



RAIMON LAND

...developing a better environment

The year of the  
waterfront

ANNUAL  
REPORT  
2006

Reflection of The River, one of Raimon Land's prime waterfront projects

RAIMON LAND PLC.





RAIMON LAND

...developing a better environment



# Contents



	Page
Message from the Chairman	6
Message from the CEO	8
Audit Committee Report	9
Mission Statement	10
Financial Summary of the Company and its Subsidiaries	12
Board of Directors	14
Raimon Land Executives	16
Raimon Land Management	18
Social Contributions	20
The Company's Projects	22
General Information of the Company, Subsidiaries and Associates	44
Business Operations	53
Risk Factors	65
Shareholder Structure and Management	74
Connected Transactions	116
Explanation of Operating Results and Financial Status	121
Annexure: Auditor's Report & Financial Statements	133



Message from the Chairman

## MESSAGE FROM THE CHAIRMAN

In my role as Chairman of the Board of Directors of Raimon Land Plc, I can report that 2006 has been a most productive year for the company.

The political circumstances that influenced the latter half of the year presented several challenges for the property investment market. Fortunately, as uncertainty surrounded foreign investment in real estate, the company's core condominium business was among the most secure freehold purchase structures.

This difficult political period has not affected the company's ability to attract internationally respected financiers, partners and investors. In realising their commitments, these stakeholders endorse Raimon Land's strategy for the future.

We have titled this Annual Report "The Year of the Waterfront" because 2006 was a year when Raimon Land embarked on some prime waterfront projects. In November, we officially launched our second Pattaya project, the much anticipated Northpoint. By the end of the year, sales of the 374 beachfront units had reached 30% of the gross development value and the piling and foundation works were on program.

The company also acquired a prime 37 rai waterfront site neighbouring Phuket's exclusive Amanpuri Resort. The site offers the location, views and natural attributes to develop a high quality project that will continue the sales momentum of the company's current projects in this growing resort market.

The completion and transfer of the company's first two provincial projects, Kata Gardens and Northshore in Phuket and Pattaya respectively demonstrated Raimon Land's ability to operate outside the capital.

The company's solid performance would not be possible without the support of the Board of Directors, shareholders, management and staff and I would like to express thanks for their commitment and hard work over 2006.



Mr. Sompoch Intranukul  
Chairman of the Board of Directors

## MESSAGE FROM THE CEO

Raimon Land's endeavours over 2006 have equipped the company to pursue an impressive array of upcoming projects. Accordingly, the Board of Directors and management have strived to further develop the company's resources and improve efficiencies in preparation for the workload ahead.

The company successfully completed the placement of two fully subscribed debentures of Baht 750 million and 363 million with Lehman Brothers providing funding for expansion and reflecting favourably on Raimon Land's financial position.

The company took the necessary steps to upgrade information technology systems to cater to an increasing and more active database of stakeholders, customers and prospects. The online efforts were rewarded when northpointpattaya.com won the best web site at The 2006 Thailand Property Awards.

A comprehensive evaluation of the existing human resources was conducted to identify and implement a policy that recruits, retains and rewards valued staff. In order to cope with the foreseeable increases in the company's activities, Raimon Land has welcomed the recruitment of experienced personnel in key positions.

2006 also marked the 60th anniversary of His Majesty's ascension to the throne and the lead up to his 80th birthday celebrations in December 2007. Raimon Land's participation in a number of enterprising programs helped raise over Baht 20 million for the Royal Chaipattana Foundation.

The continued support of sporting, cultural and community events, such as our principal sponsorship of the 20th Phuket King's Cup Regatta, has generated both good will and positive publicity for the company and raised substantial funds for a variety of worthy charities.

At the end of 2006, the company's ongoing performance and prospects for the future were boosted by the investment of two new major shareholders. Among the Middle East's most prolific and respected investors, the pairing of Istithmar and IFA Hotels and Resorts brings a combination of financial strength, knowledge and synergy to many aspects of Raimon Land's business.

I would like to take this opportunity to thank our management team, staff, Board of Directors and shareholders, whose contribution over 2006 has been critical to Raimon Land's performance.



Mr. Nigel J. Cornick  
Chief Executive Officer

## AUDIT COMMITTEE REPORT

The Audit Committee of Raimon Land Public Company Limited (the Company) has been appointed by the Company's Board of Directors. The Committee consists of three committee members. Each committee member is not an executive or a staff member of the Company.

The Audit Committee performs its duties as delegated by the Board of Directors. When performing the duties the Committee emphasises compliance with business ethics, transparency, checks and balances and audit trail of work processes. This is to ensure proper internal control and compliance with laws and regulations as required by supervising government agencies.

In 2006 the Committee held four meetings to perform its tasks under the scope of works and responsibilities assigned by the Board of Directors. The tasks included:

1. Reviewing quarterly and year end financial statements for their accuracy and adequate disclosure. The Committee did so by meeting with an external auditor, internal auditor and the Company's executives responsible for preparing financial statements. During the meeting the Committee received explanation, notes and comments; provided comments; and exchanged views with the attendees. The Committee also provided guidelines for management for implementation to benefit all the stakeholders of the Company;
2. Considering an internal audit plan, reviewing internal audit results and internal auditor comments related to internal controls, recommending improvements and corrective measures to the Company's management as well as monitoring the progress of such improvements and corrective measures continuously;
3. Reviewing the Company's operations for their compliance with laws and regulations;
4. Reviewing related parties transactions and disclosure of such transactions that occurred during the year 2006 to ensure the transactions were reasonable and yielded the highest benefits to the Company compared with the transactions entered into with independent parties otherwise; and
5. Recruiting an external auditor and suggesting reasonable remuneration of the external auditor to the Board of Directors for consideration prior to the proposal to appoint the external auditor during the shareholders' annual general meeting.



Mr Kitti Gajanandana  
Chairman of the Audit Committee



Mission Statement

## MISSION STATEMENT

The mission statement for Raimon Land PLC embodies the following key elements:

- Raimon Land is committed to providing its customers with innovative products that exceed their expectations by fully understanding their needs and aspirations.
- As a leading Thai real estate developer, Raimon Land will strive to improve the quality of property development in the country through utilisation of best practices in all construction disciplines as well as through the establishment of new standards in estate planning, environmental controls and ongoing management.
- Raimon Land will ensure that it conducts all its business in a fair and transparent manner dealing honestly with its customers, suppliers, contractors and vendors and with open communication channels for any stakeholder to express themselves to management and directors.
- Raimon Land will act as a good corporate citizen which encourages and supports civic improvement, sound charitable causes, education and environmental protection.
- Raimon Land will seek to create a working environment for its staff that recognises and rewards excellent performance, provides equal opportunities for all staff to grow within the company to reach their full career potential, and offers job satisfaction and pride in the company.
- Raimon Land is committed to financial stability, market share growth, sustainable profit growth and protection of shareholder value.

**As its corporate objective, Raimon Land seeks to establish essential new standards in design, convenience, functionality and value in property development within Thailand.**

# Financial Summary of the Company and its Subsidiaries



## Financial Summary of the Company and its Subsidiaries

	2004	2005	2006
<b>Assets : Million Baht</b>			
Total Assets	1,819.82	3,456.71	4,113.02
Property Development Cost	951.62	2,010.12	3,108.43
<b>Liabilities and Shareholder Equity : Million Baht</b>			
Total Liabilities	736.66	1,616.35	1,890.35
Issued and Paid up Share Capital	1,124.65	1,349.58	2,108.37
<b>Shareholders' Equity (Excluding Minority Interests)</b>	1,075.32	1,408.57	1,898.85
<b>Results of Operation : Million Baht</b>			
Revenue from Sales	451.05	1,735.26	850.97
Revenue from Rent	2.57	2.49	2.58
Share of Profit from Investment Accounted for under Equity Method	300.05	-	9.83
Other Revenue	19.70	17.38	67.58
<b>Total Revenue</b>	<b>773.37</b>	<b>1,755.13</b>	<b>930.96</b>
<b>Net Profit</b>	<b>265.04</b>	<b>161.04</b>	<b>(165.82)</b>
<b>Per Share Figure : Baht</b>			
<b>Book Value per Share</b>	0.96	1.04	0.90
Earnings per Share	0.26	0.13	(0.09)
<b>Number of Outstanding Shares : Million Shares</b>	1,124.65	1,349.58	2,108.37

# Board of Directors



Raimon Land has assembled a strong and respected Board of Directors with a wealth of property-related experience across a diverse range of markets and disciplines. It is well equipped to guide the executive management towards the goals set out in the Company's mission statement.

Mr. Rahul Ghai  
Director and Executive Director

Mr. Sompoch Intranukul  
Chairman of the Board and  
Independent Director

Mr. Talal Al Bahar  
Director and Chairman of  
the Executive Directors

Mr. Richard Johnson  
Director and Executive Director

Mr. Werner Johannes Burger  
Director and Executive Director

Mr. Jirawud Kuvanant  
Independent Director and  
Audit Committee Member



Mr. Giuseppe Sita  
Director

Mr. Hubert Viriot  
Director

Mr. Kitti Gajanandana  
Independent Director and  
Chairman of the Audit Committee

Mr. Kitti Tungsiwong  
Director/Executive Director and  
Chief Operating Officer

Mr. Nigel John Cornick  
Director/Executive Director  
and Chief Executive Officer

# Executives



The Executive Management at Raimon Land comprises an experienced and highly qualified team of real estate professionals. Several members have served Raimon Land for over a decade, while others have joined more recently to bring a wider range of skills and knowledge to the company.

Mr. Montri Hemvichitr  
Special Projects Director

Mr. Henri Young  
Director of Marketing

Mr. David Alexander  
Director of Development

Mr. Kitti Tungriwong  
Chief Operating Officer

Mrs. Rajneeporn Bishop  
Director of Sales



Mr. Gerard Healy  
Project Director

Ms. Nitaya Phuprasitsak  
Senior Vice President, Finance  
and Accounting

Mr. Nigel John Cornick  
Director/Executive Director and  
Chief Executive Officer

Mrs. Neerja Sachdev  
Customer Relations Management  
Director

# Management Team



Raimon Land's Management team consists of young, talented and energetic personnel. The team has combined extensive skills in marketing, advertising, public relations, research and financial management.

Ms. Kwanrudee Maneewongwatthana  
Vice President - Communications

Mr. Veera Sirirosjarus  
Vice President - Information Systems

Ms. Nungruthai Sontiprasat  
Vice President - Corporate Planning

Mr. Simon Derville  
Vice President - Research & Development

Ms. Chatuporn Supayong  
AVP - Sales



Mr. Monsak Phuvanarthnarunubal  
Vice President - Asset Management

Ms. Kenrak Mukdasanit  
Vice President - Strategic Marketing

Ms. Raweewan Luangpiriyanyupap  
Vice President - Marketing

Mr. Kamjorn Eiampaiboonphan  
AVP - Project Development



Social Contributions

## RAIMON LAND'S SOCIAL CONTRIBUTIONS



As a lifestyle-orientated property developer, Raimon Land takes its corporate citizenship responsibilities very seriously. Having a positive impact on Thai society is a key goal in the company's mission statement. Raimon Land encourages and supports sound charitable causes, education and environmental sustainability.

During 2006, the company contributed through its participation and funding of a number of worthy charity events and programs. Raimon Land's contributions helped raise significant funds and also generated publicity and goodwill in the company's favour. Over this period of celebrations to mark the significant milestones of His Majesty King Bhumibol Adulyadej, the company has appropriately supported a number of enterprising events that contribute to Royal charities and foundations.

- The Father Who Only Builds
- 60 Million One Heart



The company also sponsored a variety of sporting events that not only raise the profile of each particular sport or host venue but contribute to the development of the activity in Thailand. The company has identified three sports in particular that fit with the company's international and domestic target market: yachting, golf and rugby. Together with a number of smaller events, the company's involvement with The Phuket King's Cup Regatta, the TOCI and Can-Am Golf tournaments and The Bangkok International Rugby Tens demonstrates the commitment to these sports across all markets where the company operates.

- Phang-Nga Bay Regatta (Jan 27-31)
- Top of The Gulf Regatta (May 3-7)
- Phuket Raceweek (Jul 27-30)
- King's Cup Elephant Polo (Sep 4-10)
- Bangkok International Ice Hockey Event (Oct 25-29)
- Can Am Golf (Nov 11-12)
- King Power Raceboard World Championships (Nov 18-25)
- Phuket King's Cup Regatta (Dec 2-9)
- TOCI Golf Pattaya (Dec 2-3)

In response to growing worldwide environmental concerns, the company has also taken the initiative to pursue a responsible approach across all aspects of the business. In keeping with our promise of "developing a better environment", all projects are now independently assessed by international environmental consultants and the operation's consumption is currently being offset to achieve carbon free status over the coming year.

## The Company's Projects



THE LOFTS  
SATHORN

THE LAKES  
CONDOMINIUM

THE  
LEGEND  
SALADAENG

NORTHSHORE  
CONDOMINIUM



KATA  
GARDENS

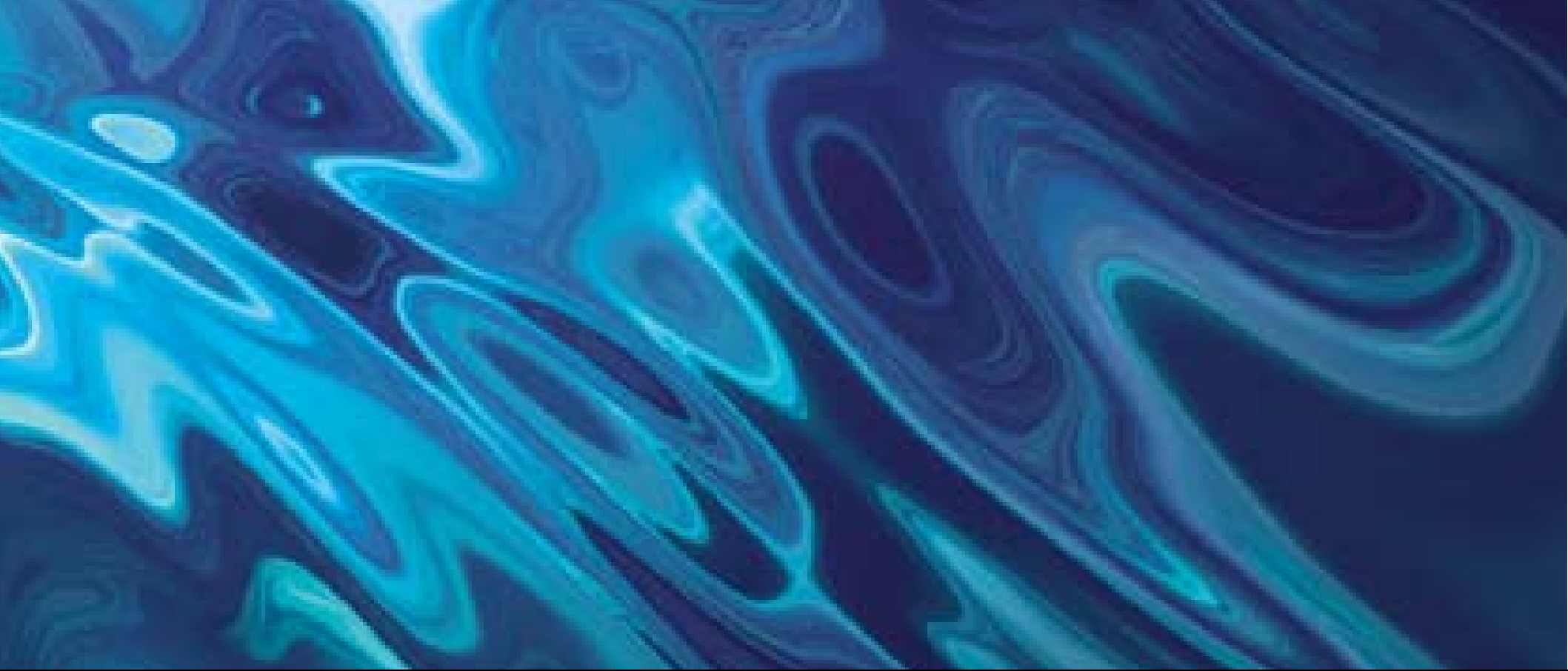
THE  
LOFTS  
YENNAKART

The  
Heights  
Phuket

Northpoint  
ABSOLUTE BEACHFRONT LIVING

THE RESIDENCE THE LIFESTYLE THE ADDRESS  
THE RIVER

185  
RAJADAMRI



The year of the  
waterfront



THE LOFTS  
SATHORN





## THE LOFTS SATHORN

Soi Meksawat, Bangkok

The Lofts Sathorn was launched by Raimon Land in early 2003 and completed in 2004. A community of 25 contemporary townhouses, The Loft's favourable location complimented the innovative concept. With an emphasis on design and lifestyle, the project helped position Raimon Land as a quality residential developer. The total project value was Baht 400 million.

# THE LAKES

CONDOMINIUM





## THE LAKES CONDOMINIUM

Rachadaphisek / Sukhumvit, Bangkok

The Lakes followed the success of The Lofts Sathorn, as all 165 of its condominium units, with a combined value of Baht 1,600 million, were sold out within five days of its launch in 2004. The Lakes Condominium project has become a benchmark for both Raimon Land and the premium residential market. This project was completed in 2005.

THE  
**LEGEND**  
SALADAENG





## THE LEGEND SALADAENG

Inner City, Bangkok

The Legend Saladaeng occupies a prime site in close proximity to the Silom / Sathorn CBD. This sought after location, commanding high rental yields, together with an efficient design, received a positive response in the market, particularly from investors. The increase in unit prices over the development period at The Legend demonstrated the potential gains for Raimon Land customers. The project was completed in September 2005 with a total value of Baht 835 million.

**NORTHSHORE**  
CONDOMINIUM





## NORTHSHORE

### Beach Road, Pattaya

Raimon Land's experience at Northshore has demonstrated the evolution of Pattaya and the Eastern Seaboard as a premium property market. Capital values in the 195 units appreciated significantly over the construction period passing on generous gains to investors and owner occupiers. Initial buyers are enjoying gross yields of 8-12 %. The profile of the buyers identified a strong demand for centrally located, quality real estate leading to the investment in the nearby Northpoint site. Additionally, the publicity surrounding Northshore has increased local awareness of Raimon Land and its other projects.



**KATA  
GARDENS**





## KATA GARDENS

### Kata Beach Phuket

The completion of the 33 condominium units at Kata Gardens in late 2006 reinforced Raimon Land's ongoing commitment to the island of Phuket. As the company's first project outside the proven Bangkok and Pattaya markets, the impressive sales results overcame the effects of the 2004 Tsunami. The healthy ongoing demand steered the design and positioning of the subsequent Kata Beach project, The Heights.

THE  
**LOFTS**  
YENNAKART





## THE LOFTS YENNAKART

### Soi Amorn, Bangkok

The Lofts Yennakart was launched in July 2005 and comprises 176 condominium units located adjacent to Bangkok's Central Business District on Soi Amorn. The carefully planned design and affordable prices have attracted a balanced mix of local and foreign buyers. Completion is scheduled for late 2007, and the project has a total value of Baht 1,270 million.

The  
**Heights**  
Phuket





## THE HEIGHTS

### Kata Beach, Phuket

The Heights, Phuket site provides the 51 condominium units with expansive sea views and a spacious clubhouse facility. Overlooking Kata Beach, the project was launched in December 2005 to coincide with the King's Cup Regatta. The strong sales at The Heights solidified the company's confidence in Phuket and its growing reputation on the island. Raimon Land expects a completion date for The Heights Phuket in early 2008 and the total project value is Baht 1,170 million.

Northpoint

ABSOLUTE BEACHFRONT LIVING





## NORTHPOINT

### Wong Amat Beach, Pattaya

Northpoint, Raimon Land's second Grade A condominium development in Pattaya, consists of 374 units with a total project value of Baht 4,500 million. Located on North Pattaya's exclusive Wong Amat Beach, an area of 12 rai with 80 meters of beach frontage allows for extensive facilities and uninterrupted views. The experience gained at nearby Northshore builds confidence for the proposed mid 2006 launch towards the completion in 2009.

THE RESIDENCE. THE LIFESTYLE. THE ADDRESS.

# THE RIVER





## THE RIVER

### Chao Praya River, Bangkok

With a gross development value of Baht 10.5 billion, The River is Raimon Land's largest project to date. In anticipation of the launch in early 2007, considerable planning and marketing has established a strong demand for this project featuring a remarkable 12 rai site with 120 meters of river frontage. The project also boasts an attractive range of units and facilities and the potential to become a landmark address in Bangkok.

# 185 RAJADAMRI

## 185 RAJADAMRI Central Bangkok

In early 2007, Raimon Land completed the acquisition of a 4 rai freehold site in the heart of Bangkok's CBD. Situated along the prestigious Rajadamri Road within walking distance of the BTS, the proposed condominium development will offer buyers extensive views across Lumpini Park and the Royal Bangkok Sports Club.



## BANG TAO BEACH Phuket

Located on the headland that separates Surin and Bang Tao beaches, this 37 rai plot sits adjacent to the exclusive Amanpuri and Chedi resorts. Currently, the site is being master planned as a resort style villa development. The beachfront location and elevated views will position the project at the high end of Phuket's property market.

## BANG TAO BEACH PROJECT



# General Information of the Company Subsidiaries and Associates



## General Information of the Company Subsidiaries and Associates

<b>Name</b>	:	<b>Raimon Land Public Company Limited</b>
Type of business	:	Real Estate Development
Company registration	:	0707536001508
Address	:	The Millennia Tower, 22/F, Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Homepage	:	<a href="http://www.raimonland.com">www.raimonland.com</a>
E-mail	:	<a href="mailto:info@raimonland.com">info@raimonland.com</a>
Authorised capital	:	2,977,577,568 Baht (as at 31st December, 2006)
Paid-up Capital	:	2,108,370,871 Baht (as at 31st December, 2006)
Registrar	:	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4/F Rajadapisek Road, Klongtoey, Bangkok 10110
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Allen & Overy (Thailand) Co., Ltd. 22/F Sindhorn Building III 130-132 Wireless Road, Lumpini, Pathumwan, Bangkok 10330  Bangkok Jurist Ltd. SSP Building 3 19/F Silom Road Suriyawong, Bangrak Bangkok 10500

## Subsidiary Companies :

<b>Name</b>	:	<b>Raimon Land Development Co., Ltd.</b>
Type of business	:	Fund Raising for Parent Company
Company registration	:	0105549013966
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	1,000,000 Baht
Paid-up Capital	:	1,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500
<b>Name</b>	:	<b>Raimon Land Property Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	010554071761
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	1,000,000 Baht
Paid-up Capital	:	1,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Subsidiary Companies :

<b>Name</b>	:	<b>Raimon Land Park View Development Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	01055490121467
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	1,000,000 Baht
Paid-up Capital	:	1,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500
<b>Name</b>	:	<b>Contemporary Property Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	0105526003476
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	200,000,000 Baht
Paid-up Capital	:	200,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Subsidiary Companies :

<b>Name</b>	:	<b>Raimon Land Planner Co., Ltd.</b>
Type of business	:	Business Reorganisation
Company registration	:	0105543094441
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	2,000,000 Baht
Paid-up Capital	:	2,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500
<b>Name</b>	:	<b>Strategic Property Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	0105537034955
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	15,525,000 Baht
Paid-up Capital	:	15,525,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Subsidiary Companies :

<b>Name</b>	:	<b>Taksin Hotel Holding Co., Ltd.</b>
Type of business	:	Property Development and/or Investing in Subsidiary Company for Property Project Development
Company registration	:	0105534045182
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	1,232,030,000 Baht
Paid-up Capital	:	1,232,030,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500
<b>Name</b>	:	<b>Taksin Properties Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	0105530057879
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	285,000,000 Baht
Paid-up Capital	:	285,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Subsidiary Companies :

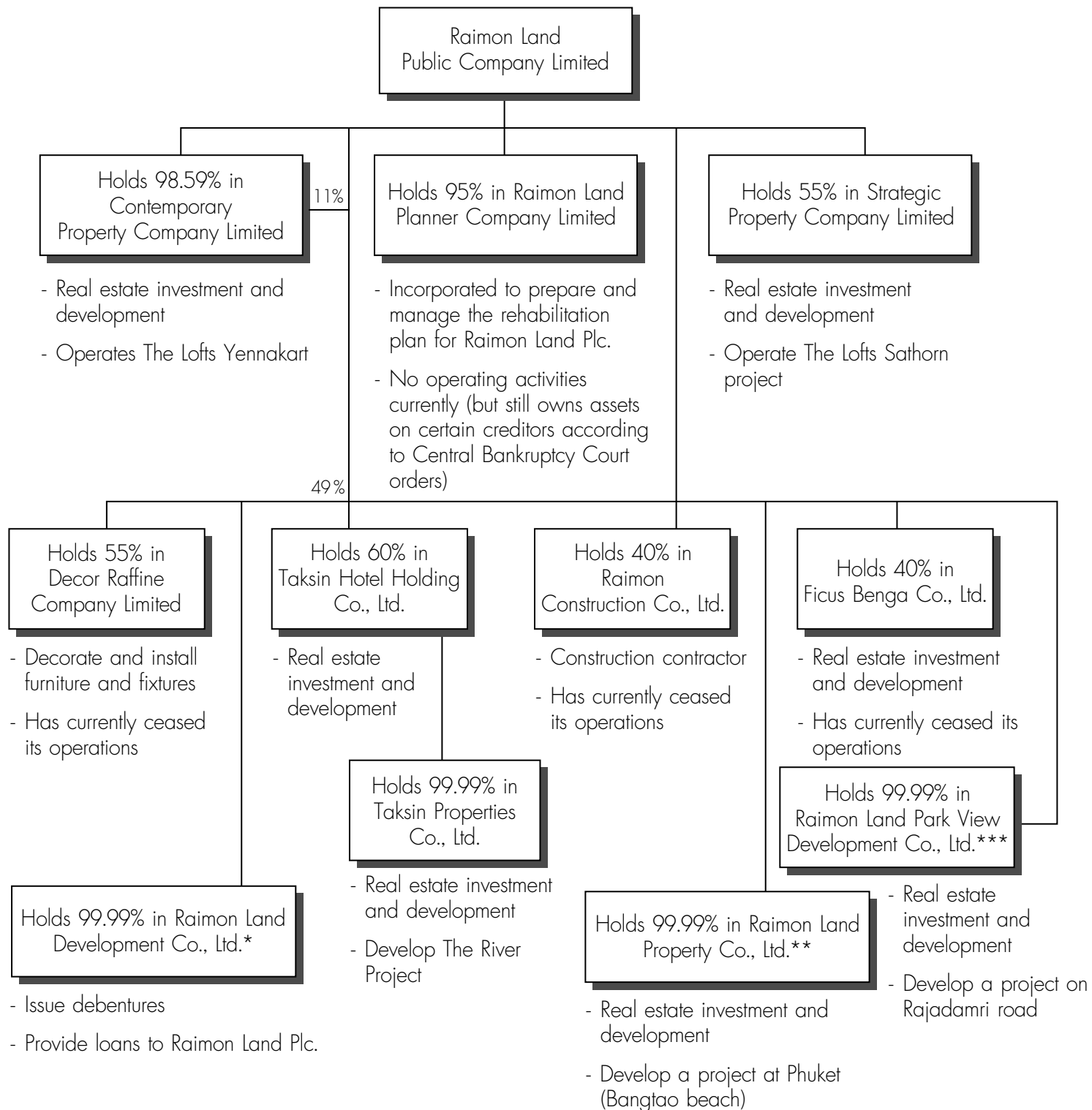
<b>Name</b>	:	<b>Décor Raffine Co., Ltd.</b>
Type of business	:	Decoration and Furnishing
Company registration	:	0105537073128
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	10,000,000 Baht
Paid-up Capital	:	2,500,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Associated Companies ;

<b>Name</b>	:	<b>Ficus Benga Co., Ltd.</b>
Type of business	:	Property Development
Company registration	:	0105532090580
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	50,000,000 Baht
Paid-up Capital	:	50,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

<b>Name</b>	:	<b>Raimon Construction Co., Ltd.</b>
Type of business	:	Construction
Company registration	:	0105525020130
Address	:	The Millennia Tower, 22/F Unit 2201-3, 62 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	66 (0) 2651 9600-4 , (0) 2651 9615-6
Facsimile	:	66 (0) 2651 9614
Authorised capital	:	1,000,000 Baht
Paid-up Capital	:	1,000,000 Baht
Auditor	:	Ernst & Young Office Limited 33/F Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Legal Advisor	:	Bunchong and Vidhya Law Office Limited 33/35, 33/39-40 Wall Street Tower, 9/F Surawong, Suriyawong, Bangrak, Bangkok 10500

## Shareholding structure of Raimon Land Public Company Limited



**Notes :** \* As at 31<sup>st</sup> January 2006, the Company incorporated Raimon Land Development Co., Ltd.

\*\* As at 15<sup>th</sup> June 2006, the Company incorporated Raimon Land Property Co., Ltd.

