,813	-
Central Pattana Rama 3 Co., Ltd.	-	-	1,269,776	3,579,326
Thai Business Fund 2	-	-	653,792	812,782
Central Realty Service Rama 3 Co., Ltd.	-	-	238	351,000
Central Realty Service Co., Ltd.	-	-	-	604,796
Total long-term loans	-	-	5,693,619	5,347,904
Total loans from related parties	3,171	3,042	5,853,211	9,383,451

Movements during the years on loans from related parties were as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Short-term</i>				
At 1 January	3,042	2,899	4,035,547	271,884
Increase	129	143	364	3,922,653
Decrease	-	-	-	(158,990)
Transfer short-term to long-term	-	-	(3,876,319)	-
At 31 December	3,171	3,042	159,592	4,035,547
<i>Long-term</i>				
At 1 January	-	-	5,347,904	1,187,337
Increase	-	-	1,409,377	8,494,886
Transfer from short-term	-	-	3,876,319	-
Decrease	-	-	(4,939,981)	(4,334,319)
At 31 December	-	-	5,693,619	5,347,904

Short-term loans from related parties are unsecured and denominated in Baht. The loans are repayable on demand and carry interest at three months bank's fixed deposit rate. Loans from funds carry interest rates at 6.0 % to 7.0 % per annum.

A subsidiary of the Group has entered into an agreement with Central Plaza Hotel Public Company Limited to lease or sublease its leasehold land and part of its construction located at Central World for 29 years. According to the agreement, the potential lessee agreed to use land and its constructions to develop a hotel, a parking lot and a convention hall.

5. CASH AND CASH EQUIVALENTS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Cash on hand	4,865	4,756	2,070	1,950
Call deposits	2,606,230	2,795,628	383,726	278,404
Fixed bank deposits and promissory note with financial institutions maturing in less than or equal to 3 months	423,916	2,221,434	-	-
Total	3,035,011	5,021,818	385,796	280,354

6. OTHER INVESTMENTS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Current</i>				
Short-term deposits	102,415	821,368	4	3
Debt securities available-for-sale	350,705	294,423	-	-
Equity securities available-for-sale	201,025	1,025	1,025	1,025
Add unrealised holding gain	1,175	1,075	1,175	1,075
	655,320	1,117,891	2,204	2,103
<i>Non-Current</i>				
Other equity securities	1,000	1,000	1,000	1,000
Total	656,320	1,118,891	3,204	3,103

Short-term deposits amounting to Baht 3.5 million (2005: Baht 9.6 million) were pledged with commercial banks for letters of guarantee issued by the banks on behalf of the Group.

7. TRADE ACCOUNTS RECEIVABLE

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Trade accounts receivable from related parties	4	79,722	25,220	27,789	24,522
Trade accounts receivable from other parties		189,510	115,064	45,095	38,880
Less allowance for doubtful accounts		(2,264)	(5,539)	(502)	(1,840)
Total		266,968	134,745	72,382	61,562
<i>Related parties</i>					
Within 3 months		49,951	24,233	25,341	23,345
3-6 months		23,924	40	334	676
6-12 months		3,556	1	1,086	208
Over 12 months		2,291	946	1,028	293
Total		79,722	25,220	27,789	24,522
Deposits from customers		66,349	20,870	3,391	9,239
<i>Other parties</i>					
Within 3 months		131,483	71,008	37,933	27,847
3-6 months		31,546	22,022	2,864	5,340
6-12 months		9,557	6,708	772	1,345
Over 12 months		16,924	15,326	3,526	4,348
		189,510	115,064	45,095	38,880
Less allowance for doubtful accounts		(2,264)	(5,539)	(502)	(1,840)
Net		187,246	109,525	44,593	37,040
Deposits from customers		330,618	662,237	116,538	88,231

8. OTHER CURRENT ASSETS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Withholding tax deducted at source	-	486,348	-	-
Accrued income	258,422	251,062	142,128	165,258
Other accounts receivable	204,935	213,694	12,482	13,512
Prepaid expenses	34,720	30,942	15,748	11,605
Interest receivable	7,450	4,734	-	261
Others	14,538	13,534	5,810	5,937
Total	520,065	1,000,314	176,168	196,573

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Net book value at 1 January	2,266,375	-	18,959,286	8,382,314
Share of net profit from investments - equity method	298,701	83,227	939,558	2,531,579
Acquisitions	-	3,601,950	99	8,951,867
Gain on finance leases	-	(1,418,802)	-	-
Dividend income	(318,412)	-	(3,584,338)	(675,556)
Disposal and redemption of investment units in funds	-	-	(77,364)	(230,918)
Net book value at 31 December	2,246,664	2,266,375	16,237,241	18,959,286

In October 2006, the Company invested in CPN Pattaya Beach Co., Ltd. at 100.0% by purchasing such investments from former shareholders at Baht 0.1 million.

During the year 2005, the Company invested in CPN Retail Growth Property Fund (the "Fund") with an interest of 33% of the total issued investment units of the Fund totalling Baht 3,602 million. This Fund will use the proceeds from the offering to invest by purchasing, leasing and/or subleasing real estate properties. The properties in which the Fund will invest are part of Central Plaza Rama II which are properties of Central Pattana Rama II Co., Ltd., the Company's subsidiary and part of Central Plaza Ratchada - Rama III which are properties of Central Pattana Rama III Co., Ltd., the Company's former joint venture.

During the year 2005, the Company increase its shareholding of Central World Tower Co., Ltd. and Central World Co., Ltd. (formerly Central World Plaza Co., Ltd.) totalling Baht 1,149 million and invested in the class C units of The Thai Business Fund 4 amounting to Baht 2,680 million. In addition, the Company purchased shares in Central Pattana Rama III Co., Ltd. from the joint venture partner amounting to Baht 1,521 million.