\*\*\* As at 11<sup>th</sup> October 2006, the Company incorporated Raimon Land Park View Development Co., Ltd.

## BUSINESS OPERATIONS

## BUSINESS OPERATIONS

### 1. The nature of business operation

#### Business operation in each product

The Company and its subsidiary companies are real estate developers, with an emphasis on residential project developments. Projects may include condominiums, townhouses, single houses and/or holiday homes. Currently, the Company focuses on Grade A condominium developments.

Investment and Development decisions are primarily based on property location, as it is the key factor determining market demand. As a result, various projects are usually located in the inner-city areas of Bangkok and holiday destination areas in Thailand. Projects may be operated directly by the Company itself or through the joint ventures with other investors or companies.

Besides the real estate development for sale and for rent, on a smaller scale, the Company also owns some office space for rent.

#### The nature of products

The Company, its subsidiaries and associates' main products are as follows:

#### Real Estate Development for Sale

1.1 The majority of real estate developments for sale are condominium and townhouse projects. Completed and current projects include:

(1) The Lofts Sathorn

(2) The Lakes Condominium\*

Notes: \* Jointly developed with a Property and Claims Fund (Type 4) which was established on 30<sup>th</sup> June 2003. Currently, this project has been completed and transferred to its customers. A meeting resolution of the Fund's investment committee approved the Fund dissolution on 3<sup>rd</sup> February 2006 and on 30<sup>th</sup> June 2006, the Fund was completely liquidated by paying the whole amount due to all unit holders.

(3) The Legend Saladaeng

(4) Northshore Condominium Pattaya

(5) Kata Gardens Phuket

In 2006, the Company and its subsidiaries had projects under development and construction as follows:

**(1) The Lofts Yennakart**

Project owner	Contemporary Property Company Limited
Location	Soi Amorn, Nanglingee Road, Chongnonsri, Yannawa, Bangkok
Land size	3-0-19.1 rai
Details	Residential condominium
Units	176 units
Targeted customers	Investors or owners / occupiers who work or live on Sathorn, Silom or Rama IV Road
Project value	Baht 1,270 million
Investment	Baht 1,050-1,070 million
Operating period	From June 2005 to December 2007
Construction progress	45-50%
Percentage of sales	63% (as at 31 <sup>st</sup> December 2006)

**(2) The Heights Phuket**

Project owner	Raimon Land Public Company Limited
Location	Kata Beach, Karon, Muang, Phuket
Land size	14-0-41.2 rai
Details	Low-rise residential condominium
Units	51 units
Targeted customers	Thai and foreign investors or owner / occupiers seeking a holiday home on Kata beach
Project value	Baht 1,170 million
Investment	Baht 890 million
Operating period	From July 2004 to April 2008
Construction progress	Construction started in March 2006
Percentage of sales	67% (as at 31 <sup>st</sup> December 2006)

**(3) Northpoint Condominium**

Project owner	Raimon Land Public Company Limited
Location	Wong Amat Beach, Tambol Naklua, Banglamung, Choburi
Land size	12-0-54 rai
Details	Residential condominium
Units	374 units
Targeted customers	Thai and foreign businessmen or investors wishing to own property on Pattaya beach
Project value	Baht 4,500 million
Investment	Baht 3,500 million
Construction progress	Construction to commence in January 2007
Percentage of sales	More than 30% (as at 28th February, 2007)

In 2007, the Company plans to launch new projects as detailed below:

**(1) The River**

Project owner	Taksin Properties Co., Ltd. (a subsidiary company of Taksin Hotel Holding Co., Ltd. Raimon Land Plc. and its subsidiary company together hold 60% of paid-up capital)
Location	Adjacent to the Peninsula Hotel, on the Chao Phraya River
Land size	12-3-41 rai
Details	Condominium
Units	838 units
Targeted customers	Thai and foreign investors or owner / occupiers who work or live on Sathorn or Silom Road
Project value	Baht 10,500 million
Investment	Baht 8,797 million
Launch Date	March 2007

**(2) Condominium and/or villa in Phuket**

Project owner	Raimon Land Property Company Limited (Raimon Land Plc. holds 99% of paid-up capital)
Location	Tambol Cherng-talay, Amphur Talang, Phuket (adjacent to Amanpuri Holiday)
Land Size	37-1-20 rai
Details	Residential condominium and/or villa
Units	Number of units to be finalised under the design and planning phase
Targeted customers	Thai and foreign businessmen/investors.
Project value	Baht 2,300-2,500 million
Investment	Baht 1,700 million
Operating period	The fourth quarter of 2007

**(3) 185 Rajadamri Project**

Project owner	Raimon Land Park View Development Company Limited (Raimon Land Plc. holds 99% of paid-up capital)
Location	Rajdamri Road, Lumpini, Pathumvan, Bangkok
Land Size	4-0-72.5 rai
Details	Condominium
Units	Number of units to be finalised under the design and planning phase
Targeted customers	Thai and foreign businessmen/investors.
Project value	Baht 6,000 million
Investment	Baht 4,650 million
Operating period	The fourth quarter of 2007

The Company also owns a land plot in The Raimon Park project and intends to build 75-square-wah detached houses. The land value is approximately Baht 7 million. The 56-0-54 rai land plot is located at Tambon Moosee, Pakchong, Nakornrachasima and is currently under feasibility study process.

In investing and developing its projects, the Company and its subsidiary companies value customers' quality of life. It does so by carefully sourcing project location, construction material quality, design, functionality and facilities in order to create customer satisfaction and build up brand loyalty.

On most projects, construction and sales commence simultaneously. Down payment plus contract fee ranges from 15% to 40% of selling price, with the balance payable upon property transfer.

The Company and its subsidiary companies do not emphasise acquiring properties for setting up a land bank.

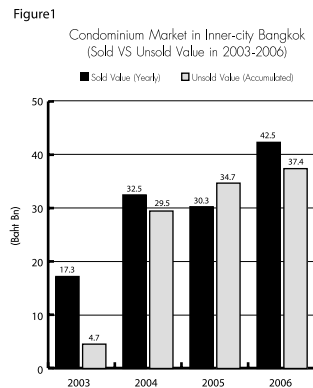
## 1.2 Investment in rental properties

The Company earns commercial rental income from Preecha Complex. It is an 8-storey office building located on Ratchadaphisek Road. The occupancy rate is around 70%.

## 2. Marketing and competition

### 2.1 Market update

#### Inner-city Bangkok



The year 2006 saw a strong rebound in new condominium launches as developers were able to clear inventory built during 2004-2005. 29 new projects with a total of 8,148 units were launched during the year, compared to 16 projects with 4,632 units in 2005. Average selling prices rose by 4% to Baht 84,187 per square meter, even though average unit prices at new launches fell from Baht 7.65 million in 2005 to Baht 5.50 million in 2006, as developers decided to offer smaller units in an attempt to cater to the decreased spending power of local buyers affected by increases in mortgage rates over the past year.

Half of the newly launched units were in Sukhumvit, entrenched as the most popular residential location due to its entertainment venues and easy access to public transportation. Bangkok's CBD, including Silom/Sathorn and Lumpini areas, retained its exclusive niche, as the few projects launched in the area were characterised by higher per square meter prices.

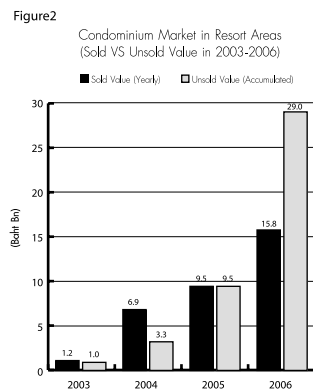
The accumulated stock of unsold condominiums totalled Baht 37.4 billion at 2006 year end, representing about 10 months' worth of sales at 2006 levels (in 2006, Baht 42.5 billion worth of condominiums was sold in inner-city Bangkok- see Figure 1). The largest portion of the unsold stock is in the mid-priced segment (Baht 5-10 million/unit). The more compact units (those priced under Baht 5 million) have sold far better. However, developers were hindered by rising construction costs in offering new products in this range. As a result, we expect future projects in this range to be developed further away from the inner-city area. In the mean time the inner-city areas would be made available to high-end developments.

In terms of ownership transfers, our research shows that 69% of the 7,325 units completed since 2003 have been transferred to owners. Additionally in 2006, Baht 2.1 billion worth of condominiums were transferred to foreign owners, and the value represented around 20% of the year's total transfer value.

### Key Resort Areas

Condominium development in Thailand's major holiday destinations - Pattaya, Phuket, Hua Hin and Samui - entered a new stage in 2006, with a total value of units sold of Baht 15.8 billion, up from Baht 9.5 billion in 2005 and Baht 6.9 billion in 2004 (see *Figure 2*). Sales in major holiday destinations accounted for 27% of the value of condominiums sold in Thailand in 2006.

Project launches were accelerated, with Baht 35.3 billion worth of condos entering the market in 2006. It is worth noting that this figure is inflated by a number of large projects that were launched late in the year. As a result, take-up rates could not catch up with the supply and currently stand at around 63% in Phuket and 45% in Pattaya (by value). Nevertheless, we expect the proportion to rebound quickly.



Roughly half of the new supply in Thailand's major holiday destinations is in Pattaya, where new beachfront developments are commanding prices of up to Baht 140,000 per square meter. The average selling price in Pattaya is Baht 86,000 per square meter, on par with the selling price of Bangkok's Sukhumvit area developments, while the selling price in Phuket was as high as Baht 95,000 per square meter, in line with Bangkok's Silom/Sathorn areas. Additionally, findings from Raimon Land's research show that completed developments in Pattaya and Phuket suggest rental yields mirroring those in inner-city Bangkok.

A total of Baht 6.9 billion worth of condominiums was sold in Pattaya during 2006, followed by Phuket at Baht 6.0 billion, Hua Hin at Baht 2.2 billion, while Samui, with only five projects on sale at the moment, sold about half a billion Baht.

## 2.2 Outlook for 2006

### Inner-city Bangkok

According to the 2006 data, the number of units launched was fewer than the number of units sold. As a result, there are fewer remaining condominium units in the market. However, there is a risk for condominium units valued at Baht 5 million and above as demand has slowed down but the number of launched condominium is still increasing.

Prices on a square meter basis will continue to increase in line with rising development costs. However, consumers' purchasing power remains the same. These limitations will force developers to launch projects with smaller units and offer more promotional packages. Developers in the low-to-mid segment will continue to find alternative locations, while new projects in the inner-city will be in the high-end segment and command premium prices.

A major key driver of the property market is an expansion of the Mass Transit System. As to the latest development, it will be certain after the general election which is most likely to be held in late 2007. In the meantime, major infrastructure projects are unlikely to be initiated. Moreover, foreign investment has also slowed down; as the result, the foreigners doing business in Thailand are not fully confident in buying a condominium.

### **Key Holiday Areas**

Although the tourism industry remains a major driver to the overall holiday property market in Thailand, the recent strength of Thai Baht against the US Dollar and the Euro, along with the restrictions on foreign property ownership, remain the key factors affecting “second home” buyers’ decisions. While foreigners are still worried about BOT’s 30% reserve requirements, they will reduce investment in Thailand in their investment portfolio. This could result in a decline in the number of expatriates working in the kingdom who are major buyers in the market.

The condominium units which the foreigner has right of ownership (49% quota) are highly appreciated and more expensive than other units where they have no right of ownership.

As condominiums are the only category of property that can be owned by foreigners on a legal freehold basis with a 49% quota, it is expected that those condominiums within the 49% quota would command premium price. However, the government is considering increasing or expanding the foreign ownership quota or the leasehold period for foreign ownership.

There is a possibility that the Thai government might decide to increase the foreign quota for condominium projects in certain parts of the country. Developers strongly advocate the extension of the leasehold period to the current limit of 30 years. They also urge Thai banks to grant mortgage loans to foreigners. Such moves would certainly give some boost to the market for all types of holiday properties in Thailand

## **2.3 Marketing Strategy**

### **Products**

As part of product strategy, the Company focuses heavily on location. Additionally, the Company also employs well-known architects to design its products to be differentiated from others in the market. Other areas of emphasis include quality, functionality, on-schedule construction, quality of services, and proper material selection.

Products are divided into three categories:

#### **1. Condominiums**

The Company’s condominium developments are designed for customers in the mid-to-high income level range who choose to live close to their office or who wish to have a holiday home. Therefore, for Bangkok projects, the Company’s developments will emphasise locations in the inner-city and the business districts, with the emphasis being on amenities and private beach access for projects in holiday destinations.

## 2. Single house or Villa

The Company's single house developments are designed for customers in the mid-to-high income range who purchase the unit as their main accommodation or as a vacation home.

## 3. Townhouses

The Company's townhouse projects are designed for customers in the mid-to-high income range. These projects tend to be of a smaller scale and in locations alternative to the Company's condominium projects.

### **Pricing**

Selling prices are set in accordance with market demand and level of competition. However, selling price are also influenced by various factors including, land cost, construction costs, operating expenses, project location design and material specification. The Company has made its priority to provide the best value for money, and believes that this, along with its reputation in the business and its projects' quality, will differentiate itself from its competitors.

### **Sales and distribution channels**

#### **Sales**

The Company's marketing department uses direct marketing channels, such as mailing to target customers, telephone calls and the dissemination of information through electronic media. However, for some projects, the company may hire professional sales agents.

#### **Advertising and public relations**

Advertising and public relations are done through various media, for example, printed materials, online media, outdoor advertisements in high-traffic areas and events hosted or sponsored by the Company.

#### **Marketing tools**

Other marketing tools used for sales promotion include brochures, leaflets, CD-ROMs and the Company website, [www.raimonland.com](http://www.raimonland.com).

#### **Others**

The Company has a warranty period after ownership transfer in order to ensure customer satisfaction and confidence. This also reaffirms the Company's goal of providing its customers with a superior product.

## 2.4 Customers

Since the Company's projects are primarily residential, our customers are a mix of various customer groups whose reasons for buying range from accommodation, to rent to reselling. The condominium project development also serves the need of foreigners who want to own condominium units. From the existing customer base and the new developments underway, the Company believes that in the future the number of repeat customers will increase.

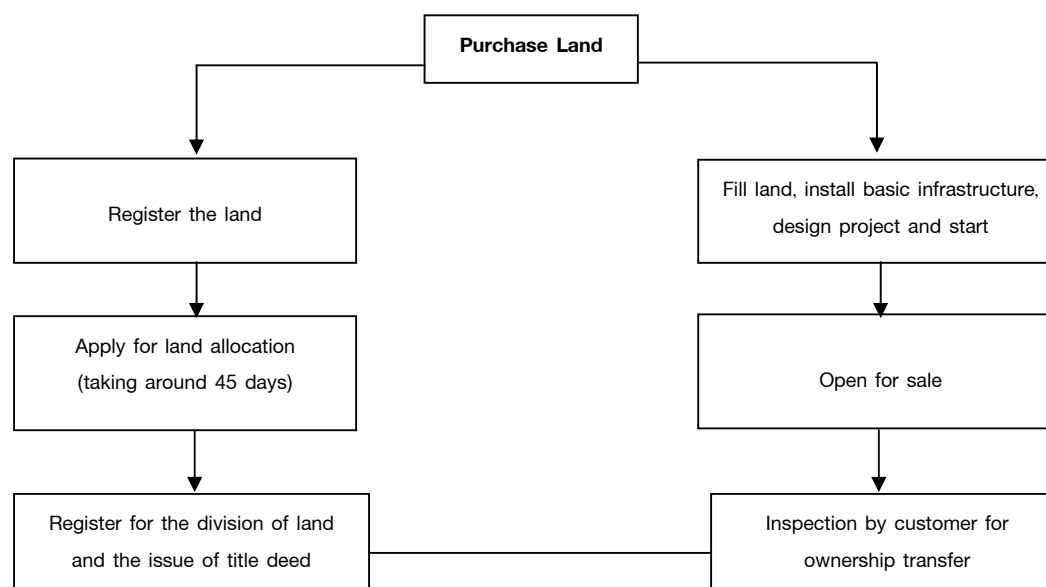
Although the Company has not established its policy on customer data warehousing, it can be noted that the majority of its residential customers tend to be end-users. The Company's sole commercial project, Preecha Complex, represents an insignificant portion of the Company's overall operations.

## 3. Product procurement

### 3.1 Project procurement

Each individual project undergoes feasibility and environmental impact studies. The process of development can be portrayed as follows:

**Chart of Project Development Procedures**



The Company purchases land directly from owners and indirectly through property brokers.

### **Feasibility studies**

Feasibility studies include detailed analysis of the following:

1. Land shape, size and accessibility.
2. Laws, related regulations and environmental impact studies
3. Market environment, prospective customers, income levels, competition and pricing.
4. Possibilities for financing and level of returns.
5. Construction scope and related matters

### **Environmental impact studies**

As a responsible corporate citizen, the company seriously considers the environmental effects of its project developments. All construction and development strictly complies with the Land Department's regulations, Environmental Committee, City Planning Office and the Ministry of Interior. For condominium projects with more than 80 units, the Company prepares and submits an environmental impact studies report to the Office of Natural Resources and Environmental Policy and Planning. The Company is proud of its unblemished record on issues related to environmental and corporate responsibilities.

## **3.2 Materials procurement and suppliers**

Generally, the Company hires contractors who are also responsible for the supply of materials to work under the Company's close supervision, leading to greater operational efficiency. Among the measures taken by the Company to ensure quality control are:

1. Quality and standard of construction and materials used by the contractor.
2. The Company assigns a supervisor to each project to oversee work quality.
3. The Company also hires external consultants to oversee construction quality and other project related issues.

## **3.3 Selection of contractors**

To maintain construction quality, the Company engages quality, reputed and responsible companies. Mostly the Company hires external consultants and assigns a supervisor from the Company to oversee and control project standard, quality and construction progress to ensure quality product delivery.

#### 4. Outstanding work or construction in progress

The Company transfers ownership to customers when all payments have been made and construction, including decoration, is complete. As at 31<sup>st</sup> December 2006, the total contract value of units which have not been transferred as summarised from all Sale and Purchase Agreements or booked units are shown by projects below :

<b>Project</b>	<b>Unit</b>	<b>Contract value (Baht)</b>
1. Northshore Pattaya	8	71,896,930
2. Kata Gardens Phuket	10	125,266,018
3. Northpoint Pattaya	101	1,322,157,200
4. The Heights	35	789,253,100
5. The Lofts Yennakart	118	813,774,545
6. The Lofts Sathorn	1	12,250,000
<b>Total</b>	<b>273</b>	<b>3,134,597,793</b>

## RISK FACTORS

## Risk Factors

Inherent risks that may arise due to the nature of business and have an adverse effect on the Company's future operations include the following:

### 1. Business Risk

#### 1.1 Selling projects in a highly competitive environment

The real estate development business, especially the condominium market, faces a high level of competition, with projects being launched simultaneously by numerous developers. The Company is aware of the risk posed by this high degree of competition and has taken preventive measures to alleviate potential risk. Detailed feasibility studies, which include assessments of location, market environment, possible competitors, target customers, traffic concerns, and access to public transportation are undertaken before an investment is made in any project.

#### 1.2 Fluctuations in construction material costs

Since construction material costs are a major component of overall construction costs in this line of business, fluctuations in material costs may have an impact on the Company's operations. Over the past few years, construction material costs have been rising along with energy costs and increases with the inflation rate. However, the Company strives to reduce this risk by negotiating lump-sum amount contracts with its contractors (the contractor will absorb more than 50 per cent of construction costs and also other expenses in the construction period), which allows the Company more certainty in terms of its costs and also passes most of material cost increases on to the contractor.

#### 1.3 Projects' continuity

The Company has a policy to continuously select new projects for investment and development. Over the past period, the Company, together with its subsidiaries and associated companies' developed, completed construction and transferred to their customers the following projects.

- The Lofts Sathorn Project
- The Lakes Condominium Project
- The Legend Saladaeng Project
- Northshore Condominium Pattaya Project
- Kata Gardens Phuket Project

Currently, the Company, subsidiary, and associated companies have short-term, medium-term and long-term projects which are under the construction process, development and design for sales as follows:

**Projects under construction process**

- (1) The Lofts Yennakart is a Grade A condominium project. The total project value is Baht 1,270 million and comprises 176 residential units located adjacent to Bangkok's Central Business District on Soi Amorn, Yennakart Road. Currently, 63% of the project has been sold. The Company expects to transfer The Lofts Yennakart Project to its customers within the fourth quarter of 2007.
- (2) The Heights Phuket is a Grade A condominium project. The total project value is Baht 1,170 million and comprises 51 residential units located on Kata Beach, Tambol Karon Amphur Muang, Phuket Province. Currently, 70% of the project has been sold. The Company expects to transfer The Heights Phuket Project to its customers around the first or second quarter of 2008.
- (3) Northpoint Pattaya Project is a Grade A condominium project comprising of two buildings. The total project value is Baht 4,500 million and comprises 374 residential units located on Wong Amart Beach, Pattaya. The Company has launched this project in November 2006. Currently, 30% of the project has been sold. The Company expects to transfer The Northpoint Project to its customers in 2010.

**Projects under design and development for launch in 2007**

- (4) The River Project is a joint venture project (between Raimon Land and one of its subsidiary companies which is holding 60% of shares in this project), for developing a Grade A condominium comprising of two buildings. The total project value is Baht 10,500 million and it comprises 838 residential units located adjacent to the Chao Phraya River with 120 metres of river frontage. Phase 1 of the project has been opened for reservation since March 2007. The Company expects to develop and transfer The River Project to its customers in 2011.
- (5) A project in Phuket Province (total project area is approximately 37 rai) adjacent to Amanpuri Resort. The Company plans to develop it to a Grade A condominium and/or villas project. The Company also plans to launch this project in the fourth quarter of 2007. The Company expects to develop and transfer this project to its customers in 2009.
- (6) 185 Rajadamri Project located on Rajadamri Road (total project area is approximately 4 rai). The Company plans to develop a Grade A condominium comprising 250 – 300 residential units. The Company also plans to launch this project in the fourth quarter of 2007. The Company expects to develop and transfer this project to its customers in 2010.

In 2006, Northshore Condominium Pattaya, Kata Gardens Phuket, The Lofts Yennakart and The Heights Phuket were the major projects which generated revenue for the Company. The Company expects The Lofts Yennakart, The Heights Phuket and Northpoint Pattaya to be the main generators of revenue in the year 2007.

#### **1.4 Risk relating to the Company's revenue recognition**

The Company recognises its revenue by using the percentage-of-work-to-completion method. The Company starts recognising revenue when 40% of a total project has been sold, the individual customer payments reach 20% of the contract value for that particular customer, and the construction progresses up to a minimum 10% of completion. On the other hand, the Company stops recognising revenue for a particular customer if that customer's account becomes overdue by three or more consecutive installments. Therefore, the Company may face some risks relating to the Company's revenue recognition. In cases where the Company succeeds in selling more than 40% of the project but the other conditions (outlined above) are not met, revenue is not recognised. The said risk decreased due to the two projects, The Lofts Yennakart and The Heights.

For The Lofts Yennakart and The Heights, more than 60% of the projects have been sold and are under construction. The Company expects these projects to be completed by late 2007 or early of 2008.

Furthermore, the Company also has a project that was launched at the end of 2006, Northpoint. Currently (as at 28<sup>th</sup> February 2007), the construction has started and 30% of the project has been sold. The Company expects to realise the revenue of this project from 2007 until 2010.

In 2007, the Company plans to launch three new projects including 1) The River Project, 2) A condominium Project on Rajadamri Road or "185 Rajadamri" Project and 3) A condominium and/or villa Project in Phuket. The Company expects to realise the revenue of these projects from 2008 until 2011.

Moreover, the Company continuously selects new projects for investment and development. Therefore, the Company is confident that risk related to the Company's revenue recognition in the future will be minimal.

## **2. Administration and Management risks**

### **2.1 Reliance on key personnel**

The real estate development business relies heavily on the knowledge and capabilities of personnel. To this end, the Company has selected and employed qualified and competent employees deemed to have high potential for advancement. Regarding the Company's debt-restructuring success in 2003 and the successive managerial, sale and opening and introducing of new quality projects to the market in previous year, the Company recognises the importance of these personnel and constantly strives to increase morale and enable the personal and professional growth of its personnel through suitable levels of remuneration, benefits and opportunities for training. In this manner, the Company believes it can reduce the risk of key personnel leaving the Company.

## 2.2 Change in major shareholders

In the past, the Company has had some risk from change in major shareholders because former major shareholders were individual investors and a securities company. On 28th December 2006, the Company's shareholding structure was changed. This was due to, the Company's major shareholders including (i) Mr. Ole Teigen who on 28th December 2006, disposed the shares held in the Company, totalling 422.64 million shares, representing 20.05% of the total paid-up capital to ISTITHMAR HOTELS FZE and (ii) Mr. Frode Teigen who on 28th December 2006, disposed the shares held in the Company, totalling 472.65 million shares, representing 22.41% of the total paid-up capital to two new shareholders namely (i) IFA HOTELS & RESORTS 3 LTD. at 447.65 million shares and (ii) ISTITHMAR HOTELS FZE at 25.01 million shares. Resulting from the change in the Company's shareholding, IFA HOTELS & RESORTS 3 LTD. and ISTITHMAR HOTELS FZE became the major shareholders of the Company. Therefore, the shareholding structure of the Company as at 28th February 2007 is as follows:

1) ISTITHMAR HOTELS FZE Holding	21.23 % of paid-up capital
2) UOB Kay Hian Private Ltd. (IFA HOTELS & RESORTS 3 LTD.)	21.23 % of paid-up capital
Total	42.46 % of paid-up capital

## 3. Financial Risks

### 3.1 Obtaining funding sources for project development

The Company has funding risk due to its limited sources of funds, as is similar to most companies. The investment and development of the Company and its subsidiary companies for each project requires substantial funding. The Company has managed to reduce this risk by seeking financial support from financial institutions in terms of loans or debentures for fund raising for the purchase of land and to cover development costs. The joint venture with investors will also reduce the minimum amount required for investment. The Company also uses cash flows generated from its projects as working capital.

The following table details the sources of funding of each project:

1. The Lofts Yennakart Project (by Contemporary Property Company Limited)				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
1,050 – 1,070	Jun 03–Dec 07	200 - 390	Contemporary Property's funds and loans from parent company	
	Dec 03–Dec 07	520	Loans from bank and private company	Loan agreement dated 16 <sup>th</sup> December 2003 and 17 <sup>th</sup> August 2006, including loans for: <ul style="list-style-type: none"> <li>■ Purchase of land of Baht 40 million</li> <li>■ Construction costs of Baht 480 million</li> <li>■ Letter of guarantee of Baht 5 million</li> </ul>
	2005 - 2007	250-300	Revenue from project sales	

<b>2. The Heights Project (by Raimon Land Public Company Limited)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
890	Jul 04–Apr 08	150 - 200	Company's funds	
	Dec 04–Apr 08	390	Loans from bank and private company	Loan agreement dated 7 <sup>th</sup> July 2006, including loans for: <ul style="list-style-type: none"> <li>▪ Purchase of land of Baht 20 million. Loan for construction costs of Baht 370 million</li> <li>▪ Letter of guarantee of Baht 5 million</li> </ul>
	2005-2008	350 - 450	Revenue from project sales	

<b>3. The Northpoint Pattaya Project (by Raimon Land Public Company Limited)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
3,500	Nov 05 – Dec 09	520 - 575	Company's funds	
	Nov 05 – Dec 09	1,230	Loans from bank and private company	Loan agreement dated 25 <sup>th</sup> November 2005, including loans for: <ul style="list-style-type: none"> <li>▪ Purchase of land of Baht 230 million</li> <li>▪ Construction costs of Baht 1,000 million (the Company is negotiating with lender to increase the amount of credit line)</li> <li>▪ Letter of guarantee of Baht 10 million</li> </ul>
	2005 – 2009	1,350 – 1,800	Revenue from project sales	

<b>4. The River Project (by Taksin Properties Co., Ltd., subsidiary of Taksin Hotel Holding Co., Ltd, Raimon Land and its subsidiary companies which hold 60% of paid-up capital)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
8,797	Nov 05 – Dec 11	900 – 1,800	Loans and/or the Company's funds and shareholders	
	Nov 05 – Dec 11	3,950	Loans from bank and private company	<ul style="list-style-type: none"> <li>▪ The Company is in the process of negotiation with financial institutions (currently, this project is using its working capital to develop the project from the issuing of debentures worth Baht 450 million).</li> </ul>
	2005 – 2011	3,150 – 4,150	Revenue from project sales	

5. The 185 Rajadamri Project (by Raimon Land Park View Development Co., Ltd.)				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
4,650	Jan 07 – Dec 10	250 – 595	Company's funds and loan from parent company	
	Jan 07 – Dec 10	2,721	Loans from bank and fund from issuing and offering debenture	<ul style="list-style-type: none"> <li>▪ A debenture issuing and offering dated 15<sup>th</sup> January 2007.</li> </ul>
	2007 – 2010	1,800 - 2,300	Revenue from project sales	

6. A Condominium and/or Villas in Phuket Province				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
1,700	Jun 06 – Dec 09	200 - 375	Company's funds and loan from parent company	
	Jun 06 – Dec 09	550 – 750	Loans from bank and private company	<ul style="list-style-type: none"> <li>▪ The Company is in the process of negotiation with financial institutions (currently, this project use its working capital to develop the project from the issuing of debentures worth Baht 363 million).</li> </ul>
	2006 – 2009	750 – 1,000	Revenue from project sales	

Besides loans from banks or loans from private companies, the Company expects the additional funds from the exercise of outstanding warrants (after the first and the second calls) on or before 17<sup>th</sup> December 2007. As at 31<sup>st</sup> December 2006, there were 749,599,853 outstanding warrants after the first and the second calls. If all of the remaining warrants are exercised, the Company will receive approximately Baht 749.80 Million. The exercise ratio of the warrant is 1 warrant for 1.0387 shares. The exercise price is Baht 0.963 per one share. **Unexercised warrants will expire on 17<sup>th</sup> December 2007.**

### **3.2 Impact of subsidiaries' and associates' operation results**

The Company's subsidiaries and associates mainly operate in the same manner of real estate business as the Company. Therefore, should the overall economy suffer or the property sector face a downturn, it is possible that the Company's subsidiaries and associates may face financial and operational difficulties. Prior to the Company's rehabilitation and debt restructuring, some subsidiaries had operating losses which then impacted the Company's operating result. At present, these same subsidiaries and affiliates have ceased operations. Therefore, the Company has minimal risk from the operations of its subsidiaries and affiliates. After restructuring, the Company invested in various subsidiary and affiliated companies for the purpose of real estate development. Those companies include Strategic Property Company Limited (which developed The Lofts Sathorn Project), Contemporary Property Company Limited (which developed the Lofts Yennakart Project) and Taksin Properties Company Limited (which has started to develop the River Project). All these companies are financially sound.

## **4. Risk relating to securities offered**

### **4.1 Risk relating to call option of warrants before maturity date and expiring dated of warrants**

On 18<sup>th</sup> December 2002, the Company issued 299,904,000 ordinary share warrants ("RAIMON-W") allotment to existing shareholders whose names appeared in the shareholders' registration book as at 18<sup>th</sup> July 2002 free of charge, in the ratio of 1 ordinary share for 4 warrants, and also to then existing shareholders who subscribed to the additional ordinary shares, in a ratio of one new ordinary share to one warrant.

The warrants have an exercise period of 5 years from the first issuance date of warrant on 18<sup>th</sup> December 2002 in ratio of one warrant to one new ordinary share at the exercise price of Baht 5 per share. The first exercise date was 31<sup>st</sup> March 2003 and the last exercise date is 17<sup>th</sup> December 2007.

In 2003, the warrant holders of RAIMON-W exercised 2,044 warrants into 2,044 ordinary shares. After the conversion, there were still 299,841,372 outstanding warrants. On 7<sup>th</sup> November 2003, the Company adjusted the exercise ratio and exercise price of RAIMON-W warrants to a ratio of 1 warrant to 1.03870 ordinary shares at an exercise price of Baht 4.814 per share. On 28<sup>th</sup> November 2003, the Company changed the number of RAIMON-W warrants by splitting each existing warrant ratio into five new warrants such that the exercise ratio remained one warrant to 1.03870 ordinary shares with an exercise price of Baht 0.963 each.

During 2004, the warrant holders of RAIMON-W warrants exercised 280 warrants to 290 ordinary shares. As at 31<sup>st</sup> December 2004, there were 1,499,206,580 outstanding unexercised RAIMON-W warrants

There is a condition to call for the exercise of the warrants (RAIMON-W) before the maturity date of warrants. The Company has a right to call the warrant holders to exercise their warrants before the maturity date if the weighted average of market price during 30 consecutive trading days is higher than the exercise price by not less than 20 per cent. In such case, the Company must give a written three months notice. If warrant holder does not exercise warrants within the specified period, the warrant will be cancelled. On 12<sup>th</sup> October 2004, the Board of Directors meeting number 12/2004 had a resolution to call warrants (RAIMON-W) before the maturity date at Baht 1.20 or higher (the price of Baht 1.20 is higher than the exercise price by 25 per cent). The Company had provided guidelines for the pre-maturity calling which later on 12<sup>th</sup> October 2005, the Company exercised its first call option in respect of RAIMON-W of 374,801,595 units and the exercise date was 27<sup>th</sup> February 2006. On 28<sup>th</sup> November 2005, the Company exercised its second call (last call) option in respect of RAIMON-W of 374,801,595 units and the exercise date was 28<sup>th</sup> April 2006. All remaining unexercised warrant will be expired and cancelled.

The Company will no longer exercise the call option in respect of the remaining RAIMON-W totaling 749,599,853 units throughout the remaining duration of warrants. The warrant holders may exercise their warrants on the last business day of each quarter (exercise date) by expressing their intention to exercise warrants within five business days before each exercise date (notification period). The last exercise date is on 17<sup>th</sup> December 2007. In this regard, if warrant holder does not exercise warrants within the last exercise date, the warrant will be expired and cancelled.

#### **4.2 Risk from dilution effect**

The Company has allocated ordinary shares in reserve for the future exercise of warrants (RAIMON-W and RAIMON-W2). As at 31<sup>st</sup> December 2006, there were 809,587,687 remaining warrants (RAIMON-W: 749,599,853 units, RAIMON-W2 : 59,987,834 units). Regardless, if and when warrants are exercised in future, there will be a dilution effect which will depend on the number of warrants exercised. Therefore, shareholders and warrant holders should take this effect into consideration when making share trading and warrant conversion decisions.

## SHAREHOLDER STRUCTURE AND MANAGEMENT

## SHAREHOLDER STRUCTURE AND MANAGEMENT

### Capital and Management Structure

#### 1. Capital Structure

##### 1.1 Company's securities

##### Ordinary shares

As at 31<sup>st</sup> December 2006, the Company's authorised share capital was Baht 2,977,571,568 divided into 2,977,571,568 of ordinary shares at Baht 1 par value. The current paid-up share capital was 2,108,370,871 shares, at value of Baht 2,108,370,871. The Company's capital increases during the past consecutive five years are shown below:

Order No.	Registration date	Registered share capital before capital change (Baht Million)	Increase / (Decrease) (Baht Million)	Registered share capital after increase / reduction (Baht Million)	Paid-up share capital (Baht Million)	Notes
1	7/2/02	700.00	(690.63)	9.37	9.37	<ul style="list-style-type: none"> <li>■ Proportionally reduced its capital as required under rehabilitation plan.</li> </ul>
2	8/2/02	9.37	240.55	249.92	249.22	<ul style="list-style-type: none"> <li>■ <u>Allocation</u> <ul style="list-style-type: none"> <li>(1) To creditors according to the rehabilitation plan.</li> <li>(2) To new investors</li> </ul> </li> <li>■ <u>Objectives</u> <ul style="list-style-type: none"> <li>For restructuring purposes and for working capital</li> </ul> </li> </ul>
3	5/7/02	249.92	-	249.92	249.92	<ul style="list-style-type: none"> <li>■ Allocation for the debt to equity conversion of creditors in accordance with Clause 2(1) of the rehabilitation plan and for capital.</li> </ul>

Order no.	Registration date	Registered share capital before capital change (Baht Million)	Increase / (Decrease) (Baht Million)	Registered share capital after increase / reduction (Baht Million)	Paid-up share capital (Baht Million)	Notes
4	8/7/02	249.92	1,999.36 by 3 portions: (1) 999.68 (2) 499.84 (3) 499.84	2,249.28	249.92	<ul style="list-style-type: none"> <li>▪ <u>Allocation</u> (1) For reserved shares of warrants issued to existing shareholders (2) For rights issue shares to shareholders (3) For warrants issued to shareholders who subscribed for rights issue shares</li> <li>▪ <u>Objectives</u> For rehabilitation purpose and for working capital</li> </ul>
5	19/8/02	2,249.28	-	2,249.28	518.19	▪ Allocation according to 4 (2)
6	20/6/03	2,249.28	-	2,249.28	749.76	▪ Allocation according to 4 (2)
7	9/10/03	2,249.28	-	2,249.28	749.77	▪ Exercised warrants under 4 (1) and 4 (3)
8	31/10/03	2,249.28	217.43 by 2 portions (1) 149.95 (2) 67.48	2,466.71	749.77	<ul style="list-style-type: none"> <li>▪ <u>Allocation</u> (1) To offer to private placement investors and/or institutional investors (2) For reserved shares of warrants issued to the Company's directors and employees</li> <li>▪ <u>Objectives</u> To be used as its investment in any projects and its working capital</li> </ul>
9	13/11/03	2,466.71	-	2,466.71	889.72	▪ Allocation under 8(1)

Order no.	Registration date	Registered share capital before capital change (Baht Million)	Increase / (Decrease) (Baht Million)	Registered share capital after increase / reduction (Baht Million)	Paid-up share capital (Baht Million)	Notes
10	11/05/04	2,466.71	285.93 by 2 portions (1) 224.93 (2) 61.00	2,752.64	899.72	<ul style="list-style-type: none"> <li>▪ <u>Allocation</u> (1) Existing shareholders, the unsubscribed shares were offered to individual investors and/or institutional investors by way of private placement</li> <li>(2) Reserve for exercise of rights warrant RAIMON-W and RAIMON-W2</li> <li>▪ <u>Objectives</u> To be used as its investment in any projects and its working capital</li> </ul>
11	28/05/04	2,752.64	-	2,752.64	1,006.98	▪ Allocation under 10(1)
12	28/07/04	2,752.64	-	2,752.64	1,124.65	▪ Allocation under 10 (1)
13	6/10/04	2,752.64	-	2,752.64	1,124.65	▪ Exercised warrants (290 shares)
14	12/05/05	2,752.64	224.93	2,977.57	1,124.65	<ul style="list-style-type: none"> <li>▪ <u>Allocation</u> Existing shareholders, the unsubscribed shares were offered to individual investors and/or institutional investors by way of private placement</li> <li>▪ <u>Objectives</u> To be used as its investment in any projects and its working capital</li> </ul>
15	16/06/05	2,977.57	-	2,977.57	1,349.58	▪ Allocation under 14
16	2/03/06	2,977.57	-	2,977.57	1,728.41	▪ Exercised warrants (378.83 million shares)
17	4/05/06	2,977.57	-	2,977.57	2,102.67	▪ Exercised warrants (374.26 million shares)
18	4/08/06	2,977.57	-	2,977.57	2,108.36	▪ Exercised ESOP warrants under 8 (2) (5.69 million shares)
19	5/10/06	2,977.57	-	2,977.57	2,108.37	▪ Exercised warrants (3,672 shares)

### Warrant - RAIMON-W

Type	Callable warrants specifying warrant holders
Maturity date	5 years starting from the first issuance date of warrant on 18 <sup>th</sup> December 2002
Total warrants	1,499,520,000 units
Total shares reserved for exercise of warrants	1,560,520,000 shares (including 61,000,000 shares in which the Annual General Meeting of year 2004 held on 27 <sup>th</sup> April 2004, resolved that the shares for exercise of warrants, RAIMON-W and RAIMON-W2 be reserved)
Total warrants issued	1,499,217,080 units
Total remaining warrants	749,599,853 units
Issuance and offering date	18 <sup>th</sup> December 2002 and 9 <sup>th</sup> October 2003
Exercise ratio	1.03870 ordinary share per 1 warrant unit
Exercise price	Baht 0.963 per share
Exercise period	Last working day of each quarter (or the last day of March, June, September and December) throughout the term of warrants except for the last exercise date
Last exercise date	17 <sup>th</sup> December 2007
Conditions of callable warrants before the maturity date of warrants	The Company has a right to call the warrant holders to exercise their warrants before the maturity date if the weighted average of market price during 30 consecutive trading days is higher than the exercise price by not less than 20 per cent. In such case, the Company must give a written 3 months notice. If warrant holder does not exercise warrants within the specified period, the warrant will be cancelled. On 12 <sup>th</sup> October 2004, the Board of Directors meeting No. 12/2004 had a resolution to call warrants (RAIMON-W) before the maturity date at Baht 1.20 or higher (the price of Baht 1.20 is higher than the exercise price by 25 per cent). The Company had provided guidelines for the pre-maturity calling. On 12 <sup>th</sup> October 2005, the Company exercised its first call option in respect of RAIMON-W of 374,801,596 units and the exercise date was 27 <sup>th</sup> February 2006. On 28 <sup>th</sup> November 2005, the Company exercised its second call (last call) option in respect of RAIMON-W of 374,801,595 units and the exercise date was 28 <sup>th</sup> April 2006. All remaining unexercised warrants will be expired and have been cancelled.

The Company will no longer exercise the call option in respect of the remaining RAIMON-W totaling 749,599,853 units throughout the remaining duration of warrants. The warrant holders may exercise their warrants on the last business day of each quarter (exercise date) by expressing their intention to exercise warrants within 5 business days before each exercise date (notification period). **The last exercise date is on 17<sup>th</sup> December 2007. In this regard, if warrant holder does not exercise warrants within the last exercise date, the warrant will be expired and cancelled.**

**Warrant - RAIMON-W2**

Type	Warrants – specifying warrant holder’s name issued to the Company’s directors and employees
Maturity date	5 years starting from the first issuance date of warrant on 21 <sup>st</sup> April 2004
Total warrants	67,478,400 units
Total reserved shares for exercise of warrants	67,478,400 shares
Total warrants issued	65,678,400 units
Total remaining warrants	59,987,834 units
Issuance and offering date	21 <sup>st</sup> April 2004, 11 <sup>th</sup> April 2005 and 7 <sup>th</sup> July 2006
Exercise ratio	1 ordinary share per 1 warrant unit (the Exercise ratio is subject to the subsequent adjustment provisions)
Exercise price	Baht 1.228 per share (the Exercise price is subject to the subsequent adjustment provisions)
Exercise period	The warrant holders can exercise their rights in part or in whole at the last business day of each month within 5 years after the first issuance on 21 <sup>st</sup> April 2004, except for the last execution (subject to terms and conditions of restriction of exercise and exercise conditions)
Last exercise date	21 <sup>st</sup> April 2009

### Obligations to issue shares in the future

The Company also has obligations to issue the ordinary shares reserved for warrants (RAIMON-W) and reserved for warrants offered to the Company's directors and employees (RAIMON-W2) where the Company has already registered these increased shares.

#### 1.2 Shareholders

The major shareholders of the Company as shown in the share register book as at 28<sup>th</sup> February 2007, the latest book closing date, are as follows:

Rank	Shareholder name	No. of shares (Mil. shares)	Per cent holding
1	Thai NVDR Company Limited	775.14	36.76
2	Istithmar Hotel FZE	447.65	21.23
3	UOB Kay Hian Private Limited	447.65	21.23
4	Quam Securities Nominee (Singapore) Pte Ltd.	60.94	2.89
5	Thailand Securites Depository Company Limited for Depositors	51.64	2.45
6	Ms. Orachorn Charoenponganan for Seamico Knight Fund Management Securities Co., Ltd.	26.29	1.25
7	Deutsche Bank AG, London Prime Brokerage	13.93	0.66
8	Citibank Nominees Singapore Pte Ltd-UBS AG Zurich	11.87	0.56
9	Mr. Somchai Rachatawipat	10.95	0.52
<b>Total</b>		<b>1,846.06</b>	<b>87.55</b>

#### 1.3 Dividend policy

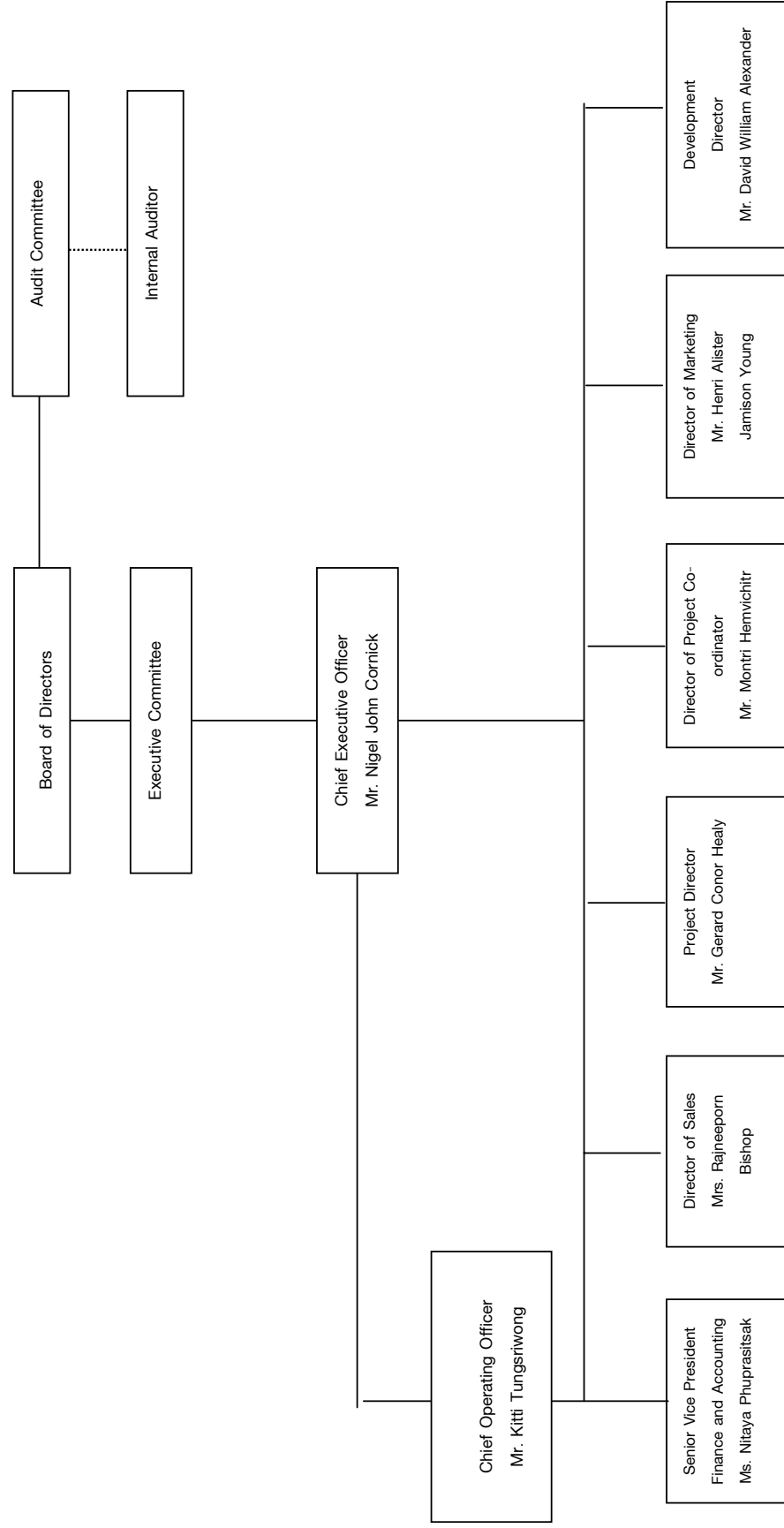
According to the resolution of the Board of Directors meeting No. 2/2005, held on 3<sup>rd</sup> March 2005, the Company has the policy to pay a dividend as from the year 2005 of not more than 50 per cent of net profit after tax and legal reserves when the Company has profit and no accumulated loss.

The dividend policy of subsidiary companies is subject to their performances and shareholders' resolution of each company.