Investments accounted for using the equity method as at 31 December 2006 and 2005, and dividend income from those investments during the years ended on those dates, were as follows:

		Consolidated									
		Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		(%)				(in thousand Baht)					
<i>Associate</i>											
CPN Retail Growth Property Fund		33.0	33.0	10,915,000	10,915,000	3,601,950	3,601,950	2,246,664	2,266,375	318,412	-

	The Company									
	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(in thousand Baht)									
<i>Associate</i>										
CPN Retail Growth Property Fund	33.0	33.0	10,915,000	10,915,000	3,601,950	3,601,950	2,246,664	2,266,375	318,412	-
<i>Jointly controlled entity</i>										
Central Pattana Chonburi Co., Ltd.	60.0	60.0	315,100	315,100	189,084	189,084	109,727	117,929	-	-
<i>Funds</i>										
The Thai Business Fund 1	-	-	-	-	-	-	-	-	-	70,847
The Thai Business Fund 2	100.0	100.0	253,064	302,480	253,064	302,480	253,064	302,444	213,760	156,367
The Thai Business Fund 4	86.2	86.2	4,600,000	4,600,000	4,044,608	4,044,608	3,414,342	3,627,673	168,880	173,989
The Thai Business Fund 5	100.0	100.0	292,728	320,712	292,728	320,712	292,728	320,712	147,735	154,353
Total			16,880,593	16,957,894	16,237,241	16,237,241	18,959,286	3,584,338	675,556	

Paid up capital of and percentage of holding in The Thai Business Fund 2, The Thai Business Fund 4 and The Thai Business Fund 5 are capital of, and holdings in, units that have rights to receive dividends after all other classes of unit holders.

10. LONG-TERM INVESTMENTS - RELATED PARTIES

	Ownership interest		Consolidated		The Company	
	2006	2005	2006	2005	2006	2005
	(%)		(in thousand Baht)			
Siam Retail Development Co., Ltd.	15	15	66,250	66,250	-	-
Ayudhaya Agracity Co., Ltd.	12	12	50,397	50,397	-	-
Square Ritz Plaza Co., Ltd.	12	12	15,000	15,000	-	-
Total investment, at cost			131,647	131,647	-	-
Less allowance for impairment			(131,647)	(131,647)	-	-
Net			-	-	-	-

11. PROPERTY AND EQUIPMENT

	Consolidated							
	Land	Leasehold rights to land and buildings	Leasehold rights to land	Buildings and improvements	Transportation and office equipment	Construction in progress	Projects under development	Total
	(in thousand Baht)							
<i>Cost</i>								
At 1 January 2005	2,942,425	3,286,367	1,740,439	18,778,069	682,122	1,176,518	2,751,564	31,357,504
Additions	308,683	-	170,536	115,999	82,000	2,089,062	883,503	3,649,783
Transfers - net	-	-	128,969	962,499	30,502	(1,128,618)	6,648	-
Disposals	-	-	(234,852)	(2,780,871)	(114,180)	-	-	(3,129,903)
At 31 December 2005	3,251,108	3,286,367	1,805,092	17,075,696	680,444	2,136,962	3,641,715	31,877,384
Additions	245,438	-	3,857	262,950	83,198	3,804,072	147,437	4,546,952
Transfers - net	-	-	-	5,504,783	40,660	(5,545,443)	-	-
Disposals	-	-	-	(35,215)	(58,597)	-	-	(93,812)
At 31 December 2006	3,496,546	3,286,367	1,808,949	22,808,214	745,705	395,591	3,789,152	36,330,524

		Consolidated							
		Leasehold rights to land and buildings	Leasehold rights to land	Buildings and improvements	Transportation and office equipment	Construction in progress	Projects under development	Total	
		(in thousand Baht)							
Accumulated depreciation									
	At 1 January 2005	393,002	653,400	5,497,752	469,199	-	483,573	7,496,926	
	Depreciation charge for the year	-	102,439	876,921	82,574	-	2,664	1,064,598	
	Impairment losses	-	-	-	-	-	406,639	406,639	
	Disposals	-	(59,896)	(262,347)	(68,022)	-	-	(390,265)	
	Obligation under long-term operating leases	181,889	31,255	-	-	-	-	213,144	
	At 31 December 2005	574,891	727,198	6,112,326	483,751	-	892,876	8,791,042	
	Depreciation charge for the year	-	117,274	827,924	74,597	-	3,553	1,023,348	
	Disposals	-	-	(16,703)	(28,888)	-	-	(45,591)	
	Obligation under long-term operating leases	188,891	21,139	-	-	-	-	210,030	
	At 31 December 2006	763,782	865,611	6,923,547	529,460	-	896,429	9,978,829	
Net book value									
	At 31 December 2005	2,711,476	1,077,894	10,963,370	196,693	2,136,962	2,748,839	23,086,342	
	At 31 December 2006	2,522,585	943,338	15,884,667	216,245	395,591	2,892,723	26,351,695	

		The Company							
		Land	Leasehold rights to land	Buildings and improvements	Transportation and office equipment (in thousand Baht)	Construction in progress	Projects under development	Total	
Cost									
At 1 January 2005		232,774	568,416	3,845,123	246,061	60,188	854,425	5,806,987	
Additions		-	-	11,463	47,072	67,823	-	126,358	
Transfers - net		-	-	19,790	23,039	(42,829)	-	-	
Disposals		(23,093)	-	-	-	-	-	(23,093)	
At 31 December 2005		209,681	568,416	3,876,376	316,172	85,182	854,425	5,910,252	
Additions		-	-	459	38,454	102,689	139,444	281,046	
Transfers - net		-	-	77,703	3,003	(80,706)	-	-	
Disposals		-	-	-	(13,826)	-	-	(13,826)	
At 31 December 2006		209,681	568,416	3,954,538	343,803	107,165	993,869	6,177,472	
Accumulated depreciation									
At 1 January 2005		-	237,857	1,877,663	197,697	-	-	2,313,217	
Depreciation charge for the year		-	24,965	141,874	24,299	-	-	191,138	
At 31 December 2005		-	262,822	2,019,537	221,996	-	-	2,504,355	
Depreciation charge for the year		-	24,965	143,382	31,441	-	-	199,788	
Disposals		-	-	-	(13,796)	-	-	(13,796)	
At 31 December 2006		-	287,787	2,162,919	239,641	-	-	2,690,347	
Net book value									
At 31 December 2005		209,681	305,594	1,856,839	94,176	85,182	854,425	3,405,897	
At 31 December 2006		209,681	280,629	1,791,619	104,162	107,165	993,869	3,487,125	

Most of the Group's property and equipment are leased out under operating leases.

Long-term borrowings according to note 15 are secured by the Group's properties with book values of Baht 11,949 million (2005: Baht 9,415 million).

The Group has liability under long-term lease agreement amounting to Baht 810.1 million (2005 : Baht 600.1 million) resulting from the difference between the actual amount paid according to the contract and amortisation is on systematic basis according to TAS 29 : Long-tem lease agreement. Liabilities under long-term lease agreement are deducted from the advance paid for leasehold right on land and building because both accounts relate to acquisition of the same project. The Group's project under development for shopping centres and office comprise of a total of 6 projects. However, development of 3 projects located in Bangkok and up-country has been suspended. The management's decision to continue the construction of these projects depends on future economic conditions and the ability to obtain additional funds. The total costs of these projects, and related allowance for impairment as of 31 December 2006 amount to Baht 1,129 million and Baht 827 million, respectively (2005 : Baht 1,121 million and Baht 827 million, respectively).

12. INTANGIBLE ASSETS

(in thousand Baht)

	Consolidated		
	Negative Goodwill	Assets usage right	Total
<i>Cost</i>			
At 1 January 2005	(133,173)	124,301	(8,872)
Additions	-	75,818	75,818
At 31 December 2005	(133,173)	200,119	66,946
Additions	-	7,576	7,576
At 31 December 2006	(133,173)	207,695	74,522
<i>Accumulated amortisation</i>			
At 1 January 2005	(14,659)	-	(14,659)
Amortisation charge for the year	(6,659)	7,708	1,049
At 31 December 2005	(21,318)	7,708	(13,610)
Amortisation charge for the year	(6,658)	8,057	1,399
At 31 December 2006	(27,976)	15,765	(12,211)
<i>Net book value</i>			
At 31 December 2005	(111,855)	192,411	80,556
At 31 December 2006	(105,197)	191,930	86,733

During the years 2006 and 2005, the Group has secured an assets usage right which would benefit the Group's business. This cost is amortised at the commencement of usage date onward.

13. DEFERRED TAX

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Deferred tax assets	526,342	488,471	209,209	193,625
Deferred tax liabilities	(796,080)	(863,074)	-	-
Net	(269,738)	(374,603)	209,209	193,625

Movements in deferred tax assets and liabilities, prior to offsetting of balances, during the year were as follows:

(in thousand Baht)

	Consolidated		
	At 1 January 2006	charge / (credit) to statement of income (note 24)	At 31 December 2006
<i>Deferred tax assets</i>			
Allowance for doubtful accounts	50,604	1,103	49,501
Allowance for impairment	208,675	1,533	207,142
Building under consignment sale	875,895	20,375	855,520
Deposits from customers	97,652	(64,320)	161,972
Other provisions	131,540	23,998	107,542
Total	1,364,366	(17,311)	1,381,677
<i>Deferred tax liabilities</i>			
Unearned revenue	875,895	(20,560)	855,335
Gain on finance leases	863,074	(66,994)	796,080
Total	1,738,969	(87,554)	1,651,415
Net	(374,603)	(104,865)	(269,738)

(in thousand Baht)

	The Company		
	At 1 January 2006	charge / (credit) to statement of income (note 24)	At 31 December 2006
<i>Deferred tax assets</i>			
Allowance for doubtful accounts	49,374	402	48,972
Allowance for impairment	27,367	-	27,367
Building under consignment sale	400,051	21,216	378,835
Deposits from customers	79,012	(26,546)	105,558
Other provisions	37,872	10,745	27,127
Total	593,676	5,817	587,859
<i>Deferred tax liability</i>			
Unearned revenue	400,051	(21,401)	378,650
Net	193,625	(15,584)	209,209

14. OTHER NON-CURRENT ASSETS

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Withholding tax deducted at source	563,483	99,688	-	40
Deposits and other rights	47,614	41,650	39,741	33,251
Guarantees for leasehold rights	25,464	28,650	25,464	28,550
Total	636,561	169,988	65,205	61,841

15. INTEREST-BEARING LIABILITIES

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Current					
Unsecured bank overdrafts		11,719	15,932	-	-
Unsecured short-term loans from related parties	4	3,171	3,042	159,592	4,035,547
Secured current portion of long-term loans from financial institutions		199,582	150,000	-	-
Current portion of long-term loans from institutional investors					
- secured		822,518	822,518	-	-
- unsecured		1,214,476	625,326	1,000,000	273,335
		2,036,994	1,447,844	1,000,000	273,335
		2,251,466	1,616,818	1,159,592	4,308,882
Non-current					
Secured long-term loans from financial institutions		199,880	399,920	-	-
Unsecured long-term loans from related parties	4	-	-	5,794,965	5,347,904
Long-term loans from institutional investors					
- secured		4,651,631	5,474,150	-	-
- unsecured		4,024,000	3,568,899	4,000,000	3,500,000
		8,675,631	9,043,049	4,000,000	3,500,000
		8,875,511	9,442,969	9,794,965	8,847,904
Total		11,126,977	11,059,787	10,954,557	13,156,786

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Within one year	2,251,466	1,616,818	1,159,592	4,308,882
After one year but within five years	7,538,754	7,258,891	4,000,000	3,500,000
After five years	1,336,757	2,184,078	5,794,965	5,347,904
Total	11,126,977	11,059,787	10,954,557	13,156,786

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Land	784,112	784,112	-	-
Leasehold rights to land	245,873	295,373	-	-
Buildings and improvements	10,919,371	8,335,481	-	-
Total	11,949,356	9,414,966	-	-

As at 31 December 2006 the Group had unutilised credit facilities totalling Baht 903 million (2005: Baht 1,518 million).