## 2. Management

### 2.1 Management structure

The management structure of the Company in 2006 is set out below:



**The Company's Board of Directors comprised 11 directors as follows:**

1. Mr. Sompoch Intranukul Chairman, Independent Director and Audit Committee Member
2. Mr. Talal J M A Al Bahar Director and Chairman of the Executive Committee
3. Mr. Rahul Ghai Director and Executive Committee Member
4. Mr. Werner Johannes Burger Director and Executive Committee Member
5. Mr. Richard Anthony Johnson Director and Executive Committee Member
6. Mr. Nigel John Cornick Director, CEO and Executive Committee Member
7. Mr. Kitti Tungswong Director and Executive Committee Member
8. Mr. Hubert Romary Bertrand Viriot Director
9. Mr. Giuseppe Sita Director
10. Mr. Kitti Gajanandana Director, Independent Director and Chairman of Audit Committee
11. Mr. Jirawud Kuvanant Director, Independent Director and Audit Committee Member

**Attendance at Board of Directors' Meeting in 2006**

In 2006, there were 15 Board of Directors' Meetings, the details of number of attendances and absences as shown below:

Name	Number of attendances	Number of absences
1. Mr. Sompoch Intranukul	13	2
2. Mr. Talal J M A Al Bahar <sup>(1)</sup>	-	-
3. Mr. Rahul Ghai <sup>(2)</sup>	1	-
4. Mr. Werner Johannes Burger <sup>(3)</sup>	-	-
5. Mr. Richard Anthony Johnson <sup>(4)</sup>	-	2
6. Mr. Nigel John Cornick	15	-
7. Mr. Kitti Tungswong	15	-
8. Mr. Hubert Romary Bertrand Viriot <sup>(5)</sup>	1	-
9. Mr. Giuseppe Sita <sup>(6)</sup>	-	-
10. Mr. Kitti Gajanandana	12	3
11. Mr. Jirawud Kuvanant	8	7

- Notes:
- (1) Mr. Talal J M A Al Bahar was appointed as the Company's director and Chairman of the Executive Committee on 29<sup>th</sup> December 2006 to replace Mr. Jeremy King.
  - (2) Mr. Rahul Ghai was appointed as the Company's director and Executive Committee on 28<sup>th</sup> December 2006 to replace Mr. Robert W. McMillen.
  - (3) Mr. Werner Johannes Burger was appointed as the Company's director and Executive Committee on 29<sup>th</sup> December 2006 to replace Mrs. Mantanee Surakarnkul.
  - (4) Mr. Richard Anthony Johnson was appointed as the Company's director and Executive Committee on 28<sup>th</sup> December 2006 to replace Mr. Frode Teigen.
  - (5) Mr. Hubert Romary Bertrand Viriot was appointed as the Company's director on 28<sup>th</sup> December 2006 to replace Mr. Ole Teigen.
  - (6) Mr. Giuseppe Sita was appointed as the Company's director on 25<sup>th</sup> January 2007 to replace Mr. Keith Levers who resigned from the Company's director on 29<sup>th</sup> December 2006 and to replace Mr. Reungvit Dusdeesurapot

Number of attendances and number of absences of directors who resigned in year 2006 are as follows:

Name	Number of attendances	Number of absences	Resignation date
1. Mr. Kenneth Kin Hing Lam	1	4	27 <sup>th</sup> April 2006
2. Mr. Ole Teigen	5	4	28 <sup>th</sup> December 2006
3. Mr. Frode Teigen	8	1	28 <sup>th</sup> December 2006
4. Mr. Robert William McMillen	8	6	28 <sup>th</sup> December 2006
5. Mrs. Mantanee Surakarnkul	12	3	29 <sup>th</sup> December 2006
6. Mr. Jeremy Lechemere King	12	3	29 <sup>th</sup> December 2006
7. Mr. Reungvit Dusdeesurapot	7	3	29 <sup>th</sup> December 2006

#### **Authorised Directors and Restriction on Authorised Directors at Present**

- Any one of the following persons, Richard Anthony Johnson or Rahul Ghai or Giuseppe Sita jointly signs with any one of the following persons, Hubert Romary Bertrand Viriot or Werner Johannes Burger or Talal J M A Al Bahar, totaling two directors, with the Company's seal affixed for all company affairs or business transactions.
- Any two from the following persons, Nigel John Cornick or Kittti Tungswong or Richard Anthony Johnson or Rahul Ghai or Giuseppe Sita or Talal J M A Al Bahar or Werner Johannes Burger or Hubert Romary Bertrand Viriot jointly sign with the Company's seal affixed for all sale and purchase agreements with the Company's customers, all applications and contacts with any government agencies, authority or providers of public utilities.

#### **Scope of Authority of the Board of Directors of the Company**

The Company's directors must perform their duties in compliance with relevant laws, regulations, the Company's objectives and articles of association and the resolution of shareholders' meeting in good faith. The directors are prohibited from carrying out any business of the same nature as and in competition with the Company's business and from being partners or shareholders or directors of other juristic persons of which the nature of business is similar to and in competition with the Company's business, unless it is notified in a shareholders' meeting before his/her appointment. If a director has direct or indirect interests in any agreements to be entered into with the Company or increases or decreases his/her shareholding or debenture holding in the Company and its affiliates or debenture, such director must inform the Company without delay.

#### **Members of Executive Committee**

- |    |                             |                                     |
|----|-----------------------------|-------------------------------------|
| 1. | Mr. Talal J M A Al Bahar    | Chairman of the Executive Committee |
| 2. | Mr. Rahul Ghai              | Executive Committee Member          |
| 3. | Mr. Werner Johannes Burger  | Executive Committee Member          |
| 4. | Mr. Richard Anthony Johnson | Executive Committee Member          |
| 5. | Mr. Nigel John Cornick      | Executive Committee Member          |
| 6. | Mr. Kittti Tungswong        | Executive Committee Member          |

#### **Scope of Authority, Duty and Responsibility of the Executive Committee**

1. To have authority, duty and responsibility of management relating to the ordinary course of business of the Company and management work of the Company.
2. To determine policy, business plan, budget, administration structure and management authorisations.
3. To suggest guidelines for business operation to reflect economic conditions for the board's consideration.
4. To review and follow up the Company's operating results in accordance with the required policy. The authority and duty of the Executive Committee will not include approval of any transaction which may have a conflict of interest or any transaction that the Executive Committee or possible connected person has interest or benefit which may have conflict with the Company or its subsidiary under the SET's regulations, the approval of which must be subject to the Board of Directors' and/or shareholders' meeting of the Company as required by the Company articles of association and relevant law.

#### **Members of Audit Committee**

- |                           |                             |
|---------------------------|-----------------------------|
| 1. Mr. Kitti Gajanandana  | Chairman of Audit Committee |
| 2. Mr. Jirawud Kuvanant   | Audit Committee Member      |
| 3. Mr. Sompoch Intranukul | Audit Committee Member      |

#### **Scope of Authority, Duty and Responsibility of the Audit Committee**

1. To evaluate, together with the auditor and/or the management to ensure the efficiency and adequacy of the internal control system and the standard of internal audit system.
2. To review the Company's financial statements to ensure that the Company maintains accurate financial reports with sufficient disclosure before submit to the regulators.
3. To review the Company's compliance with the law concerning securities and stock exchange or laws relating to the Company's business.
4. To accurately and fully disclose information upon the occurrence of connected transactions or transactions that may have conflict of interest as required by rules and regulations.
5. To prepare a business review report of the Audit Committee and disclose the report in the Company's annual report and to give opinion on procedures for preparing and disclosing information in financial reports and opinion concerning the Company's internal control system which will be signed by the Chairman of Audit Committee.
6. To propose a list of auditors to the Company's Board of Directors together within remuneration of the auditors for each year for the appointment by annual general meeting of shareholders and to review and appraise the auditors' performance.
7. To report upon the work carried out by the Audit Committee to the Company's Board of Directors at least once each quarter.
8. To jointly give opinion in considering appointment, dismissal, performance and remuneration of the internal auditor.
9. To perform any other acts as assigned by the Company's Board of Directors and agreed to by the Audit Committee.

The term of the Audit Committee is two years. In case of vacancy due to any reason other than expiration of the term, the Company's Board of Directors is authorised to appoint a qualified person to be member of the Audit Committee. The replacement will remain in office for the remaining period of the term of the previous member of the Audit Committee.

### **Scope of Authority of the Chief Executive Officer**

According to the resolution of the Board of Directors' Meeting of Raimon Land Plc. number 9/2006 held on 11<sup>th</sup> August 2006, the Chief Executive Officer has the authority to carry out normal business practice in approving investment budget, operational expenses, purchase of fixed assets, sale of inventory and other performance including decentralising the administrative power to the responsible persons at a lower level (which is subject to the approval of the Board of Directors). The administrative power and authorisation will not include the administration and authorisation which gives the power to the Chief Executive Officer and the authorised person to approve the transaction in which the Chief Executive Officer and the authorised person or possible person who may have conflict of interest or interest or other type of conflict of interest with the Company and/or its subsidiaries.

### **Selection of Directors**

An appointment of directors must be approved by the shareholders' meeting except for a vacancy due to a reason other than retiring by rotation. In that case, the Board of Directors will consider and appoint a person to replace the vacant director. The term of the new director will be equal to the remaining term of the vacant director. The selection of directors does not require the process of the nominating committee since the Company has not set up the nominating committee. However, the Board of Directors will select a person who is qualified, knowledgeable, capable and experienced in relevant fields. In addition, the person will have no prohibited characters under the Public Companies Act, notifications of the Securities and Exchange Commission. The requirements and procedures for selection of the Company's director are summarised below:

According to Section 4 of the Company's Articles of Association, the Company's Board of Directors comprises five directors or more and at least one half of them must reside in Thailand.

The appointment of directors must be carried by the shareholders' meeting in accordance with the following requirements and procedures:

1. Each shareholder has one vote to one share.
2. In appointing directors, each shareholder may exercise the votes to elect one or more candidates to be the director(s) and the voting requirement in item no. 1 above must apply. However, the votes are indivisible (the voting for appointment of directors shall be non-cumulative voting).
3. The resolution for appointment of directors must be passed by majority votes. In case of equal votes, the Chairman shall have a casting vote.
4. At every annual general shareholders' meeting, one third, of directors or if it is not a multiple of three then the number nearest to one-third must retire from the office. The retiring directors may be re-elected.
5. There must be drawing by lots to determine the directors retiring by rotation on the first and second years following the conversion into a public company. In each subsequent year, the directors who occupy the office for the longest period must retire.

In addition to the retirement by rotation, a director shall retire from the office upon:

- a. death
  - b. resignation
  - c. disqualifications or being subject to any restriction imposed under the Public Companies Act
  - d. removal by the shareholders' meeting resolution
  - e. dismissal by a court order
6. Any director wishing to resign may submit a resignation letter to the Company. In this regard, the resignation will being effect immediately when it is delivered to the Company and the director registers his/her resignation.

### **Selection of Independent Directors**

The Company recognises the importance of independent directors who have duties to audit and supervise the transparency and the performance of the executive committee under appropriate internal control systems, laws and regulations of relevant regulators as well as improving the efficiency of the Company's operations. The Company has determined the criteria for selection of independent directors by having the Board of Directors select knowledgeable, capable and experienced candidates and propose them at the Board of Directors' Meeting for consideration and then at the shareholders' meeting for further appointment in accordance with the requirements set out in the Company's articles of association. An independent director must have the following qualifications:

1. Holding less than 5 per cent of the Company's total voting shares,
2. Not being involved in any of the Company's management, nor being an employee or a consultant under the Company's payroll or has an authority to control the Company and its affiliates, associated companies or potentially has a conflict of interest (such person shall not have such conflict of interest for at least 2 years prior to the appointment). In addition, an independent director must not have any juristic relationship with the legal consultant or external auditor of the Company and its affiliates,
3. Not having any business relationship equal to 3 per cent or more of total net tangible assets with the Company (not being customers, suppliers, trade creditor/debtor, financial creditor/debtor, nor having direct or indirect benefits, nor interest, both financial and administrative aspects of the Company, its affiliates and associated companies nor being a person who has a conflict of interest equivalent to 3 per cent or more of the net tangible asset, which may cause a lack of dependence), and
4. Not being in a close relationship with management, major shareholders of the Company and its affiliates and associated companies or any person that may have conflict and not be appointed to represent interests of particular directors or major shareholders.

## **2.2 Management**

### **List of management of the Company at present**

<b>Name</b>	<b>Position</b>
1. Mr. Nigel John Cornick	Director, Executive Committee Member and Chief Executive Officer
2. Mr. Kittit Tungswong	Director, Executive Committee Member and Chief Operating Officer
3. Ms. Nitaya Phuprasitsak	Senior Vice President Finance and Accounting
4. Mrs. Rajneeporn Bishop	Director of Sales
5. Mr. Gerard Conor Healy	Project Director
6. Mr. Montri Hemvichitr	Director of Project Co-ordinator
7. Mr. Henri Alister Jamison Young	Director of Marketing
8. Mr. David William Alexander	Development Director
9. Mrs. Neerja Sachdev	Customer Relations Management Director (commencing on 1 <sup>st</sup> February 2007)

## 2.3 Management Remuneration

### Monetary Remuneration

#### Directors' Remuneration

No.	Name	For 2006 <sup>(1)</sup> (Baht)
1	Mr. Sompoch Intranukul	939,842
2	Mr. Talal J M A Al Bahar	-
3	Mr. Rahul Ghai	-
4	Mr. Werner Johannes Burger	-
5	Mr. Richard Anthony Johnson	-
6	Mr. Nigel John Cornick	-
7	Mr. Kitti Tungswong	-
8	Mr. Hubert Romary Bertrand Viriot	-
9	Mr. Giuseppe Sita	-
10	Mr. Kitti Gajanandana	727,827
11	Mr. Jirawud Kuvanant	631,858
12	Mr. Kenneth Kin Hing Lam <sup>(2)</sup>	323,953
13	Mr. Ole Teigen <sup>(3)</sup>	80,000
14	Mr. Frode Teigen <sup>(4)</sup>	80,000
15	Mr. Robert W. McMillen <sup>(5)</sup>	565,811
16	Mr. Ratanachai Phatinavin <sup>(6)</sup>	120,000
17	Mrs. Mantanee Surakarnkul <sup>(7)</sup>	290,000
18	Mr. Jeremy Lechemere King <sup>(8)</sup>	493,874
19	Mr. Reungvit Dusdeesurapot <sup>(9)</sup>	439,921
20	Mr. Keith Levers <sup>(10)</sup>	-
<b>Total</b>		<b>4,693,086</b>

Notes (1) Information provided on accrual basis, including the special remuneration of Baht 3,053,086 approved by the 2006 Annual General Meeting of Shareholders.

(2) Mr. Kenneth Kin Hing Lam resigned as the Company's director with effect from 27<sup>th</sup> April 2006 and then the Annual General Meeting of Shareholders resolved to appoint Mr. Frode Teigen as his replacement with effect from 27<sup>th</sup> April 2006. In the meantime, the Annual General Meeting of Shareholders also resolved to appoint Mr. Ole Teigen to be the Company's director on the same date.

(3) Mr. Ole Teigen resigned as the Company's director with effect from 28<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 14/2006 resolved to appoint Mr. Hubert Romary Bertrand Viriot as his replacement with effect from 28<sup>th</sup> December 2006.

(4) Mr. Frode Teigen resigned as the Company's director with effect from 28<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 14/2006 resolved to appoint Mr. Richard Anthony Johnson as his replacement with effect from 28<sup>th</sup> December 2006.

- (5) Mr. Robert W. McMillen resigned as the Company's director with effect from 28<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 14/2006 resolved to appoint Mr. Rahul Ghai as his replacement with effect from 28<sup>th</sup> December 2006.
- (6) Mr. Ratanachai Phatinavin resigned as the Company's director with effect from 16<sup>th</sup> December 2005 and the Board of Directors' Meeting No. 11/2005 resolved to appoint Mrs. Mantanee Surakarnkul as his replacement with effect from 16<sup>th</sup> December 2005.
- (7) Mrs. Mantanee Surakarnkul resigned as the Company's director with effect from 29<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 15/2006 resolved to appoint Mr. Werner Johannes Burger as her replacement with effect from 29<sup>th</sup> December 2006.
- (8) Mr. Jeremy Lechemere King resigned as the Company's director with effect from 29<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 15/2006 resolved to appoint Mr. Talal J M A Al Bahar as his replacement with effect from 29<sup>th</sup> December 2006.
- (9) Mr. Reungvit Dusdeesurapot resigned as the Company's director with effect from 29<sup>th</sup> December 2006 and the Board of Directors' Meeting No. 15/2006 resolved to appoint Mr. Keith Levers as his replacement with effect from 29<sup>th</sup> December 2006.
- (10) Mr. Keith Levers resigned as the Company's director with effect from 25<sup>th</sup> January 2007 and the Board of Directors' Meeting No. 1/2007 resolved to appoint Mr. Giuseppe Sita as his replacement with effect from 25<sup>th</sup> January 2007.

#### **Executive Committee's Remuneration**

No.	Name	For 2006 (Baht)
1	Mr. Nigel John Cornick	-
2	Mr. Robert William McMillen	120,000
3	Mr. Reungvit Dusdeesurapot	50,000
4	Mr. Jeremy Lechemere King	120,000
5	Mr. Kitti Tungswong	-
6	Mr. Ole Ketil Teigen	70,000
7	Mr. Frode Teigen	70,000
Total		430,000

#### **Management's remuneration**

Type of remuneration	For 2006 (Baht)
Salary, tax paid on behalf and insurance premium	22,025,000
Bonus	-
Brokerage	1,522,898
Contribution to provident fund	1,056,574
Others	35,000
<b>Total</b>	<b>24,639,563</b>

Notes (1) The number of management was 8 persons under item 2.2 regarding management

(2) Information provided on accrual basis, including remuneration paid by the Company and its subsidiaries.

## Other Remuneration

At the Extraordinary General Meeting of Shareholders number. 1/2003 held on 14<sup>th</sup> October 2003, the shareholders passed a resolution to issue 67,478,400 units of warrants, RAIMON-W2 (formerly 13,495,680 units, the Company split shares from a par value of Baht 5 to Baht 1, therefore the existing unit of warrant has changed to 5 new units of warrant). Details of the RAIMON-W2 are shown in item 8.1 (page 52) subject the Company's securities. The warrants were allocated to the Company's directors as set out below:

No.	Name of Directors	Number of Allocated Warrants	% of Issue Warrants
1	Mr. Sompoch Intranukul	6,000,000	8.89
2	Mr. Nigel John Cornick	21,000,000	31.12
3	Mr. Robert W. McMillen <sup>(2)</sup>	6,000,000	8.89
4	Mr. Reungvit Dusdeesurapot <sup>(2)</sup>	6,000,000	8.89
5	Mr. Jeremy Lechemere King <sup>(2)</sup>	6,000,000	8.89
6	Mr. Kitti Tungswong	3,000,000	4.45
7	Mr. Kenneth Kin Hing Lam	-	-
8	Mr. Jirawud Kuvanant	1,800,000	2.67
9	Mr. Kitti Gajanandana	1,800,000	2.67
10	Mr. Ratanachai Phatinavin <sup>(2)</sup>	1,800,000	2.67
<b>Total</b>		<b>53,400,000</b>	<b>79.14</b>

Notes: (1) The Company allocated the warrants (RAIMON-W2) as shown under item 2.2 management (not including Mr. Nigel John Cornick and Mr. Kitti Tungswong) in amount of 12,278,400 units.

(2) Mr. Robert W. McMillen, Mr. Reungvit Dusdeesurapot, Mr. Jeremy Lechemere King and Mr. Ratanachai Phatinavin have returned RAIMON-W2 (remaining from their exercised in such notification period) to the Company and then the Company has cancelled the said warrants of such persons and maintains it for further allocation to other directors or employees.

## **2.4 Supervision**

The Company determined policies of good corporate governance principles under the guideline set by the Stock Exchange of Thailand by adhering to transparent management, integrity and accountability in order to increase the competitiveness of the Company. The Company established the Audit Committee which comprises 3 qualified persons to perform the duty of auditing and supervising the Executive Committee independently. In addition, the Company appointed an internal auditor at the end of 2003. The structure of the Audit Committee and an internal auditor allows them to be independent from the Company's executive committee. The Board is also committed to comply with the Code of Best Practice for Directors of Listed Companies and set out 15 principles of Good Corporate Governance as follows:

1. General Supervision Policy

The Board of Directors is of the view that good corporate governance policy is important and necessary to the Company's business operation and investors. The Company has put in place the policies and procedures for efficiency and productivity of the Company's business operation by transparent operation under relevant laws and business ethics for the best interests of shareholders and to avoid conflict of interests, appropriate risk management controlling and reviewing internal control systems conducted by Independent Directors / Audit Committee.

2. The Right to Equal Treatment

The Company's Board of Directors has the policy to promote equal treatment for all shareholders which includes timely provision of sufficient and equal information. In addition, before each shareholders' meeting, shareholders will receive notice of the shareholders' meeting together with the detailed information concerning the meeting agenda 7 days in advance of the meeting. Each agenda will be attached with the board of director's opinion. This is to provide timely and sufficient information for decision making in respect of each meeting. All shareholders equally have the right to attend and vote at the meeting in accordance with the Company's articles of association. In case of unavailability of shareholders, shareholders may grant a proxy to his/her attorney to attend the meeting. The Company also provides shareholders with alternative to grant proxy to one of its independent directors to attend the meeting on his/her behalf. The shareholders will be treated equally with respect to their rights.

3. The Right of Interested Persons

The Company gives priority to the rights of all interested people who are involved with the Company i.e. employees, management, suppliers, creditors, joint venture partners, auditors as well as the community and government sector. Upon the occurrence of events which concern the right of those parties, the Company will take into account fair treatment for all parties concerned within the scope of the law and regulations of relevant regulators.

4. Shareholders' Meetings

At every shareholders' meeting, the Company will send out notice of the shareholders' meeting which specifies date, time and place of meeting together with detailed agenda of the meeting and information required for each agenda to shareholders in advance. The Company is aware of the shareholders' right to access information and listen to other shareholders' ideas and comments for the purpose of the Company's administration. In addition, the Company will arrange for representatives of the Executive Committee, management, Audit Committee and auditors to attend the meeting. The minutes of the meeting will be taken accurately, completely and allow shareholders to have access to such minutes. The Company will submit the copy of minutes of shareholders' meeting to the SET within 14 days from the meeting date.

The minutes of shareholders' meeting will be presented at the following shareholders' meeting for further certification.

5. Leadership and Vision

The Company Board of Directors comprises qualified, knowledgeable, capable and experienced members. It has an important role in setting the Company's policy, vision, strategy and business goal as well as budget proposed by management, determining remunerations as deemed appropriate. In addition, the Board is responsible for supervising the management in carrying out the work as planned and to determine the scope of management's authority and approval in entering into transactions which are limited by funds to be used according to the level of management. The Company tries to clearly separate the duty of the Board of Directors and the management.

6. Policy and Code of Conduct relating to Conflict of Interest

The Board of Directors carefully considers transactions and proposes such transactions to the independent director and the audit committee for an independent opinion. The Company complies with the SET's regulations by disclosing information accurately and completely as well as control the misuse of inside information for personal benefit.

7. Business Ethics

The Company is preparing a Code of Business Ethics for directors, executives and employees so that the relevant persons can adopt the code to normal work practices with fairness and good faith.

8. Balance of Power for Non-Executive Directors

The Board of Directors of the Company comprises 11 directors consisting of:

- (1) 6 Executive Directors
- (2) 2 Non-Executive Directors
- (3) 3 Independent Directors

The three independent directors comprise the Chairman of the Board of Directors who is also a member of the Audit Committee, the Chairman of the Audit Committee and another member of the Audit Committee. The total number of the Audit Committee members accounts for more than one-fourth of the Board of Directors, which is considered appropriate. The Independent Directors / Audit Committee are independent in expressing their view and review the operations and transactions and are also involved in assessing audit results and the Company's internal control systems.

9. Aggregation or Segregation of Positions

The Company has determined authority and responsibility of the Company's directors, Executive Committee, Audit Committee and the CEO clearly. In addition, the Company's Chairman is also acting as an independent director and has no relationship with management nor is a representative of major shareholders nor the CEO.

10. Directors' and Management's Remuneration

The Company determines directors' remuneration clearly, transparently and appropriately by comparing with others in the same industry. The directors' remuneration has been approved at the shareholders' meeting while management's remuneration will be considered and approved by the Company's Board of Directors or the Executive Committee taking into account the Company's operating results and achievements of the management (refer to item 2.3)

11. Board of Directors' Meetings

The Board of Directors regularly holds meetings to consider and approve various matters. In calling such meetings, the Board of Directors set details of the meeting i.e. number of meetings per month, date, time, venue, agenda, delivery of notice of meeting, attendance and minutes of meeting in order to be in compliance with good corporate governance and maintain the minutes certified by directors for subsequent auditing by relevant parties. In 2006, the Company held 15 Board of Directors' meetings with attendants as mentioned in item 2.1 subject management structure

12. Committee

The Company established committees to operate various affairs of the Company under the Company's framework as it deems appropriate such as the Executive Committee and Audit Committee.

13. Internal Control and Internal Audit System

The Company recognised the importance of internal control and internal audit systems by appointing an internal auditor who is responsible for auditing internal control systems in various areas independently and report to the Company's Audit Committee. The internal auditor meets with the Audit Committee and the external auditor to exchange their opinions on auditing results so that the financial statements present accurate financial status in accordance with the generally accepted accounting principles accurately and adequately.

14. Directors' Report

The Company's Board of Directors is responsible for accuracy of the Company's and its subsidiaries' consolidated financial statements and related information as shown in the annual reports which are prepared in accordance with accepted Thai general accounting principles. The Company has selected an appropriate accounting policy which has been applied consistently. Conservative judgments and best estimates have been used in preparing such financial statement and to ensuring adequate disclosure in the note attached to the financial statements.

The Board has arranged for an efficient internal control system to ensure that financial information is recorded accurately, completely and sufficiently in order to preserve the Company's assets and to help identify deficiencies so that the Company is aware of such deficiencies and prepares preventive measures in relation to fraud and significant irregular operation.

The Board is satisfied with the overall effectiveness of its internal control system. Such internal control system can ensure the reliability of the financial statements of the Company and its subsidiaries as of 31<sup>st</sup> December 2006.

15. Investor Relations

The Company recognises the importance of accurate, complete, transparent and swift disclosure of information, both financial and general information as well as other information that may affect the price of the Company's securities. Although an investor relations unit is not set up, the Company assigns the finance department to communicate with investors and analysts with an emphasis on complete, transparent and timely disclosures.

**2.5 Supervision of usage of internal data**

The Company recognises the importance of protecting inside information. It therefore set up policy and procedures to supervise its management in respect of the misuse of inside information for their own benefit. The Company has criteria to penalise such a person in accordance with the relevant law, which includes criminal court procedures. The Company also limits the provision of information to its management and officers to the minimum number. Upon the entry into transaction that may have effect on the share price, the Company will notify its relevant management and officers not to trade the Company's securities and/or not to use such information. This includes circulating a letter or recording the relevant minutes of meetings so that the management and officers are aware that they must not trade the Company's securities on his/her behalf or any other persons' behalf until such information is disclosed to public. Such information must not be disclosed to other persons unless the SET is notified.

In addition the Company also requests the management to report the changes of the holding in the Company's securities to the SEC. This is made in accordance with Section 59 of Securities and Exchange Act B.E. 2535. The management has to provide the copy of the report to the Company on the date that management reports it to the SEC.

**2.6 Employees**

**Number of employees**

As at 31<sup>st</sup> December 2006, the Company has 60 employees, excluding 8 executives described in Section 2.2 subject the management of the Company whose functions are divided as follows:

Item	Department	No. of employees
1	Executives	2
2	Finance and Accounting	8
3	Personnel and Legal	2
4	Title Transfer and Purchasing	3
5	Administration	9
6	Project Development	8
7	Development	3
8	Customer Relations	1
9	Marketing	4
10	Project Co-ordinator	4
11	Sales	16
<b>Total</b>		<b>60</b>

### **Employee remuneration**

Type of remuneration	For 2006 (Baht)
Salary, overtime and insurance premium	20,303,614
Bonus	5,000,000
Brokerage	6,048,739
Provident fund	860,128
<b>Total</b>	<b>32,212,481</b>

Notes: Information provided on accrual basis, including remuneration paid by the Company and its subsidiaries.

### **2.7 Internal Control**

The Company recognises the importance of internal control with the emphasis on implementation of an appropriate internal control system suitable for its type of business of the Company. Therefore, the Company has appointed an internal auditor to supervise all aspects of the Company's operations. The scope of the internal auditor's responsibilities are:

1. To review and report the reliability and completeness of financial information, operation and procedures for determination and assessment;
2. To review the work procedures which might materially affect the Company's operation and reporting ensuring full compliance with corporate policies, plans, established work procedures and relevant laws;
3. To review the adequacy of the maintenance and storage of assets and to test for their physical existence;
4. To evaluate the use of the Company's resources ensuring their effective and efficient utilisation;
5. To review the Company's operations and plans in order to ensure that such operations and plans are consistent with the established objective and goals;
6. To prepare the internal audit report for submission to the Audit Committee. In cases where there were control deficiencies or remedies required, the internal auditor must report such deficiencies or remedies to the Company and recommend the corrective measures. In such cases, the internal auditor consults with the responsible officer and reports the conclusions to the Company;
7. To review the Company's operation and compliance with relevant regulations of the Stock Exchange of Thailand, notifications of the Office of the Securities and Exchange Commission and the Public Companies Act; and
8. To act as a secretary to the Audit Committee.

Upon completion of the review, the internal auditor prepares an internal audit report and attends meetings with the Audit Committee, the Company's external auditor and the management for further consultation and exchange of views in respect of facts and rectification including the recommendation on improvements of the internal control system of the Company.

In 2006, there were four Audit Committee's meetings, which were convened to review the Company's corporate governance, the quarterly financial statements and annual financial statements including the disclosure of notes to financial statements, to consult and hear the explanation and recommendation in relation to the problem and preventive and corrective measures. The Audit Committee is of the view that in the past year the financial reporting is in line with the generally accepted accounting principles and that the disclosure of information, internal control and internal audit systems were adequate. The Company fully complied with all key legal requirements and relevant regulations as well as implemented corrective measures recommended by the internal auditor and the Audit Committee in order to establish the good corporate governance in the Company and its shareholders' best interests.

In addition, the Board of Directors of the Company plans to develop its internal control system in five major aspects i.e., organisation and environment, risk management, supervision of management's operation, information technology and communication systems and assessment system, in order to be prudent and to comply with the internal control requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, the Public Companies Act and other relevant regulations. The Company also ensures its complete and accurate disclosure of information to shareholders, the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and relevant authorities. The Company has drafted its ethical standards for submission to the Board of Directors for consideration and approval. In parallel, the Company has been revising an operations authority manual and major work procedures to be in line with existing working environments for submission to the Board of Directors for further consideration and approval. Besides this, the Company plans to develop a risk management system appropriate for its operation, as recommended by the Audit Committee.

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
1	Mr. Sompoch Intranukul	68	Bachelor Degree of Accounting & Commerce Faculty, Chulalongkorn University Senior Executive Program Sasin Business Administration Certificate of National Defence College of Thailand Directors Certification Program (DCP 24/2002)	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) 6,000,000 units	-	2002 – Present  2003 - Present 1999 - Present 1999 - Present 1999 – Present 1995 - Present	Chairman / Independent Director/ Audit Committee Member Chairman  Chairman of Audit Committee Chairman of Audit Committee Chairman of Audit Committee Chairman	Raimon Land Plc. - Property business  SCMB Co.Ltd. - Financial advisory Service Siam Commercial Leasing Plc. - Financial services business Subsritthai Warehouse Co.,Ltd. - Warehouse business Dheves Insurance Plc. - Insurance business Siam Administrative Management Co., Ltd. - Administrative services business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
2	Mr. Talal J M A Al Bahar (Authorised Director)	29	Bachelor Degree in Business Studies Loyola Marymount Los Angeles USA	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) None	-	Dec 06 - Present Feb 07-Present Feb 07-Present Jan 07-Present Jan 07-Present Jan 07-Present Jan 07-Present Jan 07-Present Jan 07-Present Dec 05-Present May 05 -Present Jan 03-May 05 Jul 02 -Present	Director / Chairman of Executive Committee Director CEO Director Director Director Director Director Director Partner & Executive Director Chairman & Managing Director Chairman & Managing Director General Manager	Raimon Land Plc. - Property business Contemporary Property Co., Ltd.* - Property business IFA Hotels& Resorts Ltd. - Property business Raimon Land Park View Development Co., Ltd.* - Property Development Raimon Land Property Co., Ltd.* - Property Development Raimon Land Development Co., Ltd.* -Fund raising for parent Company Raimon Land Planner Co., Ltd. - Business Reorganization Druke & Scull - Construction Consultant IFA Hotels& Resorts Ltd. - Property business Kuwait Invest Holding Company -Investment United Investments Portugal (UIP) -Financial Advisory business

\*Note: Member of the Raimon Land Group

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
3	Mr. Rahul Ghai (Authorised Director)	31	Master of Business Administration IMHI in France	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) None	-	Dec 06 - Present Feb 07-Present Feb 07-Present Jan 07-Present Jan 07-Present Jan 07-Present Jan 07-Present 2004 -Present 2006 -2004 2002 - Present 2001-2004 Jul 02 -Present	Director / Executive Director CEO Director Director Director Director Associate Associate Deputy Manger Management Trainee General Manager	Raimon Land Plc. - Property business Contemporary Property Co., Ltd.* - Property business IFA Hotels& Resorts Ltd. - Property business Raimon Land Park View Development Co., Ltd.* - Property Development Raimon Land Property Co., Ltd.* - Property Development Raimon Land Development Co., Ltd.* - Fund raising for parent Company Raimon Land Planner Co., Ltd. - Business Reorganisation Istithmar PJSC -Real Estate business Jones Lang Casalle, Europe & Asia -Real estate business TAJ Group - Hospitality service business OBCROI Group - International Trading United Investments Portugal (UIP) - Real estate business

\*Note: Member of the Raimon Land Group

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
4	Mr. Werner Johannes Burger (Authorised Director)	38	Bachelor of Science in Building Management University of Pretoria Pretoria, South Africa	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None -Warrant ESOP (RAIMON-W2) None	-	Dec 06–Present  2005 –Present  2003 – 2005  2002 – 2003  1999 - 2002	Director / Executive Director COO & President VP Sales & Marketing VP Sales & Marketing Managing Director	Raimon Land Plc. - Property business  IFA Hotels& Resorts Ltd. -Property business IFA Hotels& Resorts Ltd. -Property business DAMAC Properties, Dubai -Property development Shibbolet Property Developments Cape Town, South Africa - Property development

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
5	Mr. Richard Anthony Johnson (Authorised Director)	43	Master Degree in Law University of Oxford  Master of Science in Property Investment and Finance City University, London, UK  Bachelor Degree in Law	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) None	-	Dec 06– Present  Feb 07–Present  Jan 07–Present  Jan 07–Present  Jan 07–Present  Jan 07–Present  2006–Present  1998–2006	Director / Executive Director  Director  Director  Director  Director  Managing International Director	Raimon Land Plc. - Property business Contemporary Property Co., Ltd.* - Property business Raimon Land Park View Development Co., Ltd.* - Property development Raimon Land Property Co., Ltd.* - Property development Raimon Land Development Co., Ltd* - Fund raising for parent company Raimon Land Planner Co., Ltd. - Business Reorganization Istithmar PJSC - Property Business Jones Lang Casalle, Europe & Asia - Property business

\*Note: Member of the Raimon Land Group

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
6	Mr. Hubert Romary Bertrand Vriot	30	Bachelor of Science in International Hospitality and Management University of Wales  Bachelor Degree in Hospitality and Tourism Management Gilon Hotel School, Switzerland	- Ordinary Share (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) None	-	Dec 06- Present  Feb 07- Present  Jan 07- Present  Jan 07- Present  Jan 07- Present  Jan 07- Present  2005 - Present  2001 - 2005	Director  Director  Director  Director  Director  Director  Assistant Vice President- Acquisition Head-Consulting & Investment Services, Asia	Raimon Land Plc. - Property business  Contemporary Property Co., Ltd.* - Property business Raimon Land Park View  Development Co., Ltd.* - Property Development Raimon Land Property Co., Ltd.* - Property Development Raimon Land Development Co., Ltd.* - Fund raising for parent Company Raimon Land Planner Co., Ltd. - Business Reorganization IFA Hotels & Resorts Ltd., Dubai - Real Estate business HVS International, Singapore - Hospitality service business

\*Note: Member of the Raimon Land Group

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
7	Mr. Giuseppe Sita	47	Bachelor Degree in Business Studies Sydney Technical College	- Ordinary shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) None	-	Jan 07- Present 2006-Present 2002-2006 Apr - Dec 2001	Director CEO Executive Vice President Development Managing Director	Raimon Land Plc. - Property business Istithimar Hotel FZE -Property business Carlson Hotel Asia Pacific -Hospitality services business Holicode PTY Limited - Retail

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
8	Mr. Nigel John Cornick (Authorised Director)	54	Chartered Surveyor Royal Institute of Chartered Surveyors U.K.  Directors Certification Program (DCP 6/2001)	- Ordinary Shares (RAIMON) (6,072,669 units)  - Warrant (RAIMON-W) None  -Warrant ESOP (RAIMON-W2) 21,000,000 units	-	2002 - Present	Director / Executive Director / CEO	Raimon Land Plc. - Property business
						2006-Present	Director	Raimon Land Park View Development Co., Ltd.* - Property Development
						2006- Present	Director	Raimon Land Property Co., Ltd.* - Property Development
						2006- Present	Director	Raimon Land Development Co., Ltd* - Fund raising for parent Company
						2005 - Present	Director	Taksin Hotel Holding Co., Ltd.* - Property business
						2005 - Present	Director	Taksin Properties Co., Ltd.* - Property business
						2002 - Present	Director	Raimon Construction Co., Ltd. - Construction business
						2002 - Present	Director	Decor Raffine Co., Ltd - Decoration business
						2002 - Present	Director	Strategic Property Co., Ltd. - Property business

\*Note: Member of the Raimon Land Group

\*\*Note The Central Bankruptcy Court passed the order to Cha-am Campus City Co., Ltd. as a bankrupt company on 7 October 2004

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
8	Mr. Nigel John Cornick (Authorised Director)					2001 - Present	Director	Raimon Land Planner Co., Ltd. - Business Reorganisation
						1999 - Present	Director	Contemporary Property Co., Ltd.* - Property business
						1998 - Present	Director	Cha-am Campus City Co., Ltd.** - Property business
						1998 - Present	Director	Ficus Benga Co., Ltd. - Property business
						1996 - 2001	Director / General Manager	Raimon Land Plc. - Property business

\*Note: Member of the Raimon Land Group

\*\*Note: The Central Bankruptcy Court passed the order to Cha-am Campus City Co., Ltd. as a bankrupt company on 7 October 2004

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
9	Mr. Kitti Tungsnwong (Authorised Director)	37	Bachelor Degree of Accounting  The University of the Thai Chamber of Commerce  Directors Certification Program (DCP 43/2004)	- Ordinary Shares (RAIMON)  None  - Warrant (RAIMON-W)  None  - Warrant ESOP (RAIMON-W2)  3,000,000 units	-	2004- Present  2006-Present  2006- Present  2006 – Present  2005 - Present  2005 – Present  2004- Present  2003-2004  1998-2002  1994-1998	Director / Executive  Director / Chief Operating Officer  Director  Director  Director  Director  Director  Director / SVP in Finance  Senior Consultant  Senior Auditor	Raimon Land Plc. - Property business Raimon Land Park View Development Co., Ltd.* - Property Development Raimon Land Property Co., Ltd.* - Property Development Raimon Land Development Co., Ltd.* - Fund raising for parent Company Taksin Hotel Holding Co., Ltd.* - Property business Taksin Properties Co., Ltd.* - Property business Contemporary Property Co., Ltd.* - Property business Raimon Land Plc. - Property business Price Waterhouse Cooper F.A.S. Co., Ltd. - Financial Advisory Services Price Waterhouse Cooper ABAS Limited - Audit Business

\*Note: Member of the Raimon Land Group

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
10	Mr. Kitti Gajandana	55	Master Degree (MBA) North Texas State University  Bachelor Degree of Accounting and Commerce Faculty, Chulalongkorn University	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) 1,800,000 units	-	2004 – Present  2004- Present  2001 - Present  1999 – 2000  1995 – 1999  1988 – 1995	Independent Director / Chairman of Audit Committee  Director / Audit Committee Advisor  Executive Vice President Senior Vice President Senior Vice President	Raimon Land Plc. - Property business  CINMIT Company Limited - Financing advisory services Fiscal Policy Research Institute - Research and consulting business Bankthai Plc. - Banking business Union Bank of Bangkok Plc. - Banking business Siam City Bank Plc. - Banking business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
11	Mr. Jirawud Kuvanant	47	Master Degree (MBA) The College of Insurance New York City, U.S.A.  Bachelor Degree of Business Administration Major Marketing, Thammasat University  Directors Certification Program (DCP 43/2004)	- Ordinary Shares (RAIMON)  None  - Warrant (RAIMON-W)  None  - Warrant ESOP (RAIMON-W2)  1,800,000 units	-	2003 – Present	Independent Director/ Audit Committee	Raimon Land Plc. - Property business
						2002 – Present	Independent Director	Raimon Land Plc. - Property business
						1987 – Present	Executive Director	Kowyuha Motor Group - Automobile

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
12	Mr. Gerard Conor Healy	46	Bachelor of Architecture (B.Arch) University College Dublin, Ireland	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) 979,332 units	-	2002 - Present  1996 - 2002	Project Director  Development & Research Manager	Raimon Land Plc. - Property business  Woods Bagot (Thailand) Co.,Ltd. - Design and Decoration

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
13	Miss Nitaya Phuprasitsak	38	MBA. Major in Finance and Banking, Siam University	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) 3,140,986 units	-	2005-Present 2003 - 2004 1998 - 2002 1991 - 1998	SVP Finance & Accounting Vice President Finance & Admin. Vice President in Accounting Chief Accountant	Raimon Land Plc. - Property business Raimon Land Plc. - Property business Raimon Land Plc. - Property business Raimon Group - Holding Company

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
14	Mr. Monsak Phuvanarthmaranubal	48	English Preliminary Course Cambridge, London Certificate of Assets Management Chulalongkorn University	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) 1,427,721 units	-	2002 - Present  1999 - 2002	Vice Present Asset Management Project Director	Raimon Land Plc. - Property business  Raimon Land Plc. - Property business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
15	Mrs. Rajneeporn Bishop	47	High Commercial Diploma Major in Sales, Rajamangkala Institute of Technology Pranakorn	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) 2,569,898 units	-	2005- Present  2002 - 2005  2001 - 2002  1999 - 2000	Director of Sales  Sales & Marketing Director  Managing Director  Vice President in Marketing & Sales	Raimon Land Plc. - Property business Raimon Land Plc. - Property business  Kingdom Property Co.,Ltd. - Property Agent Andrew Park Co.,Ltd. - Property Agent

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
16	Mr. Montri Hemvichitr	48	Master of Economics Institute of Social Technology  Bachelor of Marketing, Ramkhamhaeng University.  Certificate from the Advanced Marketing Program, Thammasart University  Certificate in Social Research, NIDA	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) 6,180 units  - Warrant ESOP (RAIMON-W2) 2,469,898 units	-	2005- Present  2000-2004	Director of Project Co-ordinator Project Director	Raimon Land Plc. - Property business  Raimon Land Plc. - Property business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
17	Mr. Henri Alister Jamison Young	36	Bachelor of Applied Science RMIT, Melbourne Australia  Diploma in Hotel Management Cesar Ritz, Switzerland	- Ordinary Shares (RAIMON) None  - Warrant (RAIMON-W) None  - Warrant ESOP (RAIMON-W2) None	-	Present  2004-2005  1998-2004  1993-1998	Director of Marketing Development Manager General Manager  Project Manager	Raimon Land Plc. - Property business Raimon Land Plc. - Property business Hurrice Trading Consultancy - Hospitality service Raimon Land Plc. - Property business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
18	Mr. David William Alexander	40	Bachelor Degree of Science in Estate Management Southbank Polytechnic, England Directors Certification Program (DCP 78/2006) Member of Royal Institute of Chartered Surveyors	- Ordinary Shares (RAIMON) None - Warrant (RAIMON-W) None - Warrant ESOP (RAIMON-W2) None	-	Present 1993-2005 1990-1993	Development Director Executive Director Commercial Real Estate Agent	Raimon Land Plc. - Property business Brooke Real Estate Limited - Investment Advisor Richard Ellis / Hong Kong - Property business

**2.8 Details of biography of executive officers and persons in control of the Company as at 23 March 2007**

No	Name / Surname	Age (Year)	Education	Shareholding	Family's relationship between management	Working experiences for last 5 years		
						Period	Position	Company / Type of business
19	Mrs Neerja Sachdev	44	Bachelor of Arts Bombay University Bombay, India	- Ordinary Shares (RAIMON) None	-	Feb 07 - Present	Customer Relations Management Director	Raimon Land Plc. - Property business
			Diploma in Commercial Art	- Warrant (RAIMON-W) None		2005-2007	Property Manager	CB Richard Ellis - Property Business
				-Warrant ESOP (RAIMON W2) None		2003-2005	Assistant Property Manager	CB Richard Ellis - Property business
						1994 – 2003	House/Apartment Manager	Orchid Tower - Real Estate business

## CONNECTED TRANSACTIONS

## Connected Transactions

### 1. Connected Transactions

In 2006, the Company had connected transactions as follows:

Transaction Date	Connected Person	Relationship	Nature of Transaction	Value of Transaction (Baht)
15/02/06	Quam Capital Limited	<p>Mr. Kenneth Kin Hing Lam, Raimon Land's director was the authorised director of Quam Capital Limited from the 99% shareholding of total issued shares in Quam Capital Limited as of the transaction date.</p> <p>Mr. Jeremy Lechmere King, Raimon Land's authorised director, was a director of Quam Capital Limited as of the transaction date.</p>	<p>The Company has employed Quam Capital Limited from 29<sup>th</sup> November 2005, as the Company's financial adviser responsible for identifying potential lender(s)/ investor(s) interested in lending the maximum amount of USD 7.50 million to the Company. Quam Capital Limited would receive an arrangement fee and a managing agent fee of 2% and 0.25% per annum, respectively, of the total amount of loan (totaling USD 187,500, being Baht 7,398,750, calculated at the exchange rate of Baht 39.46 per USD 1).</p> <p>Consequently, on 15<sup>th</sup> February 2006, the Company signed an unsecured loan contract with three overseas companies introduced by Quam Capital Limited amounting to USD 2.5 million at the interest rate of 10% per annum. The loan was payable within two years from the loan drawdown date. Therefore, Quam Capital Limited received the total fee of USD 62,500, being Baht 2,312,500 calculated at the exchange rate of Baht 37.00 per USD 1 (an approximate).</p>	2,493,750

Transaction Date	Connected Person	Relationship	Nature of Transaction	Value of Transaction (Baht)
15/02/06 and 06/03/06	Seamico Securities Plc.	Seamico Securities Plc. was the major shareholder of the Company and holding 22.69% of total issued shares in the Company as of the transaction date (at transaction date).	<p>On 26th September 2005, the Company issued a bill of exchange with a loan facility of Baht 200 million payable in six months. The loan subjected to the interest rate of 7% per annum. On 7<sup>th</sup> December 2005, the interest rate was increased to 7.5% per annum due to the change of collateral.</p> <p>During the first quarter of 2006, the Company fully repaid the loan and accrued interest to Seamico Securities Plc (referring to the exchange rate per notes to the audited financial statements for the year ended 31<sup>st</sup> December 2006).</p>	202,239,726
15/03/06	Taksin Hotel Holding Co.,Ltd.	Mr. Frode Teigen and Mr. Ole Ketil Teigen were Raimon Land's major shareholders (information as at 8 <sup>th</sup> March 2006), holding 21.17% and 19.08% of the total issued shares, respectively. They also held 50% of the total issued shares in Bangkok Property Investment Pte Ltd (BPI) each.	Raimon Land and a subsidiary company had entered into loan agreements (in proportion to their interest in the company) with Taksin Holding Co., Ltd., totalling Baht 12 million. The Company lent Baht 9.8 million and its subsidiary company lent Baht 2.2 million. Interest on this loan was charged at 7% per annum. During the third quarter of 2006, Taksin Hotel Holding Co.,Ltd. fully repaid the loan and accrued interest.	12,000,000
15/09/06	Taksin Hotel Holding Co.,Ltd.	Raimon Land and its subsidiary companies together held 60% in Taksin Hotel Holding Co.,Ltd. Meanwhile, BPI which held 15% in Taksin Hotel Holding Co.,Ltd. had the same shareholders and directors with Raimon Land (Mr. Ole Ketil Teigen and Mr. Frode Teigen held 20.05% and 22.36% of shares, respectively) as of the transaction date.	Raimon Land and one of its subsidiaries company have provided corporate guarantee to the repayment of Baht 100 million debenture issued by Taksin Hotel Holding Co.,Ltd. (in proportion to Raimon Land and the subsidiary' interest in Taksin Hotel Holding Co., Ltd.). The debenture was issued to Lehman Brothers.	60,000,000 (guarantee in proportion to the Company and the subsidiary's interest)

Transaction Date	Connected Person	Relationship	Nature of Transaction	Value of Transaction (Baht)
14/11/06	Taksin Hotel Holding Co.,Ltd.	Raimon Land and its subsidiary companies together held 60% in Taksin Hotel Holding Co.,Ltd. Meanwhile, BPI which held 15% in Taksin Hotel Holding Co.,Ltd. had the same shareholders and directors with Raimon Land (Mr. Ole Ketil Teigen and Mr. Frode Teigen held 20.05% and 22.36% of shares, respectively) as of the transaction date.	Raimon Land and one of its subsidiaries company have provided corporate guarantee to the repayment of Baht 80 million debenture issued by Taksin Hotel Holding Co.,Ltd. (in proportion to Raimon Land and the subsidiary' interest in Taksin Hotel Holding Co., Ltd.). The debenture was issued to Lehman Brothers.	48,000,000 (guarantee in proportion to the Company and the subsidiary's interest)

## 2 Necessity and Justification of Transactions

In entering into such connected transactions, the Company considered that such transactions were necessary and justified. The transactions were carried out in the best interests of the Company and generally in line with normal business practice. The relevant consideration, fee, and commercial terms were based on the fair market price and there was no transfer of benefits between the Company and the person who may have a conflict of interest.

## 3 Measurement and Procedures for Approval of Connected Transactions

The approval for the connected transaction (after the completion of the rehabilitation plan) fully complies with laws concerning securities and the stock exchange, regulations, notifications, orders, and requirements of the Stock Exchange of Thailand. The director or person who may have a conflict of interest with the Company in any particular transaction will not be eligible to vote in favour of such transactions, unless the nature of such conflict of interest is waived by the law concerning securities and stock exchange and regulations, notifications, orders, and requirements of the Stock Exchange of Thailand.

## 4 Policy and Tendency of Future Connected Transactions

The Company may enter into a connected transaction if such transaction will benefit the Company. The Company has specified the policy for future connected transactions by trying to specify conditions in accordance with normal commercial business practices with fair market price which is comparable to the price applied to a third party and is in compliance with the law concerning securities and stock exchange and regulations, notifications, orders or requirements of the Stock Exchange of Thailand and also in compliance with requirements concerning the disclosure of connected transactions. In addition, the Audit Committee shall attend the Board of Directors' meeting held to consider the approved connected transaction, in order to give an opinion on price and the appropriateness of entering into the transaction.

## **5 Shareholding of a person who may have a conflict in a Subsidiary**

Reference is made to the fact that the Company and Contemporary Property Ltd. (a subsidiary of the Company) have invested in Taksin Hotel Holding Ltd. together with Norrison Developments Ltd. and Bangkok Property Investment Pte. Ltd. in which 14.99% of shares of Taksin Hotel Holding Ltd. are held by Bangkok Property Investment Pte.Ltd.

As Mr. Ole Teigen and Mr. Frode Teigen were major shareholders of the Company and also were the major shareholders of Bangkok Property Investment Pte Ltd., any transactions made with Taksin Hotel Holding Co.,Ltd. and/or Taksin Properties Co.,Ltd. (a subsidiary whose 99.99% of the total issued shares held by Taksin Hotel Holding Co., Ltd.) were considered connected transactions according to the notification of the SET regarding the disclosure of information and other public companies acts concerning connected transactions B.E. 2546 (SET notification) and the Company strictly complied with the procedures required in the SET notification.