During the year 2004, the Company has issued unsecured and unsubordinated debentures, denominated in Thai Baht, offered to the institutional investors and maturing in 2009 and 2010, bearing interest rates of 4.20% and 5.24% per annum, respectively.

During the year 2005, the Company has issued unsecured and unsubordinated debentures, denominated in Thai Baht in the amount of Baht 1,000 million, offered to the institutional investors and maturing in 2007, bearing interest rates at 3.80% per annum.

During the year 2006, the Company has issued unsecured and unsubordinated debentures, denominated in Thai Baht in the amount of Baht 1,500 million, offered to the institutional investors and maturing in 2009, bearing interest rates at 6.39% per annum and at Minimum Loan Rate (MLR) less 1.55% per annum.

A subsidiary has a loan from a bank which is denominated in Thai Baht from a local commercial bank. The loan matures in December 2008 and bears interest at the rate of Minimum Lending Rate (MLR) per annum. The loan facility is Baht 800 million and is secured by the subsidiary's land title deeds.

Effective interest rates and repricing / maturing analysis

	Effective interest rate (%)	Floating interest rate	Consolidated Fixed interest rate maturing			Total carrying value	Fair value
			(in thousand Baht)				
			Within 1 year	In 1 to 5 years	After 5 years		
2006							
Long-term loans from financial institutions and institutional investors	5.46	4,376,895	1,478,010	4,840,890	416,292	11,112,087	11,431,774
2005							
Long-term loans from financial institutions and institutional investors	4.83	763,670	1,302,993	6,790,072	2,184,078	11,040,813	10,389,464
	Effective interest rate (%)	Floating interest rate	The Company Fixed interest rate maturing			Total carrying value	Fair value
			(in thousand Baht)				
			Within 1 year	In 1 to 5 years	After 5 years		
2006							
Long-term loans from financial institutions and institutional investors	4.95	500,000	1,000,000	3,500,000	-	5,000,000	4,989,392
2005							
Long-term loans from financial institutions and institutional investors	4.25	-	273,335	3,500,000	-	3,773,335	3,653,226

16. OTHER CURRENT LIABILITIES

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Accrued expenses	686,260	636,870	258,383	260,351
Retention payable	270,678	148,581	18,762	8,516
Other accounts payable	242,535	267,950	91,181	96,345
Accrued interest expense	33,293	29,177	33,293	29,177
Endorsed promissory note payable	-	670,000	-	170,000
Others	173,187	194,324	67,299	53,822
Total	1,405,953	1,946,902	468,918	618,211

17. SHARE CAPITAL

	Par Value (in Baht)	Number	2006		2005	
			Baht (thousand share / thousand Baht)	Number	Baht	
<i>Authorised</i>						
At 1 January						
- ordinary shares	1	2,178,816	2,178,816	2,000,245	2,000,245	
Conversion of preferred shares to ordinary shares	1	-	-	178,571	178,571	
At 31 December						
- ordinary shares	1	2,178,816	2,178,816	2,178,816	2,178,816	
<i>Issued and fully paid</i>						
At 1 January						
- ordinary shares	1	2,178,816	2,178,816	2,000,245	2,000,245	
Conversion of preferred shares to ordinary shares	1	-	-	178,571	178,571	
At 31 December						
- ordinary shares	1	2,178,816	2,178,816	2,178,816	2,178,816	

According to the resolution at the extraordinary shareholders' meeting on 26 June 2003, the preferred share can be converted into an ordinary share. The Company has registered for the conversion of the 178,571,000 preferred shares with a par value of Baht 1 per share totalling Baht 178,571,000 to 178,571,000 ordinary shares with a par value of Baht 1 per share totalling Baht 178,571,000 with the Ministry of Commerce on 4 May 2005.

18. RESERVES

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.

Fair value changes

Fair value changes recognised in shareholders’ equity relate to cumulative net changes in the fair value of available-for-sale investments.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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.

19. SEGMENT INFORMATION

Segment information is presented in respect of the Group’s business and geographic segments. The primary format, business segments, is based on the Group’s management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

<i>Segment 1</i>	Development of shopping centre buildings, office building and condominiums for rent including provision of utility services, operator of play land and water theme park in the shopping centre buildings
<i>Segment 2</i>	Sales of food and beverage in the shopping centres buildings

Financial information by business segments

(in thousand Baht)

	Segment 1		Segment 2		Total	
	2006	2005	2006	2005	2006	2005
Revenues	6,309,655	6,001,511	396,567	420,176	6,706,222	6,421,687
Segment results	2,830,626	2,824,223	92,800	96,743	2,923,426	2,920,966
Interest income					158,842	54,911
Other income					585,596	3,306,860
Share of profits from investments accounted for using the equity method					298,701	83,227
Administrative expense					(1,075,219)	(1,402,999)
Directors' remuneration					(2,760)	(2,560)
Profit before interest and income tax expenses					2,888,586	4,960,405
Interest expense					(621,042)	(543,524)
Income tax					(611,015)	(1,282,775)
Profit after tax					1,656,529	3,134,106
Net loss of minority interest					28,665	160,439
Net profit					1,685,194	3,294,545
Fixed assets by segment (As at 31 December)	26,349,866	23,083,617	1,829	2,725	26,351,695	23,086,342
Total assets by segment (As at 31 December)	34,271,385	33,349,116	26,284	27,178	34,297,669	33,376,294

20. OTHER INCOME

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Gain on finance leases	4	-	2,884,779	-	-
Expenses claimed from tenants		141,050	171,743	58,339	61,422
Management income		197,780	57,795	271,646	134,072
Others		246,766	192,543	117,442	162,361
Total		585,596	3,306,860	447,427	357,855

21. ADMINISTRATIVE EXPENSES

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Marketing	313,726	250,982	138,690	131,780
Personnel	458,911	389,728	388,961	307,732
Administrative	92,583	97,307	71,167	65,187
Others	209,999	664,982	113,350	112,394
Total	1,075,219	1,402,999	712,168	617,093

22. PERSONNEL EXPENSES

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
Wages and salaries	516,007	425,373	395,826	296,181
Contribution to defined contribution plans	10,153	8,517	8,642	7,167
Others	29,160	31,145	19,394	20,252
Total	555,320	465,035	423,862	323,600
Number of employees as at 31 December	1,826	1,677	1,104	1,021

(number of employees)

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

23. INTEREST EXPENSE

(in thousand Baht)

	Note	Consolidated		The Company	
		2006	2005	2006	2005
Interest paid and payable to:					
- related parties	4	-	-	258,977	70,182
- financial institutions		621,042	543,524	289,843	239,325
Total finance costs		621,042	543,524	548,820	309,507
Finance costs capitalised		67,347	1,263	-	-
		688,389	544,787	548,820	309,507

Finance costs for properties under development have been capitalised at rates 3.37%. The capitalisation rate was used representing the weighted average interest rate of general purposes borrowings.

24. INCOME TAX

(in thousand Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Current tax expense</i>				
Current year	715,880	512,436	348,600	345,410
<i>Deferred tax expense</i>				
Movements in temporary differences	(125,047)	770,339	(15,584)	(19,091)
Benefit of tax losses recognised	20,182	-	-	-
	(104,865)	770,339	(15,584)	(19,091)
Total	611,015	1,282,775	333,016	326,319

Reconciliation of effective tax rate

	Consolidated			
	Rate (%)	2006 (In thousand Baht)	Rate (%)	2005 (In thousand Baht)
Profit before tax		2,267,543		4,416,881
Income tax using the Thai corporation tax rate	30	680,263	30	1,325,064
Income not subject to tax		(156,616)		(417,584)
Expenses not deductible for tax purposes		87,368		375,295
Total	27	611,015	29	1,282,775

25. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2006 was based on the profit attributable to ordinary shareholders of Baht 1,685.2 million (2005: Baht 3,294.5 million) and the weighted average number of shares outstanding during the year of 2,178,816,000 shares (2005: 2,118,640,000 shares).

26. DIVIDENDS

At the annual general meeting of the shareholders of the Company held on 28 April 2005, the payment of dividends of Baht 0.25 per share were approved from 2004 operating results (total sum of Baht 544.7 million). The dividend was paid to shareholders in May 2005.

At the annual general meeting of the shareholders of the Company held on 28 April 2006, the payment of dividends of Baht 0.40 per share were approved from 2005 operating results (total sum of Baht 871.5 million). The dividend was paid to shareholders in May 2006.

27. FINANCIAL INSTRUMENTS

The principal financial risks faced by the Group are interest rate risk and credit risk. The Group borrows at both fixed and floating rates of interest to finance its operations. Credit risk arises from the risk in the collectability of rental fees.

Credit risks

The current policies established by the Group to manage credit risk are:

- To collect an advance equivalent to 6 months rental from customers.
- To terminate rental contracts for tenants whose rental fees are outstanding over 90 days.

Liquidity risks

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash equivalents, investments, trade accounts receivables and payables, other receivables and payables, loans to subsidiaries, short-term borrowings and floating interest rate long-term borrowings. Information on the fair values of borrowings is included in Note 15.

28. COMMITMENTS

(in million Baht)

	Consolidated		The Company	
	2006	2005	2006	2005
<i>Capital commitments</i>				
Contracted but not provided for	645	2,111	-	-
	Consolidated		The Company	
	2006	2005	2006	2005
<i>Non-cancellable operating lease commitments</i>				
Within one year	181	181	324	324
After one year but not within five years	1,140	1,027	1,296	1,296
After five years	14,625	14,919	-	324
	15,946	16,127	1,620	1,944

The above minimum lease payments exclude lease commitments of the suspended projects which are under negotiation for renewal of contracts as detailed in (a) and (b).

- (a) The Group has entered into a land lease agreement with a third party. The land was leased for the construction of a building for lease. The lease agreement was for a period of 30 years ending in May 2027. Under the conditions in the agreement, the Group paid advance rental which is presented in the balance sheets as projects under development and has to pay monthly rental. The rental will be increased every five years at the rate of 10% of the latest month rental. However, this project has been suspended.

- (b) The Group has entered into a land lease agreement with a local company. Land was leased for the construction of a shopping centre for lease. The lease agreement was for a period of 30 years ending in June 2030. Under the conditions in the agreement, the Group paid advance rental which is presented in the balance sheet as projects under development, and has to pay a monthly rental. The rental will be increased every three years at the rate of 15% of the latest rental. The agreement can be renewed for the same period as the lessor is renewal agreement with the landlord. The lessor would obtain the rights to the buildings and improvements thereon at the lease expiration date. During 2005, the Group has not paid the lease payments under this agreement since the project has been temporarily suspended. The lease term and conditions are under consideration to be amended by both parties.
- (c) The Group has entered into three lease agreements with third parties for the construction of shop buildings for lease and shophouses. Two land lease agreements were for a period of 30 years ending in August 2025 and in June 2030, respectively. One other agreement is for a lease of shophouses for a period of 26 years ending in July 2021. Under the conditions in the agreements, the Group has to pay advance rental which are presented in the balance sheets as projects under development and guarantee for leasehold rights. In addition, the Group has to pay a monthly rental which will be revised every five years. The Group received a refundable guarantee deposit amounting to Baht 20 million in 1997 and will receive the remaining balance of the refundable guarantee deposits amounting to Baht 298.6 million from the 21st year of lease to the 30th year of lease. The land lease agreements can be renewed for a period of not less than 15 years through a one year advance written notification before expiration in which the terms will be renegotiated upon renewal. The lessor will obtain the ownership rights of buildings and improvements thereon at the lease expiration date. Upon the expiration of shophouse lease, the lessor will give the Group a priority in renewing the lease agreement.
- (d) In 2003, the Group has entered into a land and building lease agreement with The Bureau of the Crown Property as lessee. The lease agreement was for a period of 30 years ending in December 2032 which the Group has to pay a monthly rental. Under the conditions in the agreements, the agreement can be renewed for another 30-year period in which the terms have been agreed. The lessor obtains the ownership rights of building and improvements on the first day of lease.
- (e) In 2002, the Company has entered into a lease agreement of Central Plaza Pinklao shopping centre building with a related company, the Thai Business Fund 2. The lease agreement is for a period of three years ended in December 2004. Under the conditions in the agreement, the Company has to pay a monthly rental. The rental rate can be revised either up or down from January 2003, at a rate not exceeding 15% of the average rental of the previous year. The agreement can be renewed for a 3-year period at a time but not over 10 years in total. Towarrant the Company's performance regarding its obligations under this agreement, the Company transferred its right on the land where the shopping centre was located and Central Realty Service Co., Ltd., a subsidiary, mortgaged its utility systems as collateral.
- (f) In 2005, the Group has entered into a land lease agreement with a local company for the construction of shop buildings and parking. The land lease agreement was for a period of 28 years 10 months ending in September 2034. Under the conditions in the agreement, the Group has to pay a monthly rental since September 2006. The rental will be increased every five years at the rate of 5% of the latest month rental. The lease agreements can be renewed six months in advance by written notification before expiration in which the terms will be renegotiated upon renewal.