According to the said above, Raimon Land Plc. was notified by Mr. Ole Teigen and Mr. Frode Teigen, the major shareholders, of the change in its shareholdings. On 28<sup>th</sup> December 2006, (i) Mr. Ole Teigen disposed all the shares held in the Company, totalling 422,644,115 shares or 20.05% of the total paid up capital to ISTITHMAR HOTELS FZE and (ii) Mr. Frode Teigen disposed all the shares held in the Company, totalling 472,654,695 shares or 22.41% of the total paid up capital, to two new shareholders namely IFA HOTELS & RESORTS 3 LTD. at 447,649,405 shares and ISTITHMAR HOTELS FZE at 25,005,290 shares. The two new shareholders (IFA HOTELS & RESORTS 3 LTD. and ISTITHMAR HOTELS FZE) are not related to each other. Moreover, Mr. Ole Teigen and Mr. Frode Teigen also informed that they sold all the shares they held in Bangkok Property Investment Pte Ltd. which the company is holding 15% of the total share capital of Taksin Hotel Holding Co., Ltd., to IFA HOTELS & RESORTS 3 LTD. and ISTITHMAR HOTELS FZE at 50% each. As a result, IFA HOTELS & RESORTS 3 LTD and ISTITHMAR HOTELS FZE are indirect shareholders of Taksin Hotel Holding Co., Ltd., representing 7.5% of the total share capital of Taksin Hotel Holding Co., Ltd. As of 31<sup>st</sup> December 2006, Mr. Ole Teigen and Mr. Frode Teigen are no longer the major shareholders of the Company and Taksin Hotel Holding Co., Ltd.

## EXPLANATION OF OPERATING RESULTS AND FINANCIAL STATUS

## EXPLANATION OF OPERATING RESULTS AND FINANCIAL STATUS

### 1. Operating Results

#### a) Overall Previous Operating Results

The overall operating results during the year 2001 up to the first quarter of the year 2003 were the results of the operation under the rehabilitation process of the Central Bankruptcy Court. From the successful rehabilitation process, the Company and Contemporary Property Co.,Ltd. (formerly known as Raimon Tower Co.,Ltd.) earned a profit of Baht 5,445 million during the period. All debts incurred by the Company before entering into the rehabilitation process were all repaid. In addition, the Company was successful in raising fund from investors introduced by Seamico Securities Plc. to strengthen the Company's capital base. Also, the Company was able to attract joint venture partners to jointly develop new projects e.g. The Lofts Sathorn and The Lakes Condominium Projects, which generated the Company's profits in the forth quarter of the year 2003 in the amount of Baht 15 million. In 2003, the Company had the total profit of Baht 521 million.

The Company's successful sales volume benefited from the prevalent market condition and the Company's effort to keep all projects' construction on schedule. The Lofts Sathorn Project and The Lakes Condominium Project were completed in 2004, which enabled the Company to recognise its revenue from The Lofts Sathorn of Baht 164 million and from profit sharing under the equity method from the Lakes Condominium of Baht 300 million. In addition, the Company launched three new projects, namely, The Legend Saladaeng, Northshore Condominium Pattaya and Kata Gardens Phuket. The Company was able to recognise revenue from the Legend Saladaeng and Northshore Condominium Pattaya Projects in the year 2004 of Baht 139 million and Baht 148 million, respectively. As a result, the operating results of the year 2004 showed net income of Baht 265 million which cleared all the Company's retained deficit from prior years.

During the year 2005, the real estate industry was still in good condition which helped sustain the Company's sales volume and revenue recognition from projects launched in 2004. The main revenue sources in 2005 were sales of The Legend Saladaeng, Northshore Condominium Pattaya, and Kata Gardens Phuket. More than 80% of the projects were sold at the end of 2005.

For the year 2006, the Company has incurred a net loss of Baht 165.82 million contrasting with the profit shown for the year 2005, due to the nature of revenue recognition criteria for property development projects. At the end of year 2006, the Company and its subsidiary companies had the total sales volume of approximately Baht 2,925.18 million which was derived from The Heights, Phuket Project of approximately Baht 789.25 million, The Lofts Yennakart Project of approximately Baht 813.71 million and Northpoint Project Baht 1,322.16 million. However, the Company and its subsidiary companies could not recognise the total of the sales volume as revenue in the year due to recognition criteria as required by the general accepted accounting principles which took into account percentage of construction completion. Therefore, only Baht 250.93 million of sales revenue from these projects was recognised. In addition, there were factors, such as rising oil price; stability issues; and declining consumer's confidence, affecting economic growth and real estate sector.

(b) Operating Results in respect of the Year 2006

**Revenue**

The core business of the Company and its subsidiary companies is property development for sale and rent. The Company's revenue was recognised on a percentage of completion basis. For the year 2006, the Company and its subsidiary companies had the totally revenue of Baht 931 million. The revenue for year 2006 can be broken down as follows:

<b>Types of Revenue</b>	<b>Million Baht</b>	<b>%</b>
Sales of residential condominium units	850.97	91.41
Rental of residential condominium units	2.58	0.28
Marketing commission income	10.70	1.15
Profit sharing from investments accounted for Under equity method – associated company (The Lakes Condominium Project)	9.83	1.05
Gain from the liquidation of the associated company (The Lakes Condominium Project)	6.87	0.74
Unrealised gain from exchange rate	7.67	0.82
Interest income	22.72	2.44
Other income	<u>19.62</u>	<u>2.11</u>
Total revenue	<u>930.96</u>	<u>100.00</u>

Sales of residential condominium units

The revenue of Baht 850.97 million or 91.41% of total revenue was generated from sales of residential condominium units in 2006. The project revenue composed of:

▪ The Legend Saladaeng	48.53	Million Baht
▪ Northshore Condominium Pattaya	378.89	Million Baht
▪ Kata Gardens Phuket	172.62	Million Baht
▪ The Heights Phuket	106.58	Million Baht
▪ The Lofts Yennakart	<u>144.35</u>	Million Baht
Total	<u>850.97</u>	Million Baht.

#### Rental of residential condominium units, Marketing commission, Interest, and other income

As the Company's core business is property development for sale and for rent, the Company also generates income from related business. In 2006, the related business generated 6.80% of total revenue which comprised rental and service income of Baht 2.58 million, marketing commission of Baht 10.70 million, interest income of Baht 22.72 million and other income of Baht 19.62 million inclusive of unrealised gain on exchange rate of Baht 7.67 million.

#### Share of profit from investments accounted for under equity method and gain from the liquidation of the associated company

The Company jointly developed The Lakes Condominium Project with the IP Groups and Bouygues-Thai Development by investing in the Bangkok Property Fund. From this project, the project received good response from the market. In 2004, the Company had recorded the share of profit from investment accounted for under equity method of Baht 300 million. However, in 2005, the Company had cancelled some sales contracts and resold the units to new customers. As a consequence, the Company shared the loss of Baht 26.97 million from the investment in 2005.

On 27<sup>th</sup> January 2006, a meeting of the Board of Investment of Bangkok Property Fund resolved to close the fund. Therefore, on 3<sup>rd</sup> February 2006, the Company ceased recognising any sharing from the fund but started recognising the share of profit from investment under equity method from a joint venture company (The Lakes Condominium Project) of Baht 9.83 million. From 1<sup>st</sup> March 2006 onwards, a liquidator of Bangkok Property Fund has returned investment shares to unit holders. As a result, the Company received cash and condominium units from the liquidation process. The gain from the liquidation contributed to the profit of Baht 6.87 million.

### **Cost of Goods Sold and Expenses**

#### Cost of Goods Sold

Cost of goods sold of the Company comprises of capitalised land acquisition cost, development cost, design cost, construction cost, central utilities expenses and interest expenses. The Company had recorded cost of goods sold in the income statements on a percentage of completion basis. In 2006, the cost of developing residential condominium units sold was Baht 678.53 million, equivalent to 79.74% of sales of residential condominium units' figures.

The Company, its subsidiaries and associated companies have been controlling cost following the planned budget. In order to reduce the risk of overrunning construction cost, the Company, its subsidiaries and associated companies engaged contractors on a lump sum basis on most projects.

### Selling and Administrative Expenses

Selling and administrative expenses for the year 2006 were Baht 392.16 million, which comprised of:

▪ Advertising and PR expenses	100.97	Million Baht
▪ Special business tax expenses	30.80	Million Baht
▪ Transfer rights expenses	14.33	Million Baht
▪ Personnel expenses	51.55	Million Baht
▪ Brokerage expenses	31.87	Million Baht
▪ Project expenses	37.73	Million Baht
▪ Depreciation expenses	9.75	Million Baht
▪ Professional and advisor fee	31.58	Million Baht
▪ Other expenses	<u>83.58</u>	Million Baht
Total	<u>392.16</u>	Million Baht

### Allowance for doubtful debts

The Company has allowed for doubtful debts of an interest receivable from its affiliates which are currently dormant. This allowance was made since the Company foresaw that those companies were not able to repay.

### Interest expenses

Most of interest expenses on borrowings for project construction funding were capitalised as part of the cost of projects during construction and would be expensed when the projects were completed. The interest expenses total of Baht 55.23 million for the year 2006, was charged from the borrowings and issuance of Bills of Exchange used as working capital.

### **Earnings**

#### Gross profit margin

In 2006, the gross profit margin was approximately 20.26%, decreased from 2005 gross margin of 27.45%. Even though the Company tightly controlled costs so as not to exceed the planned budget, over the past year, the gross margin shrank due to the continuously increasing oil prices which primarily affected construction supplies' price and increased wages.

#### Net loss

In 2006, the Company's net loss was Baht 165.82 million whilst the net profit in 2005 was Baht 161.04 million. The difference came from revenue recognition criteria applied on property development projects. For the year 2006, the

Company and its subsidiary companies had sales volume of approximately Baht 2,925.18 million from Baht 789.25 million sales of The Heights Phuket, Baht 813.77 million sales of The Lofts Yennakart and Baht 1,322.16 million sales of Northshore Condominium Pattaya Project. However, the revenue of only Baht 250.93 million was recognised in the year. This was due to a percentage of completion basis of revenue recognition in accordance to generally accepted accounting principles.

## 2. Financial Status

### Assets

#### Inventory and fixed assets

As at 31<sup>st</sup> December 2006, the major assets of the Company and its subsidiary companies comprised project development costs (approximately 77.33% of total assets) and fixed assets (approximately 3.17% of total assets) which were used in the Company's operations.

#### Cash and cash equivalents

As at 31<sup>st</sup> December 2006, the Company and subsidiary companies had cash and cash equivalents of Baht 294.70 million accounted for 7.17% of the total assets.

#### Trade accounts receivable

As at 31<sup>st</sup> December 2006, trade accounts receivable was Baht 126.70 million or 3.08% of total assets. Major trade accounts receivable were customers of Northshore Pattaya, Kata Garden and The Lofts Yennakart projects.

#### Investments and advance payment receivable

Prior to the economic crisis and the Company's rehabilitation, the Company invested in the subsidiary and associated companies in order to diversify and expand its businesses as well as to receive benefits of land occupation. The subsidiary and associated companies operated in the real estate and related sectors. As a result, they were also hit by the economic crisis also experienced by the Company. For this reason, the investment value in these companies was significantly reduced. The Company's investment in these companies was recorded as zero and the Company also fully allowed for doubtful debts to the loans due from these companies.

After the successful rehabilitation, the Company made an additional investment in its subsidiary and associated companies to develop the following real estate projects:

- ❑ Strategic Property Co.,Ltd. – The Lofts Sathorn
- ❑ Bangkok Property Fund – The Lakes Condominium
- ❑ Contemporary Property Co.,Ltd. – The Lofts Yennakart
- ❑ Taksin Hotel Holding Co.,Ltd. and/or Taksin Properties Co.,Ltd. – The River Project

During the year 2006, the Company invested in new subsidiary companies as follows:

- ❑ Raimon Land Development Co.,Ltd. – for the Company’s fund mobilising purposes by issuing debentures.
- ❑ Raimon Land Property Co.,Ltd. – for developing a Condominium and/or villa in Phuket Province.
- ❑ Raimon Land Park View Development Co.,Ltd. – for developing a Condominium located on Rajadamri Road.

In addition, there was a major change in investment on 27<sup>th</sup> January 2006 when the Board of Bangkok Property Fund resolved to close its fund on 3<sup>rd</sup> February 2006.

#### Deposit for investment in units call option agreement

As at 31<sup>st</sup> December 2006, there was no deposit for purchasing units of Bangkok Property Fund on the balance sheet. This was due to the Company exercising of call option to purchase the remaining investment units on 2<sup>nd</sup> February 2006. Subsequently, a meeting of the Bangkok Property Fund’s investment committee passed a resolution to dissolve the Fund on 3<sup>rd</sup> February 2006. On 30<sup>th</sup> June 2006, Bangkok Property Fund’s liquidator arranged for the return of investment to the Fund’s unit holders.

#### **Liabilities**

As at 31<sup>st</sup> December 2006, the Company’s debt to equity ratio was 0.85 time. The total liabilities was Baht 1,890.35 million, of which Baht 1,269.14 million (or 67.14% of the total liabilities) was the loans from financial institutions for land acquisition, project development and for uses as working capital. Accounts payable was Baht 256.89 million (or 13.59% of total liabilities) and other liabilities were Baht 364.31 million (or 19.27% of total liabilities).

#### **Shareholders’ Equity**

Due to the successful rehabilitation plan, the Company was able to clear all outstanding debts by debt-asset swap, cash repayment and debt to equity conversion. In addition, the Company was successful in raising capital via issuing new shares after the rehabilitation. The key success factor was the operating profits earned in the years 2004 and 2005 due to the successful project developments – The Lakes Condominium, The Lofts Sathorn, The Legend Saladaeng, Northshore Condominium Pattaya, and Kata Gardens Phuket. As at 31<sup>st</sup> December 2005, the shareholders’ equity was Baht 1,840.36 million (inclusive of minority interest).

During 2006, total shareholders' equity had increased due to early exercising of warrants prior to maturity date. The Company's shareholders' equity as at 31<sup>st</sup> December 2006 was Baht 2,222.67 million (inclusive of minority interest).

### 3. Liquidity

During the year 2006, the cash flow increased by Baht 169.49 million as a result of the capital increase from the exercise of warrants, the increase of long-term loans borrowed from financial institutions and the cash return received from capital reduction in Bangkok Property Fund. Therefore, as at 31<sup>st</sup> December 2006, the Company's liquidity ratio was 2.56 times (Current assets / Current liabilities).

### 4. Projects Investment Plan

Currently, the Company and its subsidiary companies have four real estate projects ready for sales and under development. The Company plans to launch two new projects in mid-2007. The project's investment plans are as follows:

1. The Lofts Yennakart Project (by Contemporary Property Company Limited)				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
1,050 – 1,070	Jun 03 – Dec 07	200 - 390	Contemporary Property's funds and loans from the Company	
	Dec 03 – Dec 07	520	Loans from bank and private company	Loan agreement dated 17 <sup>th</sup> August 2006 for: <ul style="list-style-type: none"> <li>▪ Purchase of land of Baht 40 million</li> <li>▪ Construction costs of Baht 480 million</li> <li>▪ Letter of guarantee of Baht 5 million</li> </ul>
	2005 - 2007	250-300	Revenue from project sales	

<b>2. The Heights Project (by Raimon Land Public Company Limited)</b>				
Estimated total investment (Baht Million)	Estimated fundig period	Sources of funds		Notes
890	Jul 04 – Apr 08	150 – 200	The Company's funds	
	Dec 04 – Apr 08	390	Loans from bank and private company	Loan agreement dated 7 <sup>th</sup> July 2006 for: <ul style="list-style-type: none"> <li>▪ Purchase of land of Baht 20 million. Loan for construction costs of Baht 370 million</li> <li>▪ Letter of guarantee of Baht 5 million</li> </ul>
	2005-2008	350 – 450	Revenue from project sales	

<b>3. Northpoint Pattaya Project (by Raimon Land Public Company Limited)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
3,500	Nov 05 – Dec 09	520 – 575	The Company's funds	
	Nov 05 – Dec 09	1,230	Loans from bank and private company	Loan agreement date 25 <sup>th</sup> November 2005 for: <ul style="list-style-type: none"> <li>▪ Purchase of land of Baht 230 million</li> <li>▪ Construction costs of Baht 1,000 million (the Company is negotiating with lender to increase the amount of credit line)</li> <li>▪ Letter of guarantee of Baht 10 million</li> </ul>
	2005 – 2009	1,350 – 1,800	Revenue from project sales	

<b>4. The River Project (by Taksin Hotel Holding and its subsidiary company, Raimon Land and its subsidiary companies which holding 60% of paid-up capital)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
8,797	Nov 05 – Dec 11	900 – 1,800	Loans and/or the Company's funds and shareholders	
	Nov 05 – Dec 11	3,950	Loans from bank and private company	<ul style="list-style-type: none"> <li>▪ The Company is in the process of negotiating with financial institutions (currently, this project uses its working capital to develop the project from the issuing of debenture worth Baht 450 million).</li> </ul>
	2005 – 2011	3,150 – 4,150	Revenue from project sales	

<b>5. The 185 Rajadamri Project (by Raimon Land Park View Development Co., Ltd.)</b>				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
4,650	Jan 07 – Dec 10	250 – 595	Company's funds and loan from parent company	
	Jan 07 – Dec 10	2,721	Loans from bank and fund from issuing and offering debenture	<ul style="list-style-type: none"> <li>▪ Debenture issued and offered on 15<sup>th</sup> January 2007.</li> </ul>
	2007 – 2010	1,800 - 2,300	Revenue from project sales	

6. A Condominium and/or Villas in Phuket Province				
Estimated total investment (Baht Million)	Estimated funding period	Sources of funds		Notes
1,700	Jun 06 – Dec 09	200 – 375	Company's funds and loan from parent company	
	Jun 06 – Dec 09	550 – 750	Loans from bank and private company	<ul style="list-style-type: none"> <li>■ The Company is in the process of negotiation with financial institutions (currently, this project use its working capital to develop the project from the issuing of debentures worth Baht 363 million).</li> </ul>
	2006 – 2009	750 – 1,000	Revenue from project sales	

Besides the loans from both financial institutions and private companies, the Company expects to receive additional funds from the exercise of the remaining warrants (after the first and second exercises) by 17<sup>th</sup> December 2007. As at 31<sup>st</sup> December 2006, there were 749,599,853 units of warrants which have not been exercised. If the warrants were exercised, the Company would receive approximately Baht 749.80 million in cash (the exercise ratio is one unit of warrant to 1.03870 ordinary shares at the exercise price of Baht 0.963 each). The last exercise date is 17<sup>th</sup> December 2007.

##### 5. Adequacy of Capital Structure

As at 31<sup>st</sup> December 2006, the Company's debt to equity ratio was 0.85 time which is lower than other companies in the same industry. During the year, the Company received funds from the exercise of warrants (RAIMON-W) as follows:

- In February 2006, the Company received a total of Baht 364.82 million from the subscription to 378,832,048 ordinary shares at Baht 0.963 each from the exercise of warrants,
- In April 2006, the Company received a total of Baht 360.41 million from the subscription to 374,260,907 ordinary shares at Baht 0.963 each from the exercise of warrants,
- In September 2006, the Company received a total of Baht 3,536 from the subscription to 3,672 ordinary shares at Baht 0.963 each from the exercise of warrants,
- As at 31<sup>st</sup> December 2006, there were 749,599,853 units of warrants remaining. The warrants were issued and offered to the existing shareholders. The warrants would support the Company's requirement of funds in the

future (the exercise ration is one unit of warrant to 1.03870 ordinary shares at the exercise price of Baht 0.963 each). If warrants were exercised, the Company would receive Baht 749.81 million.

Moreover, the Company also had issued 65,678,400 units of warrant (RAIMON-W2) and offered to the Company's directors and employees (from the total approved amount of 67,478,400 units). The warrant exercise ratio is one warrant to 1 ordinary share at the exercise price of Baht 1.228 each. In August 2006, RAIMON-W2 holders exercised 5,690,566 warrants to 5,690,566 ordinary shares at Baht 1.228. The total fund received from the exercise was Baht 6.99 million.

## **6. Future Trends**

From the Company's goal to be a leading company in the real estate sector, the Company has selected projects with the potential of generating income and enhancing the reputation of the Company as well as delivering good quality products to the market with attention being paid to the environment. The efforts can be seen in terms of the Company's successful projects. The Company has completed development and transferred ownership to its customers in various projects, namely, The Lakes Condominium, The Lofts Sathorn, The Legend Saladaeng, Northshore Condominium Pattaya and Kata Gardens Phuket. Currently, projects under development are The Heights Phuket, Northpoint Pattaya, The Lofts Yennakart, The River Charoen Nakorn 13 (a grade A condominium on the Chao Phraya riverside), 185 Rajadamri (central CBD condominium project) and a condominium project and/or villa in Phuket. These projects point to the Company's market position as a innovative developer in terms of product distinction and quality leading to customer satisfaction. The Company believes the projects mentioned above would generate revenue and profit on sustainable basis. Nevertheless the Company has also been aware of the increasing competition in the market and various other factors which may adversely affect the real estate sector, such as changes in laws, regulations and government policies. The Company will exercise care and prudence to mitigate these factors to ensure successful operations in the coming years.

## ANNEXURE: AUDITOR'S REPORT & FINANCIAL STATEMENTS

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2006 AND 2005

**Report of Independent Auditor**

To The Board of Directors and Shareholders of  
Raimon Land Public Company Limited

I have audited the accompanying consolidated balance sheets of Raimon Land Public Company Limited and its subsidiaries as at 31 December 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Raimon Land Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Raimon Land Public Company Limited and its subsidiaries and of Raimon Land Public Company Limited as at 31 December 2006 and 2005, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Siraporn Ouuanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited  
Bangkok : 27 February 2007

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		294,698,393	125,209,021	225,585,145	97,233,579
Trade accounts receivable, net	6	125,112,669	844,888,354	70,546,559	844,888,354
Trade accounts receivable - related parties, net	6	1,584,560	25,550,443	1,584,560	25,550,443
Amounts due from subsidiary and related companies, net	7	-	-	36,000,000	-
Advance to subsidiary companies	7	-	-	-	936,880
Short-term loans to subsidiary and related companies and interest receivable, net	7	-	-	252,602,264	27,950,000
Project development cost, net	8	3,180,432,645	2,010,117,257	1,025,508,204	946,384,266
Other current assets					
Advance payment to contractors		89,761,451	29,011,114	47,659,495	27,214,705
Deposits for purchase of land	8	147,025,000	-	77,025,000	-
Others		27,070,594	1,149,516	25,349,202	10,724,728
<b>TOTAL CURRENT ASSETS</b>		<b>3,865,685,312</b>	<b>3,035,925,705</b>	<b>1,761,860,429</b>	<b>1,980,882,955</b>
<b>NON-CURRENT ASSETS</b>					
Restricted bank deposit	9	108,217	2,719,060	-	2,614,639
Deposit for investment unit call option agreement	10	-	128,012,500	-	128,012,500
Loans to subsidiary and interest receivable	7	-	-	76,086,840	30,385,871
Investments accounted for under equity method					
Investments in subsidiaries	11	-	-	663,461,179	471,932,511
Investments in associated companies (The Lakes Condominium Project)	12	-	215,361,094	-	215,361,094
Investment in other company, net	13	263,607	263,607	263,607	263,607
Property, plant and equipment, net	14	130,605,316	64,995,337	130,232,811	64,604,925
Leasehold right, net		99,166,667	-	-	-
Other non-current assets					
Withholding tax deducted at source		6,040,827	-	6,040,716	-
Deposits		9,876,545	2,127,648	3,247,034	1,491,055
Others		1,268,883	7,303,065	5,543,750	1,359,020
<b>TOTAL NON-CURRENT ASSETS</b>		<b>247,330,062</b>	<b>420,782,311</b>	<b>884,875,937</b>	<b>916,025,222</b>
<b>TOTAL ASSETS</b>		<b>4,113,015,374</b>	<b>3,456,708,016</b>	<b>2,646,736,366</b>	<b>2,896,908,177</b>

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	15	30,000,000	250,000,000	30,000,000	250,000,000
Current portion of long-term loans					
from financial institutions	16	64,567,920	507,379,845	64,567,920	467,379,845
Current portion of long-term debentures	17	795,547,211	-	-	-
Short-term notes payable		-	15,000,000	-	15,000,000
Trade accounts payable		256,889,493	117,617,556	110,785,140	111,647,587
Amounts due to related companies	7	10,486	234,812	10,486	234,812
Advance from related company	7	-	2,411,577	-	2,411,577
Short-term loans from related company	7	-	200,000,000	-	200,000,000
Short-term loans from warrantholders					
and accrued interest	7	-	135,957,945	-	135,957,945
Other current liabilities					
Accrued expenses		53,322,989	71,311,075	27,950,680	67,693,961
Deposits received from customers		246,479,198	82,954,274	170,575,748	9,722,688
Retention payable		49,536,288	34,842,054	43,233,288	34,650,361
Current portion of hire purchase payable		2,733,755	2,316,962	2,733,755	2,316,962
Others		8,999,788	18,070,405	838,283	13,069,211
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,508,087,128</b>	<b>1,438,096,505</b>	<b>450,695,300</b>	<b>1,310,084,949</b>
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions,					
net of current portion	16	288,452,434	175,000,000	195,000,000	175,000,000
Long-term loans from overseas companies	18	90,577,000	-	90,577,000	-
Provision for loss on investment in subsidiary	11	-	-	8,379,680	-
Other non-current liabilities		3,231,173	3,254,825	3,231,173	3,254,825
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>382,260,607</b>	<b>178,254,825</b>	<b>297,187,853</b>	<b>178,254,825</b>
<b>TOTAL LIABILITIES</b>		<b>1,890,347,735</b>	<b>1,616,351,330</b>	<b>747,883,153</b>	<b>1,488,339,774</b>