29. CONTINGENT LIABILITIES

Guarantee

- (a) As at 31 December 2006, the Company has entered into a loan guarantee agreement for subsidiaries totalling Baht 4,668 million (2005: Baht 6,339 million).

Litigation

The significant litigation of the Company and the progress of litigation up to 31 December 2006 are as follows:

- (b) In 1996, a local company filed a case with the court against the Company for breach of rental agreement amounting to Baht 83.4 million. The Company filed a counter-claim with the court against that company for damages of Baht 2.5 million. In October 2001, the First Court gave its verdict in favour of the Company. However, in September 2004, the Appeal Court gave a verdict in favour of a counter party. At present, the case has been appealed in the Supreme Court.
- (c) In 1997, a local company filed a case with the court against the Company for breach of rental agreement amounting to Baht 10.3 million. The Company filed a counter-claim with the court against that company for damages of Baht 69.5 million. In March 2002, the First Court gave its verdict for each party to pay for the claim filed against them. At present, the case has been appealed in the Appeal Court.
- (d) In 2003, individuals filed a case with the court against the Company for damages caused by the Company's construction project amounting to Baht 64.9 million. In August 2005, the First Court gave its verdict in favour of the Company. At present, the case has been appealed in the Appeal Court.

30. EVENTS AFTER THE BALANCE SHEET DATE

At the board of directors meeting of the Company held on 21 February 2007, the board of directors approved the appropriation of dividends from 2006 operating results of Baht 0.31 per share (total sum of Baht 675.4 million).

31. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2005 financial statements have been reclassified to conform with the presentation in the 2006 financial statements.

32. NEW AND REVISED ACCOUNTING STANDARDS NOT YET ADOPTED

On 11 October 2006, the Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments 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 an announcement is made), instead of the equity method currently used. This revision to TAS No. 44 is applicable to financial statements covering periods beginning on or after 1 January 2007, with early adoption encouraged.

The Company proposes to adopt the change in accounting treatment for its investments in subsidiary companies, jointly controlled entities and associate companies for the Company's 2007 financial statements. The change in accounting treatment will be applied retrospectively and the Company's 2006 financial statements, which will be included in the Company's 2007 financial statements for comparative purposes, will be restated accordingly. The effect of the change on the Company's financial statements has not presently been determined by management. The consolidated financial statements of the Group will not be affected by the change.

AUDITOR'S FEE

1. Audit fee

In 2006, Audit fee of the Company and its subsidiaries had been paid for audit firm that the auditor work for amounted to Baht 4,200,000

2. Non-Audit fee

In 2006, Non-Audit fee of the Company and its subsidiaries which is Examination of prospective financial information of CPNRF had been paid for audit firm that the auditor work for amounted to Baht 1,000,000 and additional fee for services in process amounted to Baht 300,000

GENERAL INFORMATION OF BUSINESS HELD BY THE COMPANY 10% UPWARD

Company	Nature of Business	Registered Capital	Percentage of Shareholding
1 Central Realty Services Co., Ltd. 999/9 Rama I Road, Patumwan, Bangkok 10330 Tel. 0-2667-5555	Servicing of Shopping Center Facilities	1,000,000	99.99%
2 Central Food Avenue Co., Ltd. 1697 Phaholyothin Road, Chatuchak, Bangkok 10900 Tel. 0-2793-6000	Restaurant operations and servicing of shopping complex food center	1,000,000	99.99%
3 Lang Suan Realty Co., Ltd. 95/3 Lang suan Road, Lumpini, Patumwan, Bangkok 10330 Tel. 0-2652-2849	Residential condominium and shop space for rent	1,000,000,000	99.99%
4 Central Pattana Rama 2 Co., Ltd. 128 M.6 Rama 2 Road, Samaedum, Bangkhuntian, Bangkok 10150 Tel. 0-2866-4300	Shopping Center	1,500,000,000	99.99%
5 Central Pattana Chiangmai Co., Ltd. 2 Mahidol Road, 252-252/1 Wualai Road, Haiya, Muang, Chiangmai 50100 Tel. 0-5399-9199	Shopping Center	1,000,000,000	99.99%
6 Central Pattana Rattanathibet Co., Ltd. 68/100 M.8 Rattanathibet Road, Bangkrasor, Muang, Nontaburi 11000 Tel. 0-2834-6000	Shopping Center	800,000,000	99.99%
7 Central Pattana Rama 3 Co., Ltd. 79 Sathupradit Road, Chongnonsee, Yannawa, Bangkok 10120 Tel. 0-2649-6000	Shopping Center	126,667,000	99.99%
8 Central Pattana Khon Kaen Co., Ltd. 999/9 Rama I Road, Patumwan, Bangkok 10330 Tel. 0-2667-5555	Shopping Center	260,000,000	78.13%
9 Central Pattana Chonburi Co., Ltd. 999/9 Rama I Road, Patumwan, Bangkok 10330 Tel. 0-2667-5555	Shopping Center	350,000,000	60.00%
10 Central Pattana Nine Square Co., Ltd. 999/9 Rama I Road, Patumwan, Bangkok 10330 Tel. 0-2667-5555	Shopping Center	600,000,000	60.00%
11 Central Realty Service Rama3 Co., Ltd. 79 Sathupradit Road, Chongnonsee, yannawa, Bangkok 10120 Tel. 0-2649-6000	Servicing of Shopping Center Facilities	175,000,000	99.99% (Hold by Central Pattana Rama 3 Co.,Ltd.)
12 Bangna Central Property Co., Ltd. 1091,1093 M.12 Bangna-Trad (KM3) Bangna Bangkok 10260 Tel. 0-2763-6000	Shopping Center/Office/Residential/Playland	600,000,000	99.99% (Hold by Lang Suan Realty Co., Ltd.)

Company	Nature of Business	Registered Capital	Percentage of Shareholding
13 CPN Pattaya Beach Co., Ltd. 999/9 Floor 32 nd , Rama I Rd., Patumwan, Bangkok 10330 Tel. 0-2667-5555	Shopping Center/Hotel	100,000	99.40%
14 Central World Tower Co., Ltd. 999/9 Rama I Rd., Patumwan, Bangkok 10330 Tel. 0-2667-5555	Office Building	1,850,000,000	92.50% (Hold by Bangna Central Property Co., Ltd. 10.00%)
15 Central World Co., Ltd. 4, 4/1-4/2, 4/4 Ratchadumri Road, Patumwan, Bangkok 10330 Tel. 0-2640-7000	Servicing of Shopping Center Facilities	1,000,000,000	92.50% (Hold by Bangna Central Property Co., Ltd. 10.00%)
16 Central Play Land Co., Ltd. 1094 Moo 12 Bangna-Trad (KM3) Bangna Bangkok 10260 Tel. 0-2763-6000	Space for rent in shopping center	518,000,000	99.99% (Hold by Bangna Central Property Co., Ltd.)
17 Siam Retail Development Co., Ltd. 5/5-6 M.7 Ramindra Road, Kannayao, Bangkok Tel. 0-2947-5000	Shopping Center	500,000,000	15.00% (Hold By Lang Suan Realty Co., Ltd. 12% and Square Ritz Plaza Co., Ltd. 3%)
18 Square Ritz Plaza Co., Ltd. 5/5 M.7 Ramindra Road, Kannayao, Bangkok Tel. 0-2947-5000	Real Estate Developer	125,000,000	12.00% (Hold by Lang Suan Realty Co., Ltd.)
19 Ayudhya Agrocitcity Co., Ltd. 47 M.2 Bangna-Trad Road, Bangplee, Samutprakarn 10540 Tel. 0-2750-4290	Real Estate Developer	400,000,000	11.85% (Hold by Lang Suan Realty Co., Ltd.)
20 CPN Retail Growth Property Fund Managed by TMB Asset Management Co., Ltd. 990 Abdulrahim Place, 32 th Floor, Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel. 0-2636-1800	Property Investing	10,915,000,000	33.00%
21 Thai Business Fund 2 Managed by Krung Thai Asset Management Pcl. 11 Q House Sathorn Building, M,G Floor, South Sathorn Road, Bangkok 10120 Tel. 0-2670-4900	Property Investing	253,100,000*	100.00%
22 Thai Business Fund 4 Managed by Krung Thai Asset Management Pcl. 11 Q House Sathorn Building, M,G Floor, South Sathorn Road, Bangkok 10120 Tel. 0-2670-4900	Property Investing	4,600,000,000*	92.50% (Hold by Bangna Central Property Co.,Ltd. 6.31%)
23 Thai Business Fund 5 Managed by Krung Thai Asset Management Pcl. 11 Q House Sathorn Building, M,G Floor, South Sathorn Road, Bangkok 10120 Tel. 0-2670-4900	Property Investing	292,728,000*	100.00%

Remark: *Only capital from owner type unitholders

REFERENCE FIRMS

Common Share & Preferred Share

- (1) Company : Thailand Securities Depository
Co., Ltd.
As : Registrar
Address : 62 Ratchadapisek Road, Klongtoey,
Bangkok 10110
Telephone : 0-2229-2800

Auditors

- (1) Company : KPMG Phoomchai Audit Ltd.
As : Auditors
Address : Empire Tower, 22nd Floor,
195 South Sathorn Road,
Bangkok 10120
Telephone : 0-2677-2000