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
SHAREHOLDERS' EQUITY					
Share capital	19				
Registered					
2,977,571,568 ordinary shares of Baht 1 each		<u>2,977,571,568</u>	<u>2,977,571,568</u>	<u>2,977,571,568</u>	<u>2,977,571,568</u>
Issued and paid up					
2,108,370,871 ordinary shares of Baht 1 each					
(2005 : 1,349,583,678 ordinary shares of Baht 1 each)		2,108,370,871	1,349,583,678	2,108,370,871	1,349,583,678
Share discount		(185,207,691)	(158,640,593)	(185,207,691)	(158,640,593)
Retained earnings (deficit)					
Appropriated - statutory reserve	21	13,517,117	13,517,117	13,517,117	13,517,117
Unappropriated		<u>(37,827,084)</u>	<u>204,108,201</u>	<u>(37,827,084)</u>	<u>204,108,201</u>
Total equity attributable to Company's shareholders		<u>1,898,853,213</u>	<u>1,408,568,403</u>	<u>1,898,853,213</u>	<u>1,408,568,403</u>
Minority interests - Equity attributable to minority shareholders of subsidiaries		<u>323,814,426</u>	<u>431,788,283</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,222,667,639</u>	<u>1,840,356,686</u>	<u>1,898,853,213</u>	<u>1,408,568,403</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>4,113,015,374</u>	<u>3,456,708,016</u>	<u>2,646,736,366</u>	<u>2,896,908,177</u>

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

-----  
 DIRECTORS  
 -----

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2006	2005	2006	2005
<b>REVENUES</b>					
Sales of land and houses		-	49,279,349	-	-
Sales of residential condominium units		850,966,614	1,685,982,448	706,614,620	1,685,982,448
Rental and service income		2,583,892	2,493,032	2,583,892	2,493,032
Other income					
Project management fee income	7	-	2,803,739	36,000,000	2,803,739
Marketing commission income		10,698,501	6,382,174	10,698,501	6,382,174
Share of profit from investments accounted for under equity method - associated company (The Lakes Condominium Project)		9,831,739	-	9,831,739	-
Gain from the liquidation of the associated company (The Lakes Condominium Project)	12	6,868,495	-	6,868,495	-
Unrealised gain from exchange rate	18	7,673,000	-	7,673,000	-
Interest income		22,724,077	3,084,589	18,991,597	7,987,039
Others		19,615,006	5,109,507	8,176,895	4,382,037
<b>TOTAL REVENUES</b>		<b>930,961,324</b>	<b>1,755,134,838</b>	<b>807,438,739</b>	<b>1,710,030,469</b>
<b>EXPENSES</b>					
Cost of land and houses sold		-	42,972,967	-	-
Cost of residential condominium units sold		678,533,190	1,215,909,836	577,103,887	1,215,909,836
Selling and administrative expenses		392,165,259	300,910,798	317,327,726	253,443,847
Share of loss from investments accounted for under equity method - associated company (The Lakes Condominium Project)		-	26,966,639	-	26,966,639
Share of loss from investments accounted for under equity method - subsidiaries		-	-	46,600,812	40,716,694
<b>TOTAL EXPENSES</b>		<b>1,070,698,449</b>	<b>1,586,760,240</b>	<b>941,032,425</b>	<b>1,537,037,016</b>
<b>INCOME (LOSS) BEFORE INTEREST EXPENSES</b>		<b>(139,737,125)</b>	<b>168,374,598</b>	<b>(133,593,686)</b>	<b>172,993,453</b>
<b>INTEREST EXPENSES</b>		<b>(55,234,836)</b>	<b>(13,009,264)</b>	<b>(32,221,856)</b>	<b>(11,954,441)</b>
<b>INCOME (LOSS) BEFORE MINORITY INTERESTS</b>		<b>(194,971,961)</b>	<b>155,365,334</b>	<b>(165,815,542)</b>	<b>161,039,012</b>
<b>NET LOSS ATTRIBUTABLE TO MINORITY INTEREST</b>		<b>29,156,419</b>	<b>5,673,678</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	23	<b>(165,815,542)</b>	<b>161,039,012</b>	<b>(165,815,542)</b>	<b>161,039,012</b>
<b>BASIC EARNINGS PER SHARE</b>					
Net income (loss)	24	(0.09)	0.13	(0.09)	0.13
Weighted average number of ordinary shares (shares)		1,916,621,547	1,247,286,468	1,916,621,547	1,247,286,468
<b>DILUTED EARNINGS PER SHARE</b>					
Net income	24	-	0.11	-	0.11
Weighted average number of ordinary shares (shares)		-	1,454,847,980	-	1,454,847,980

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	<b>Consolidated</b>					
	Issued and paid-up share capital	Share discount	Retained earnings		Unappropriated	Minority interests - Equity attributable to minority shareholders of subsidiaries
			Appropriated	Unappropriated		
<b>Balance as at 31 December 2004</b>	1,124,653,065	(158,640,593)	5,465,167	103,838,165	7,843,329	1,083,159,133
Issuance of additional ordinary shares	224,930,613	-	-	-	-	224,930,613
Dividend payment (Note 26)	-	-	-	(52,717,026)	-	(52,717,026)
Net income for the year	-	-	-	161,039,012	-	161,039,012
Appropriated retained earnings to statutory reserve (Note 21)	-	-	8,051,950	(8,051,950)	-	-
Minority interests in subsidiaries	-	-	-	-	423,944,954	423,944,954
<b>Balance as at 31 December 2005</b>	1,349,583,678	(158,640,593)	13,517,117	204,108,201	431,788,283	1,840,356,686
Increase in share capital from exercise of warrants (Note 20)	758,787,193	(26,567,098)	-	-	-	732,220,095
Dividend payment (Note 26)	-	-	-	(76,119,743)	-	(76,119,743)
Net loss for the year	-	-	-	(165,815,542)	-	(165,815,542)
Minority interests in subsidiaries	-	-	-	-	(107,973,857)	(107,973,857)
<b>Balance as at 31 December 2006</b>	2,108,370,871	(185,207,691)	13,517,117	(37,827,084)	323,814,426	2,222,667,639

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	The Company Only				
	Issued and paid-up share capital	Share discount	Appropriated	Unappropriated	Total
<b>Balance as at 31 December 2004</b>	1,124,653,065	(158,640,593)	5,465,167	103,838,165	1,075,315,804
Issuance of additional ordinary shares	224,930,613	-	-	-	224,930,613
Dividend payment (Note 26)	-	-	-	(52,717,026)	(52,717,026)
Net income for the year	-	-	-	161,039,012	161,039,012
Appropriated retained earnings to statutory reserve (Note 21)	-	-	8,051,950	(8,051,950)	-
<b>Balance as at 31 December 2005</b>	1,349,583,678	(158,640,593)	13,517,117	204,108,201	1,408,568,403
Increase in share capital from exercise of warrants (Note 20)	758,787,193	(26,567,098)	-	-	732,220,095
Dividend payment (Note 26)	-	-	-	(76,119,743)	(76,119,743)
Net loss for the year	-	-	-	(165,815,542)	(165,815,542)
<b>Balance as at 31 December 2006</b>	2,108,370,871	(185,207,691)	13,517,117	(37,827,084)	1,898,853,213

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the year	(165,815,542)	161,039,012	(165,815,542)	161,039,012
Adjustments to reconcile net income (loss) to net cash provided by (paid from) operating activities				
Depreciation and amortisation	10,617,293	8,363,724	9,675,853	8,306,978
Allowance for doubtful debts	-	4,281,197	58,272	2,145,556
Unrealised gain from exchange rate	(7,673,000)	-	(7,673,000)	-
Gain on disposal of fixed assets	(75,429)	(105,114)	(75,429)	(105,114)
Loss on impairment of investments	-	19,393	-	19,393
Gain from the liquidation of the associated company	(6,868,495)	-	(6,868,495)	-
Share of loss (profit) from investments accounted for under equity method	(9,831,739)	26,966,639	36,769,073	67,683,333
Net loss attributable to minority interest	(29,156,419)	(5,673,678)	-	-
Income (loss) from operating activities before changes in operating assets	(208,803,331)	194,891,173	(133,929,268)	239,089,158
Decrease (increase) in operating assets				
Trade accounts receivable	719,775,685	(761,304,447)	774,341,795	(767,705,098)
Trade accounts receivable - related parties	23,965,883	-	23,965,883	-
Amounts due from subsidiary and related companies	-	-	(36,000,000)	-
Interest receivable from subsidiary and related companies	-	(2,091,096)	(14,161,505)	2,402,374
Advance to subsidiary companies	-	-	936,880	(936,880)
Project development cost	(1,158,963,388)	(153,999,496)	(67,771,938)	(181,835,757)
Advance payment to contractors	(60,750,337)	23,613,554	(20,444,790)	25,409,963
Deposits for purchase of land	(147,025,000)	-	(77,025,000)	-
Other current assets	(43,361,964)	(7,182,321)	(14,612,571)	(5,187,410)
Other non-current assets	(4,416,762)	6,032,889	(12,409,363)	2,739,912
Increase (decrease) in operating liabilities				
Notes payable	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Trade accounts payable	139,271,937	52,389,947	(862,447)	49,137,757
Amounts due to related companies	(224,326)	(433,938)	(224,326)	(433,938)
Advance from related company	(2,411,577)	1,338,327	(2,411,577)	1,338,327
Accrued interest - subsidiary and related companies	(957,945)	(758,602)	(957,945)	957,945
Accrued expenses	(17,988,086)	39,951,271	(39,743,281)	37,201,921
Deposits received from customers	163,524,924	26,759,877	160,853,060	(45,373,709)
Retention payable	14,694,234	20,398,458	8,582,927	20,206,765
Other current liabilities	(8,653,823)	6,892,978	(11,814,135)	8,278,295
Other non-current liabilities	(23,652)	237,814	(23,652)	237,814
Net cash from (used in) operating activities	(607,347,528)	(568,263,612)	521,288,747	(629,472,561)

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Cash flows from (used in) investing activities</b>				
Decrease (increase) in deposit for investment unit				
call option agreement	128,012,500	(128,012,500)	128,012,500	(128,012,500)
Decrease (increase) in restricted bank deposits	2,610,843	(2,616,470)	2,614,639	(2,614,639)
Increase in short-term loans to subsidiary				
and related companies	-	-	(216,250,000)	(3,060,997)
Decrease (increase) in loans to subsidiary	-	-	(40,000,000)	2,740,000
Cash received from decrease in investment units				
in associated company	355,459,329	60,500,000	355,459,329	60,500,000
Dividend received from associated company	-	183,621,284	-	183,621,284
Increase in investments in associated company	(134,750,000)	-	(134,750,000)	-
Increase in investments in subsidiaries	-	-	(229,749,800)	(433,559,805)
Cash payments for assignment of liability in subsidiary	-	(27,950,000)	-	-
Net cash payments for purchase of investment in subsidiary	-	(435,445,580)	-	-
Purchase of property, plant and equipment	(75,238,599)	(9,999,552)	(75,148,398)	(9,654,173)
Proceeds from disposal of equipment	336,122	142,878	336,122	142,878
Increase in leasehold right	(100,000,000)	-	-	-
Cash payment for purchase of investments in				
subsidiaries from minority shareholders	(82,584,156)	-	-	-
Net cash from (used in) investing activities	<u>93,846,039</u>	<u>(359,759,940)</u>	<u>(209,475,608)</u>	<u>(329,897,952)</u>
<b>Cash flows from (used in) financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(220,000,000)	175,000,000	(220,000,000)	175,000,000
Increase (decrease) in short-term loans from related company	(200,000,000)	181,212,500	(200,000,000)	200,000,000
Increase (decrease) in short-term loans from warrant holders	(135,000,000)	135,000,000	(135,000,000)	135,000,000
Cash received from issuance of debentures	813,000,000	-	-	-
Increase (decrease) in long-term loans from financial institutions	(329,359,491)	256,701,783	(382,811,925)	256,701,783
Increase in long-term loans from overseas companies	98,250,000	-	98,250,000	-
Cash received from issuance of additional ordinary shares	-	224,930,613	-	224,930,613
Cash received from exercise of warrants	732,220,095	-	732,220,095	-
Dividend payment	(76,119,743)	(52,717,026)	(76,119,743)	(52,717,026)
Net cash from (used in) financing activities	<u>682,990,861</u>	<u>920,127,870</u>	<u>(183,461,573)</u>	<u>938,915,370</u>
Net increase (decrease) in cash and cash equivalents	169,489,372	(7,895,682)	128,351,566	(20,455,143)
Cash and cash equivalents at beginning of the year	<u>125,209,021</u>	<u>133,104,703</u>	<u>97,233,579</u>	<u>117,688,722</u>
Cash and cash equivalents at end of the year	<u><u>294,698,393</u></u>	<u><u>125,209,021</u></u>	<u><u>225,585,145</u></u>	<u><u>97,233,579</u></u>

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Supplemental disclosures of cash flow information</b>				
Cash paid during the year for :				
Interest expenses (consist of interest payment for operating and interest capitalised as part of project development cost)	130,306,404	45,035,539	94,606,655	40,664,168
Corporate income tax and withholding tax deducted at source	19,410,683	6,630,934	18,880,386	6,040,716
Non-cash transactions :				
Increase in project development cost as a result of liquidation of associated company	11,352,000	-	11,352,000	-

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

RAIMON LAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

**1. GENERAL INFORMATION**

Raimon Land Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. Since 28 December 2006, its major shareholders have been IFA Hotels & Resorts 3 Ltd., a company existing under Kuwait laws, and Istithmar Hotel FZE, an investment institution existing under United Arab Emirates laws. The Company is principally engaged in property development and its registered address is 62 The Millennia Tower, 22nd Floor, Unit 2201-3, Langsuan Road, Lumpini, Pathumwan, Bangkok.

**2. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. BASIS OF CONSOLIDATION**

3.1 The consolidated financial statements include the financial statements for the years ended 31 December 2006 and 2005 of Raimon Land Public Company Limited and all subsidiaries incorporated in Thailand as follows:

<u>Subsidiaries</u>	Percentage of shareholding		Nature of business
	by the Company		
	<u>2006</u>	<u>2005</u>	
	%	%	
Decor Raffine Company Limited	55.00	55.00	Interior and furnishing
Contemporary Property Company Limited	98.59	97.17	Property development
Raimon Land Planner Company Limited	95.00	95.00	Rehabilitation plan administrator
Strategic Property Company Limited	55.00	55.00	Property development
Taksin Hotel Holding Company Limited and its subsidiary (held by Contemporary Property Company Limited 11% (2005: 2%))	49.00	49.00	Property development
Raimon Land Development Company Limited	99.99	-	Funding
Raimon Land Property Company Limited	99.99	-	Property development
Raimon Land Park View Developments Company Limited	99.99	-	Property development

Percentage of total assets and total revenues of the subsidiaries as included in the consolidated financial statements as of 31 December 2006 and 2005 are as follows :

<u>Subsidiaries</u>	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	%	%	%	%
Decor Raffine Company Limited	-	-	-	-
Contemporary Property Company Limited	11.94	5.82	15.52	0.04
Raimon Land Planner Company Limited	0.04	0.05	-	-
Strategic Property Company Limited	0.41	0.60	0.15	2.78
Taksin Hotel Holding Company Limited and its subsidiaries	15.65	4.89	0.05	-
Raimon Land Development Company Limited	0.03	-	-	-
Raimon Land Property Company Limited	14.76	-	-	-
Raimon Land Park View Developments Company Limited	2.43	-	-	-

- 3.2 Material intercompany balances and transactions, investments in subsidiaries in the Company's account and the subsidiaries' share capital are eliminated on consolidation.
- 3.3 Results of operations of the subsidiaries have been included in or excluded from the consolidated financial statements from their effective dates of acquisition or disposal, respectively.

#### **4. ADOPTION OF NEW ACCOUNTING STANDARDS**

On 11 October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has elected to adopt the change in 2007. Adoption of the change in 2007 will necessitate the restatement of the Company's 2006 separate financial statements to be presented for comparative purposes along with the financial statements for 2007. The restatement will have the effect of decreasing net loss in the separate income statement for 2006 by approximately Baht 46.6 million (Baht 0.02 per share) and increasing net worth in the balance sheet at 31 December 2006 by approximately Baht 96.0 million.

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

##### **5.1 Revenue recognition**

###### **a) Sales of land and houses**

Sales of land and houses are recognised as revenue when contracts to purchase and sell have been executed and initial payments have been received up to a certain level. The minimum initial payment to be received is set at 20 percent of their selling price. Revenue from sales of land and houses is recognised on a percentage of completion method. The percentage of completion measured by the proportion of actual development costs incurred up to the end of the period and the total anticipated development cost to be incurred to completion, excluding the cost of land.

###### **b) Sales of residential condominium units**

Sales of residential condominium units are recognised as revenue when contracts to purchase and sell of not less than 40 percent of the area opened for sales have been executed and initial payments have been received up to a certain level. The minimum initial payment to be received is set at 20 percent of their selling price. Revenue from sales of residential condominium units is recognised on a percentage of completion method. The percentage of completion measured by the proportion of actual development costs incurred up to the end of the period and the total anticipated development cost to be incurred to completion, excluding the cost of land.

###### **c) Rental and service income**

Rental and related services income of units in office buildings and residential buildings are recognised on an accrual basis.

###### **d) Interest income**

Interest income is recognised as interest accrues based on the effective rate method.

**e) Dividends**

Dividends are recognised when the right to receive the dividends is established.

**5.2 Cost of land and houses sold and cost of residential condominium units sold**

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

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

**5.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and cash at financial institutions with an original maturity of three months or less and not subject to withdrawal restrictions.

**5.4 Project development cost**

Project development cost is stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows :

- Land - The Company and its subsidiaries record cost of land separately for each project.
- Construction in progress - Construction in progress consists of the cost of design, cost of construction, public utility costs and interest capitalised to cost of projects. The Company and its subsidiaries record cost of design, construction and public utilities based on the actual cost incurred.

**5.5 Trade accounts receivable and allowance for doubtful debts**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for receivable outstanding for more than 3 installments or for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

**5.6 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets. Depreciation of plant and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives :

Building and building improvement	20 years
Furniture, fixture and office equipment	5 years
Vehicles	5 years

No depreciation has been provided for land, land improvement and asset during construction.

#### **5.7 Deferred leasehold right and amortisation**

Deferred leasehold right is stated at cost less accumulated amortisation. Amortisation of deferred leasehold right is calculated by reference to its cost on a straight-line basis over the leasehold period.

#### **5.8 Investments**

Investments in subsidiary (in the financial statements of the Company only) and associated companies are stated under the equity method of accounting. Under this method, the investments are recorded at cost. For each subsequent year, the investments are adjusted to incorporate the Company's proportionate share of the operating results in the subsidiary and associated companies.

Investment in other company, which the Company holds as other investment, is valued at cost. The Company recognises loss on impairment of other investment in the income statements when the carrying amount exceeds the recoverable value.

#### **5.9 Related party transactions**

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

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

#### **5.10 Goodwill**

Goodwill on consolidation which was incurred from the investments in subsidiaries being made at costs higher than the subsidiaries' net book value is regarded as assets and amortised on a straight-line basis over a period of 5 years.

#### **5.11 Capitalisation of interest cost**

Interest cost on borrowings for use in construction of the projects, is capitalised as part of the cost of those assets and will be ceased when the projects are completed or when the construction is suspended until active development resumes.

#### **5.12 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **5.13 Financial instruments**

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried in the balance sheet include cash and bank balances, investments, trade accounts receivable, trade accounts payable and loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 5.14 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and its value in use.

#### 5.15 Employee benefits

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

#### 5.16 Income tax

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

#### 5.17 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

### 6. TRADE ACCOUNTS RECEIVABLE

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Value of contracts under which recognition of sales has commenced	2,648,593,784	2,623,070,697	2,264,270,051	2,233,833,197
Value of sales under which less than 20% of payment has been received	2,128,336,962	736,872,905	1,686,636,150	160,348,500
Estimated future selling price of projects already open for sale	4,253,669,759	2,018,711,053	3,797,444,304	1,433,068,303
Estimated total selling price of projects already open for sale – total contract price	<u>9,030,600,505</u>	<u>5,378,654,655</u>	<u>7,748,350,505</u>	<u>3,827,250,000</u>

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Trade accounts receivable</b>				
Revenue recognized	2,006,900,990	2,316,407,915	1,862,548,996	1,927,170,415
Less : Collection	(1,881,788,321)	(1,471,519,561)	(1,792,002,437)	(1,082,282,061)
Unbilled receivables	<u>125,112,669</u>	<u>844,888,354</u>	<u>70,546,559</u>	<u>844,888,354</u>
<b>Trade accounts receivable – related parties</b>				
Revenue recognized	30,728,053	46,320,208	30,728,053	46,320,208
Less : Collection	(29,143,493)	(20,769,765)	(29,143,493)	(20,769,765)
Unbilled receivables	<u>1,584,560</u>	<u>25,550,443</u>	<u>1,584,560</u>	<u>25,550,443</u>
<b>Sales value of projects for which contracts have been prepared in proportion to total sales value of project</b>				
Estimated future sales value of projects already open for sale	4,253,669,759	2,018,711,053	3,797,449,304	1,433,068,303
Plus : Value of project which already been sold	<u>4,776,930,746</u>	<u>3,359,943,602</u>	<u>3,950,906,201</u>	<u>2,394,181,697</u>
Estimated total selling price of projects already open for sale – total contract price	<u>9,030,600,505</u>	<u>5,378,654,655</u>	<u>7,748,355,505</u>	<u>3,827,250,000</u>
Proportion of sales value/project value	52.90%	62.47%	50.99%	62.56%

As at 31 December 2006 and 2005, the Company's and its subsidiaries' trade accounts receivable can be classified as follows.

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
Unbilled receivables	126,697,229	867,749,832	72,131,119	867,749,832
Billed receivable (not over 3 installments)	-	2,688,965	-	2,688,965
Total	<u>126,697,229</u>	<u>870,438,797</u>	<u>72,131,119</u>	<u>870,438,797</u>
Less : Allowance for doubtful debt	-	-	-	-
Net	<u>126,697,229</u>	<u>870,438,797</u>	<u>72,131,119</u>	<u>870,438,797</u>

## 7. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

	For the years ended 31 December				(Unit : Million Baht)
	Consolidated		The Company Only		
	2006	2005	2006	2005	
<b><u>Transactions with subsidiaries</u></b>					Pricing policy
Project management fee income	-	-	36.0	-	As stipulated in agreements
Interest income	-	-	14.4	4.9	Interest rate of 6%, 7%, 7.5% and 10% per annum (2005 : Interest rate of 6%, 7.5% and 10% per annum)
Interest expense (During the year Baht 37.0 million was capitalised as part of project development cost)	-	-	52.4	-	Interest rate of 13.5% and 17.75% per annum
<b><u>Transactions with associated companies</u></b>					
Project management fee income	-	2.8	-	2.8	As stipulated in agreements
Marketing fee	1.9	0.2	1.9	0.2	As stipulated in agreements
Interest income	-	2.1	-	2.1	Interest rate of 6% per annum
<b><u>Transactions with related companies</u></b> (Related by the way of common directors)					
Interest expenses	0.3	4.8	-	3.8	Interest rate of 7% per annum (2005 : Interest rate of 7.5% per annum)
Service fee expenses	3.8	6.7	3.8	6.7	As stipulated in agreements
<b><u>Transactions with former shareholders</u></b>					
Interest expenses	3.6	1.0	3.6	1.0	Interest rate of 7% and 7.5% per annum (2005 : Interest rate of 7% per annum)

(Unit : Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated		The Company Only		
	2006	2005	2006	2005	
<b>Transactions with directors and employees</b>					
Sales of residential condominium units	3.9	25.0	3.9	25.0	Similar to market price
Marketing fee	0.9	1.1	0.9	1.1	At prices charged to the third parties
Transfer fee of the agreement to sale and to purchase residential condominium units	0.2	0.4	0.2	0.4	At prices charged to the third parties

The outstanding balances of the above transactions are shown as separate items in the balance sheets as follows :

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Amounts due from subsidiary and related companies</b>				
<u>Subsidiary</u>				
- Taksin Properties Company Limited	-	-	36,000,000	-
<u>Related company</u>				
- Cha-am Campus City Company Limited	19,200,000	19,200,000	19,200,000	19,200,000
Less : Allowance for doubtful debts	(19,200,000)	(19,200,000)	(19,200,000)	(19,200,000)
Net	-	-	<b>36,000,000</b>	-
<b>Advance to subsidiary companies</b>				
- Taksin Hotel Holding Company Limited	-	-	-	30,000
- Taksin Properties Company Limited	-	-	-	906,880
	-	-	-	<b>936,880</b>
<b>Short-term loans to subsidiary and related companies and interest receivable</b>				
<u>Subsidiaries</u>				
- Decor Raffine Company Limited				
Loans	-	-	164,316	114,316
Interest receivable	-	-	19,077	10,805
- Taksin Hotel Holding Company Limited				
Loans	-	-	-	22,900,000

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
- Taksin Properties Company Limited				
Loans	-	-	-	5,050,000
- Raimon Land Property Company Limited				
Loans	-	-	244,150,000	-
Interest receivable	-	-	8,452,264	-
<u>Related company</u>				
- Cha-am Campus City Company Limited				
Loans	427,318,741	427,318,741	427,318,741	427,318,741
Interest receivable	401,996,061	401,996,061	401,996,061	401,996,061
	829,314,802	829,314,802	1,082,100,459	857,389,923
Less : Allowance for doubtful debts	(829,314,802)	(829,314,802)	(829,498,195)	(829,439,923)
Net	-	-	<b>252,602,264</b>	<b>27,950,000</b>
<b>Loans to subsidiary and interest receivable</b>				
- Contemporary Property Company Limited				
Loans	-	-	69,886,400	29,886,400
Interest receivable	-	-	6,200,440	499,471
	-	-	<b>76,086,840</b>	<b>30,385,871</b>
<b>Amounts due to related companies</b>				
- The Brooker Group Public Company Limited	-	234,063	-	234,063
- The Siam Administrative Management Company Limited	10,486	749	10,486	749
	<b>10,486</b>	<b>234,812</b>	<b>10,486</b>	<b>234,812</b>
<b>Advance from related company</b>				
- Bangkok Property Fund	-	2,411,577	-	2,411,577
	-	<b>2,411,577</b>	-	<b>2,411,577</b>
<b>Short-term loans from related company</b>				
- Seamico Securities Public Company Limited				
Loans	-	200,000,000	-	200,000,000
	-	<b>200,000,000</b>	-	<b>200,000,000</b>