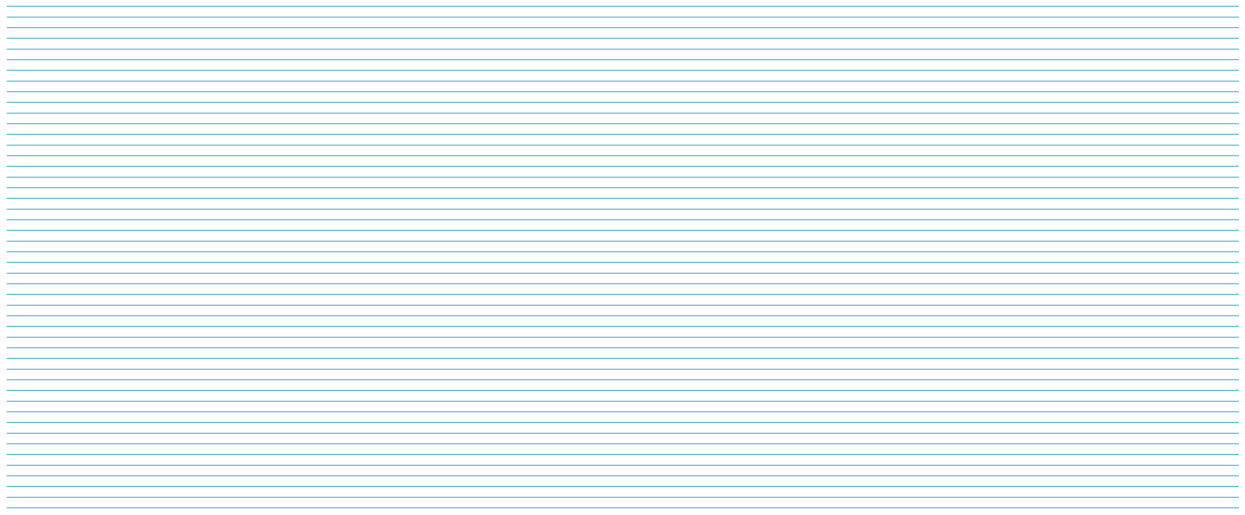
Unsecured Debentures

- (1) Company : TMB Bank Public Company Limited
As : CPN093A & CPN10DA's Registrar
Address : 393 Silom Road, Bangrak,
Bangkok 10500
Telephone : 0-2230-5575

Credit Rating Company

- (1) Company : TRIS Rating Co., Ltd.
As : Company and Issue Rating
Address : Silom Complex Building, 24th Floor,
191 Silom Road, Bangkok 10500
Telephone : 0-2231-3011

- (2) Company : BankThai Public Company Limited
As : CPN074A, CPN074B, CPN096A &
CPN096B's Registrar
Address : 44 Lungsuan Road, Lumpini,
Patumwan, Bangkok 10330
Telephone : 0-2626-7503



EXISTING PROJECT, MANAGED BY CENTRAL PATTANA PUBLIC COMPANY LIMITED

1. CentralPlaza Lardprao

General Manager : Mr. Athivut Suwanchinda
 Address : 1693 Phaholyothin Road, Chatuchak,
 Chatuchak, Bangkok 10900
 Tel : + 66 (0) 2793-6000 Fax : + 66 (0) 2541-1341

2. CentralPlaza Ramindra

General Manager : Mrs. Wanphen Kawbuakaew
 Address : 109/10 Moo 3, Ramindra Road, Bangkhen,
 Bangkok 10220
 Tel : + 66 (0) 2790-3000 Fax : + 66 (0) 2552-5513

3. CentralPlaza Pinklao

General Manager : Mrs. Oranee Poolkwan
 Address : 7/222 Baromrachachonnanee Road,
 Bankoknoi, Bangkok 10700
 Tel : + 66 (0) 2877-5000 Fax : + 66 (0) 2884-8486

4. CentralFestival Center Pattaya

General Manager : Mr. Sarun Tuntijumnun
 Address : 78/54 Moo 9, Pattaya 2 Road, Banglamung,
 Chonburi 20260
 Tel : + 66 (0) 3836-1456 Fax : + 66 (0) 3836-1443 # 1225

5. Central Airport Plaza Chiangmai

General Manager : Mrs. Orachorn Chanwiwattana
 Address : 2 Mahidol Road, Haiya, Muang,
 Chiangmai 50100
 Tel : + 66 (0) 5399-9199 Fax : + 66 (0) 5399-9122-3

6. Central City Bangna

General Manager : Mrs. Nujaree Maratanalert
 Address : 1091, 1093 Moo 12 Bangna-Trak (KM3),
 Bangna, Bangkok 10260
 Tel : + 66 (0) 2763-6000 Fax : + 66 (0) 2398-8941

7. CentralPlaza Ratchada Rama III

General Manager : Mr. Sathit Wikhantanakul
 Address : 79 Sathupradit Road, Chongnonsee, Yannawa,
 Bangkok 10120
 Tel : + 66 (0) 2649-6000 Fax : + 66 (0) 2673-6009

8. CentralPlaza Rama II

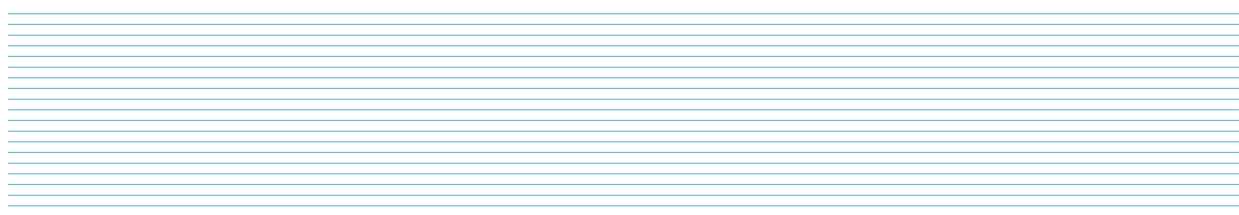
General Manager : Mr. Thanasombat Sanitwongse
 Address : 128 Moo 6 Rama 2 Road, Samaedum,
 Bangkhuntian, Bangkok 10150
 Tel : + 66 (0) 2866-4300 Fax : + 66 (0) 2872-4560

9. CentralWorld

Assistant to Vice President : Mr. Amorn Amornkul
 Address : 4 Rajdamri Road, Patumwan,
 Bangkok 10330
 Tel : + 66 (0) 2640-7000 Fax : + 66 (0) 2255-9500 # 1885

10. CentralPlaza Rattanathibet

General Manager : Mr. Surasit Manawatanakij
 Address : 68/100 Moo 8, Rattanathibet Road, Bangkrasor,
 Muang, Nonthaburi 11000
 Tel : + 66 (0) 2834-6000 Fax : + 66 (0) 2526-6092





**PROPERTY
DEVELOPMENT
& INVESTMENT**

A Member of Central Group

Central Pattana Public Company Limited

Registration No.0107537002443

Head Office: 30th-33rd Floors, The Offices at Centralworld,
999/9 Rama I Road, Patumwan, Bangkok 10300, Thailand

Telephone : +66(0) 2667 5555

Facsimile : +66(0) 2264 5593

www.centralpattana.com

Authorized Share Capital : Baht 2,178,816,000

Issued and fully paid-up : Baht 2,178,816,000