(Unit : Baht)

	Consolidated		The Company Only	
	2006	2005	2006	2005
<b>Short-term loans from warrant holders</b>				
<b>and accrued interest</b>				
Loans	-	135,000,000	-	135,000,000
Accrued interest	-	957,945	-	957,945
	-	<b>135,957,945</b>	-	<b>135,957,945</b>

During the year, the movement of loans to subsidiary and related companies and related interest receivable, and loans from subsidiary and related companies and related accrued interest are as follows :

(Unit : Baht)

	Consolidated			
	2005	Increase	Decrease	2006
<b>Short-term loans to subsidiary and related companies and interest receivable</b>				
<u>Related company</u>				
- Cha-am Campus City Company Limited				
Loans	427,318,741	-	-	427,318,741
Interest receivable	401,996,061	-	-	401,996,061
	829,314,802	-	-	829,314,802
Less : Allowance for doubtful debts	(829,314,802)	-	-	(829,314,802)
Net	-	-	-	-
<b>Short-term loans from subsidiary and related companies and accrued interest</b>				
<u>Related companies</u>				
- Norrison Developments Limited				
Loans	-	5,000,000	(5,000,000)	-
Accrued interest	-	165,834	(165,834)	-
- Bangkok Property Investments Pte Ltd.				
Loans	-	3,000,000	(3,000,000)	-
Accrued interest	-	94,762	(94,762)	-
- Seamico Securities Public Company Limited				
Loans	200,000,000	-	(200,000,000)	-
Accrued interest	-	2,239,726	(2,239,726)	-
	<b>200,000,000</b>	<b>10,500,322</b>	<b>(210,500,322)</b>	-

(Unit : Baht)

	Consolidated			2006
	2005	Increase	Decrease	
<b>Short-term loans from warrant holders</b>				
<b>and accrued interest</b>				
Loans	135,000,000	-	(135,000,000)	-
Accrued interest	957,945	1,398,082	(2,356,027)	-
	<b>135,957,945</b>	<b>1,398,082</b>	<b>(137,356,027)</b>	<b>-</b>

(Unit : Baht)

	The Company Only			2006
	2005	Increase	Decrease	
<b>Short-term loans to subsidiary and related</b>				
<b>companies and interest receivable</b>				
<u>Subsidiaries</u>				
- Decor Raffine Company Limited				
Loans	114,316	50,000	-	164,316
Interest receivable	10,805	8,272	-	19,077
- Taksin Hotel Holding Company Limited				
Loans	22,900,000	9,800,000	(32,700,000)	-
Interest receivable	-	276,279	(276,279)	-
- Taksin Properties Company Limited				
Loans	5,050,000	-	(5,050,000)	-
- Raimon Land Property				
Company Limited				
Loans	-	244,150,000	-	244,150,000
Interest receivable	-	8,452,264	-	8,452,264
<u>Related company</u>				
- Cha-am Campus City Company Limited				
Loans	427,318,741	-	-	427,318,741
Interest receivable	401,996,061	-	-	401,996,061
	857,389,923	262,736,815	(38,026,279)	1,082,100,459
Less : Allowance for doubtful debts	(829,439,923)	(58,272)	-	(829,498,195)
<b>Net</b>	<b>27,950,000</b>	<b>262,678,543</b>	<b>(38,026,279)</b>	<b>252,602,264</b>

(Unit : Baht)

	The Company Only			2006
	2005	Increase	Decrease	
<b>Loans to subsidiary and interest receivable</b>				
- Contemporary Property Company Limited				
Loans	29,886,400	40,000,000	-	69,886,400
Interest receivable	499,471	5,700,969	-	6,200,440
	<b>30,385,871</b>	<b>45,700,969</b>	<b>-</b>	<b>76,086,840</b>
<b>Short-term loans from subsidiary and related companies and accrued interest</b>				
<u>Subsidiary</u>				
- Raimon Land Development Company Limited				
Loans	-	733,646,775	(733,646,775)	-
Accrued interest	-	52,399,536	(52,399,536)	-
<u>Related company</u>				
- Seamico Securities Public Company Limited				
Loans	200,000,000	-	(200,000,000)	-
Accrued interest	-	2,239,726	(2,239,726)	-
	<b>200,000,000</b>	<b>788,286,037</b>	<b>(988,286,037)</b>	<b>-</b>
<b>Short-term loans from warrant holders and accrued interest</b>				
Loans	135,000,000	-	(135,000,000)	-
Accrued interest	957,945	1,398,082	(2,356,027)	-
	<b>135,957,945</b>	<b>1,398,082</b>	<b>(137,356,027)</b>	<b>-</b>

**Directors and management's remuneration**

In 2006 the Company paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 29.8 million (2005: Baht 33.5 million).

In addition, during the year the Company has allocated 1.8 million warrants to its directors without charge. The details of the warrants are presented in note 20 to the financial statements.

**Guarantee obligations with related parties**

The Company and a subsidiary have outstanding guarantee obligations with its related parties, as described in Note 17 and 27.3 to the financial statements.

#### **Short-term loans to subsidiary and related companies and interest receivable**

The Company entered into an agreement with a former shareholder of Taksin Hotel Holding Company Limited, whereby the Company was assigned rights of claim over loans from that former shareholder to Taksin Hotel Holding Company Limited and Taksin Properties Company Limited, amounting to Baht 22,900,000 and Baht 5,050,000, respectively. The Company paid a total of Baht 27,950,000 to that former shareholder in exchange for such assignment. When the sale of shares of Taksin Hotel Holding Company Limited is complete and a meeting of the shareholders of Taksin Hotel Holding Company Limited has approved a capital increase, the Company will convert such loan to 100 ordinary shares of Taksin Hotel Holding Company Limited. Subsequently on 1 December 2006, Taksin Hotel Holding Company Limited registered a called up share capital with the Ministry of Commerce as stipulated in above agreement.

On 15 March 2006, the Company entered into a loan agreement with Taksin Hotel Holding Company Limited whereby it granted a loan of Baht 9.8 million (in proportion to the Company's interest in the subsidiary). Interest on this loan is charged at 7 percent per annum and loan repayment is due in full either within 6 months from the drawdown date or when the subsidiary receives a loan of not less than Baht 20 million from a financial institution, whichever comes first. During the third quarter of current year, Taksin Hotel Holding Company Limited fully repaid the loan and accrued interest.

On 26 June 2006 and 26 August 2006, the Company entered into loan agreements with Raimon Land Property Company Limited, granting that company loans of Baht 204.15 million and Baht 95.85 million, respectively. Interests on these loans are charged at 7.5 percent per annum and loans repayment is due at call.

As at 31 December 2006, the Company had granted Baht 244.15 million to Raimon Land Property Company Limited.

#### **Loans to subsidiary and interest receivable**

The outstanding balances represent subordinated loans of Baht 4.6 million, Baht 15.3 million, Baht 10 million, Baht 10 million, Baht 20 million and Baht 10 million to a subsidiary, Contemporary Property Company Limited, under the loan agreements dated 16 January 2004, 28 September 2004, 20 July 2005, 4 April 2006, 28 April 2006 and 24 May 2006, respectively. The loans bear interest at a rate of 10 percent per annum and are to be repaid in full upon completion of the subsidiary's project, which is expected to take approximately 2 years from the commencement of project or at call.

#### **Short-term loans from subsidiary and related companies and accrued interest**

##### Seamico Securities Public Company Limited

On 26 September 2005, the Company had entered into a short-term loan agreement with its former shareholder, Seamico Securities Public Company Limited, to obtain a loan facility of Baht 200 million to be for working capital, in the form of promissory notes with a maturity of six months. The loan was subject to interest at a rate of 7.5 percent per annum and secured by the pledge of 6,036,969 ordinary shares of Taksin Hotel Holding Company Limited (a subsidiary) held by the Company and the transfer of all its rights in respect of a project of the Company to the lender. During the first quarter of current year, the Company fully repaid the loan and accrued interest.

#### Raimon Land Development Company Limited

On 14 February 2006, the Company had entered into a short-term loan agreement with Raimon Land Development Company Limited whereby it had been granted a loan of Baht 733.6 million to be used to repay loans from local financial institutions and as working capital of the Company. Interest on the loan was charged at 13.5 percent per annum from February to April and 17.75 percent per annum from May to August and repayment is due in full within 15 August 2006. During the third quarter of current year, the Company fully repaid the loan.

#### Taksin Hotel Holding Company Limited

On 15 March 2006, Contemporary Property Company Limited and two shareholders of Taksin Hotel Holding Company Limited had entered into loan agreements with Taksin Hotel Holding Company Limited, granting its loans of Baht 2.2 million, Baht 5.0 million and Baht 3.0 million, respectively (in proportion to their interests in the subsidiary). Interest on this loan was charged at 7 percent per annum and repayment was due in full either within 6 months from the drawdown date or when the subsidiary receives a loan of not less than Baht 20 million from a financial institution, whichever comes first. During the third quarter of current year, Taksin Hotel Holding Company Limited fully repaid the loan and accrued interest.

#### **Short-term loans from warrant holders and accrued interest**

On 25 November 2005, the Company entered into agreements accepting advance payment for the exercise of RAIMON-W warrants with two warrant holders. Under the agreements, the warrant holders agreed to make partial payment, totaling of Baht 135 million, of the exercise price of the Called Warrants in advance, and to irrevocably grant to the Company the right to use any or all of the money received from the exercise to pay for the land which will be developed into the Company's project. The Company paid principal together with interest at a rate of 7 percent per annum to the warrant holders by redepositing amounts into the bank accounts opened for the advance remittance of part of the exercise price, within 24 February 2006.

### **8. PROJECT DEVELOPMENT COST**

	(Unit : Baht)			
	Consolidated		The Company Only	
	2006	2005	2006	2005
Land awaiting development	7,397,454	7,397,454	7,397,454	7,397,454
Land and construction under development	3,155,516,414	3,421,943,119	906,016,877	2,355,571,522
Developed land and construction	1,511,130,193	309,709,558	1,501,728,547	18,641,910
Total	4,674,044,061	3,739,050,131	2,415,142,878	2,381,610,886
Less : Accumulated costs transferred to cost of sales	(1,482,242,234)	(1,717,563,692)	(1,378,265,492)	(1,423,857,438)
	3,191,801,827	2,021,486,439	1,036,877,386	957,753,448
Less : Allowance for loss on diminution in value of project	(11,369,182)	(11,369,182)	(11,369,182)	(11,369,182)
Project development cost, net	3,180,432,645	2,010,117,257	1,025,508,204	946,384,266

During the years 2006 and 2005, the Company and its subsidiaries capitalised interest of approximately Baht 85.5 million and Baht 36.1 million, respectively (the Company Only : Baht 61.5 million and Baht 31.0 million, respectively) as part of project development cost.

On 26 June 2006, Raimon Land Property Company Limited (subsidiary) entered into a sale and purchase agreement of land with a company, to buy land at a price of Baht 559.5 million (the purchase price is equal to the value appraised by two independent valuers) for development into a residential condominium project of subsidiary.

On 6 November 2006, the Company entered into an agreement to purchase and to sell of land with an individual, to buy land at Baht 385.13 million for the development of the Company's residential condominium project. The Company paid Baht 77.03 million for deposits for purchase of land.

Raimon Land Park View Developments Company Limited (subsidiary) paid cash of Baht 70 million for an option to purchase land in Thailand, expiring on 30 September 2007.

On 19 January 2007, the subsidiary subsequently entered into a sale and purchase agreement of land with a company, to buy the aforementioned land at Baht 1,405.41 million for the development of the subsidiary's residential condominium project.

The Company and its subsidiaries have mortgaged most of their land and construction thereon with banks and financial institutions to secure the Company's and its subsidiaries' loans from these banks and financial institutions.

#### **9. RESTRICTED BANK DEPOSITS**

The outstanding balance represents the bank deposit account of a subsidiary, which was pledged with a bank to secure against a bank guarantee issued by the bank on behalf of its subsidiary.

#### **10. DEPOSIT FOR UNIT CALL OPTION AGREEMENT**

On 20 January 2005, the Company entered into a "Unit Call Option Agreement" with the Class C unitholder of Bangkok Property Fund ("the Fund") in order to purchase investment units of the Fund held by that Class C unitholder. Under the agreement, the Class C unitholder grants the Company or its designees the option to purchase all, but not part, of 16,238,244.4138 investment units ("Optioned Units") in the Fund of which the Class C unitholder is the registered holder, and the Company is required to pay a premium on call option amounting to Baht 128,012,500.

The Agreement stipulated that the call option may be exercised by the Company at any time over a period of one year, with an addition strike price of the Optioned Units set at Baht 0.41 per unit, or a total addition strike price of Baht 6,737,500.

During the first quarter of 2005, the Company paid Baht 128 million to the Class C unitholder as a deposit for the agreement. The Company recorded this amount as a "deposit for unit call option agreement", and presented as a non-current assets in the balance sheet.

On 9 January 2006, the Company and the Class C unitholder entered into the “Supplemental Agreement Relating to a Unit Call Option Agreement” in order to extend the call option period to end on 30 June 2006.

Subsequently on 2 February 2006, the Company exercised the call option to purchase 16,238,244.4138 investment units and paid the addition strike price of the Optioned Units of Baht 6,737,500, as stipulated in the agreement. The number of investment units held by the Company after exercise of the call option increased to 31,278,975.7333 units, or equivalent to 55 percent of total investment units of Bangkok Property Fund.

A meeting of the Bangkok Property Fund’s investment committee passed a resolution to dissolution of the Fund on 3 February 2006 and the Fund’s liquidator notified the Office of the Securities and Exchange Commission of the closure of the Fund on 18 July 2006 (as discussed in note 12).

## 11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are accounted for using the equity method.

(Unit : Baht)

Company's name	The Company Only				
	As at 31 December 2006				
	Paid-up capital	Shareholding percentage	Cost	Carrying amount based on equity method	Provision for loss on investment
		Percent			
- Decor Raffine Company Limited	2,500,000	55.00	1,375,000	25,431	-
- Contemporary Property Company Limited	200,000,000	98.59	196,126,033	157,738,169	-
- Raimon Land Planner Company Limited	2,000,000	95.00	1,900,000	1,620,970	-
- Strategic Property Company Limited	15,525,000	55.00	7,150,000	4,970,484	-
- Raimon Land Development Company Limited	1,000,000	99.99	999,940	1,221,722	-
- Raimon Land Property Company Limited	1,000,000	99.99	999,930	-	(8,379,680)
- Raimon Land Park View Developments Company Limited	100,000,000	99.99	99,999,930	99,699,152	-
- Taksin Hotel Holding Company Limited and its subsidiary (held by Contemporary Property Company Limited 11%)	1,232,030,000	49.00	446,309,805	398,185,251	-
			<u>754,860,638</u>	<u>663,461,179</u>	<u>(8,379,680)</u>

(Unit : Baht)

The Company Only					
As at 31 December 2005					
<u>Company's name</u>	<u>Paid-up capital</u>	<u>Shareholding percentage</u>	<u>Cost</u>	<u>Carrying amount based on equity method</u>	<u>Provision for loss on investment</u>
		Percent			
- Decor Raffine Company Limited	2,500,000	55.00	1,375,000	20,693	-
- Contemporary Property Company Limited	100,000,000	97.17	96,126,033	49,339,434	-
- Raimon Land Planner Company Limited	2,000,000	95.00	1,900,000	1,671,931	-
- Strategic Property Company Limited	15,525,000	55.00	7,150,000	2,784,001	-
- Taksin Hotel Holding Company Limited and its subsidiary (held by Contemporary Property Company Limited 2%)	1,232,020,000	49.00	418,559,805	418,116,452	-
			<u>525,110,838</u>	<u>471,932,511</u>	<u>-</u>

#### **Contemporary Property Company Limited**

On 1 February 2006, an extraordinary general meeting of Contemporary Property Company Limited's shareholders approved an increase in its registered share capital from Baht 100 million to Baht 200 million through the issuance of 1 million ordinary shares with a par value of Baht 100 per share. The new ordinary shares are to be allocated and offered to the existing shareholders in proportion of their existing shareholding. Most of proceeds from the capital increase will be used to purchase additional shares of Taksin Hotel Holding Company Limited and used as working capital. The Company's Board of Directors also passed a resolution granting approval for the Company to exercise its right to subscribe to 971,700 additional ordinary shares of Contemporary Property Company Limited at a purchase price of Baht 100 each, equivalent to Baht 97,170,000 and to acquire all and any additional ordinary shares remaining after subscription by the existing shareholders, for whatever reason. Subsequently, the Company exercised its right to subscribe to 1,000,000 additional ordinary shares of Contemporary Property Company Limited at a purchase price of Baht 100 each, equal to Baht 100 million.

#### **Raimon Land Development Company Limited**

On 31 January 2006, the Company incorporated Raimon Land Development Company Limited, with a registered capital of Baht 1 million, comprising 100,000 ordinary shares of Baht 10 each, of which 99,994 shares are held by the Company.

**Taksin Hotel Holding Company Limited and its subsidiary**

On 9 February 2006, the Company's board of directors passed resolution approving Contemporary Property Company Limited to enter into a share purchase agreement with another shareholder of Taksin Hotel Holding Company Limited in order to purchase additionally 1,108,768 ordinary shares of Taksin Hotel Holding Company Limited, equivalent to 9 percent of share capital of Taksin Hotel Holding Company Limited, from this shareholder at total purchase price of USD 2,095,466.2 or approximately Baht 82.6 million. After the share purchase, the Company's interest in share capital of Taksin Hotel Holding Company Limited will be increased to 60 percent.

On 24 October 2006, an extraordinary general meeting of Taksin Hotel Holding Company Limited's shareholders approved an increase in its registered share capital from Baht 1,232,020,000 to Baht 1,232,030,000 through the issuance of 100 ordinary shares with a par value of Baht 100 per share. The new shares were issued to the Company in order to convert the loan transferred from a former shareholder of Taksin Hotel Holding Company Limited (as discussed in Note 7).

**Raimon Land Property Company Limited**

On 15 June 2006, the Company incorporated Raimon Land Property Company Limited, with a registered capital of Baht 1 million, comprising 100,000 ordinary shares of Baht 10 each, of which 99,993 shares are held by the Company.

**Raimon Land Park View Developments Company Limited**

On 11 October 2006, the Company incorporated Raimon Land Park View Developments Company Limited, with a registered capital of Baht 1 million, comprising 100,000 ordinary shares of Baht 10 each, of which 99,993 shares are held by the Company.

On 14 November 2006, an extraordinary general meeting of Raimon Land Park View Developments Company Limited's shareholders approved an increase in its registered share capital from Baht 1 million to Baht 100 million through the issuance of 9.9 million ordinary shares with a par value of Baht 10 per share. The new ordinary shares are to be allocated and offered to the existing shareholders in proportion of their existing shareholding. The Company's Board of Directors also passed a resolution granting approval for the Company to exercise its right to subscribe to 9,899,307 additional ordinary shares of Raimon Land Park View Developments Company Limited at a purchase price of Baht 10 each, equivalent to Baht 98,993,070 and to acquire all and any additional ordinary shares remaining after subscription by the existing shareholders, for whatever reason. Subsequently, the Company exercised its right to subscribe to 9,900,000 additional ordinary shares of Raimon Land Park View Developments Company Limited at a purchase price of Baht 10 each, equal to Baht 99 million.

## 12. INVESTMENTS IN ASSOCIATED COMPANIES

(Unit : Baht)

Consolidated and the Company Only					
As at 31 December 2006					
Company's name	Paid-up capital	Shareholding percentage	Cost	Carrying amount based on	
				equity method	Dividend
		Percent			
- Raimon Construction Company Limited	1,000,000	40.00	403,493	-	-
- Ficus Benga Company Limited	50,000,000	40.00	20,206,123	-	-
- Bangkok Property Fund	-	-	-	-	-
			<u>20,609,616</u>	<u>-</u>	<u>-</u>

(Unit : Baht)

Consolidated and the Company Only					
As at 31 December 2005					
Company's name	Paid-up capital	Shareholding percentage	Cost	Carrying amount based on	
				equity method	Dividend
		Percent			
- Raimon Construction Company Limited	1,000,000	40.00	403,493	-	-
- Ficus Benga Company Limited	50,000,000	40.00	20,206,123	-	-
- Bangkok Property Fund	500,000,000	26.45	140,250,000	215,361,094	183,621,284
			<u>160,859,616</u>	<u>215,361,094</u>	<u>183,621,284</u>

On 27 January 2006, a meeting of the Bangkok Property Fund's Investment Committee passed a resolution to dissolution of the Fund on 3 February 2006. The Company therefore ceased recognising the Fund's equity on 3 February 2006.

On 1 March 2006, Bangkok Property Fund's liquidator arranged for the return of capital totaling Baht 500,000,000 to the Fund's Class A and B unitholders.

Subsequently, the Company received cash and a residential condominium unit valued at a total of Baht 91.8 million as a result of the liquidation. The Company presented the Baht 6.9 million gain from the liquidation of the associated company in the income statements.

On 18 July 2006, Bangkok Property Fund's liquidator notified the Office of the Securities and Exchange Commission of the closure of the Fund.

### 13. INVESTMENT IN OTHER COMPANY

(Unit : Baht)

	Consolidated			The Company Only		
	Percentage of	Investment		Percentage of	Investment	
	investment	2006	2005	investment	2006	2005
	Percent			Percent		
Bangkok Club Company Limited	0.11	1,000,000	1,000,000	0.11	1,000,000	1,000,000
Less : Allowance for loss on diminution in value of investment		(736,393)	(736,393)		(736,393)	(736,393)
Investment, net		<u>263,607</u>	<u>263,607</u>		<u>263,607</u>	<u>263,607</u>

### 14. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated						Total
	Land and improvement	Building and improvement	Furniture and fixtures	Office equipment	Motor vehicles	Asset during construction	
<b>Cost</b>							
31 December 2005	33,859,764	49,849,324	14,019,948	16,192,124	12,880,225	-	126,801,385
Additions	100,000	-	8,539,835	5,053,675	5,137,000	56,408,089	75,238,599
Disposals	-	-	(261,752)	(399,695)	(424,000)	-	(1,085,447)
Transfers out	-	-	-	(117,760)	-	-	(117,760)
31 December 2006	<u>33,959,764</u>	<u>49,849,324</u>	<u>22,298,031</u>	<u>20,728,344</u>	<u>17,593,225</u>	<u>56,408,089</u>	<u>200,836,777</u>
<b>Accumulated depreciation</b>							
31 December 2005	-	17,574,570	8,404,414	12,384,393	5,247,903	-	43,611,280
Depreciation for the year	-	1,644,113	2,992,373	1,946,689	2,735,018	-	9,318,193
Depreciation on disposals	-	-	(241,636)	(395,965)	(187,153)	-	(824,754)
Transfers out	-	-	-	(68,026)	-	-	(68,026)
31 December 2006	<u>-</u>	<u>19,218,683</u>	<u>11,155,151</u>	<u>13,867,091</u>	<u>7,795,768</u>	<u>-</u>	<u>52,036,693</u>
<b>Allowance for impairment loss</b>							
31 December 2005	13,287,752	4,907,016	-	-	-	-	18,194,768
31 December 2006	<u>13,287,752</u>	<u>4,907,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,194,768</u>
<b>Net book value</b>							
31 December 2005	<u>20,572,012</u>	<u>27,367,738</u>	<u>5,615,534</u>	<u>3,807,731</u>	<u>7,632,322</u>	<u>-</u>	<u>64,995,337</u>
31 December 2006	<u>20,672,012</u>	<u>25,723,625</u>	<u>11,142,880</u>	<u>6,861,253</u>	<u>9,797,457</u>	<u>56,408,089</u>	<u>130,605,316</u>
<b>Depreciation charges of the years as included in the income statements</b>							
2005							<u>8,188,776</u>
2006							<u>9,318,193</u>

(Unit : Baht)

The Company Only							
	Land and improvement	Building and improvement	Furniture and fixtures	Office equipment	Motor vehicles	Asset during construction	Total
<b>Cost</b>							
31 December 2005	33,859,764	49,849,324	13,922,257	15,749,817	12,880,225	-	126,261,387
Additions	100,000	-	8,539,835	4,963,474	5,137,000	56,408,089	75,148,398
Disposals	-	-	(261,752)	(399,695)	(424,000)	-	(1,085,447)
Transfers out	-	-	-	(117,760)	-	-	(117,760)
31 December 2006	<u>33,959,764</u>	<u>49,849,324</u>	<u>22,200,340</u>	<u>20,195,836</u>	<u>17,593,225</u>	<u>56,408,089</u>	<u>200,206,578</u>
<b>Accumulated depreciation</b>							
31 December 2005	-	17,574,570	8,386,994	12,252,227	5,247,903	-	43,461,694
Depreciation for the year	-	1,644,113	2,972,835	1,858,119	2,735,018	-	9,210,085
Depreciation on disposals	-	-	(241,636)	(395,965)	(187,153)	-	(824,754)
Transfers out	-	-	-	(68,026)	-	-	(68,026)
31 December 2006	<u>-</u>	<u>19,218,683</u>	<u>11,118,193</u>	<u>13,646,355</u>	<u>7,795,768</u>	<u>-</u>	<u>51,778,999</u>
<b>Allowance for impairment loss</b>							
31 December 2005	<u>13,287,752</u>	<u>4,907,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,194,768</u>
31 December 2006	<u>13,287,752</u>	<u>4,907,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,194,768</u>
<b>Net book value</b>							
31 December 2005	<u>20,572,012</u>	<u>27,367,738</u>	<u>5,535,263</u>	<u>3,497,590</u>	<u>7,632,322</u>	<u>-</u>	<u>64,604,925</u>
31 December 2006	<u>20,672,012</u>	<u>25,723,625</u>	<u>11,082,147</u>	<u>6,549,481</u>	<u>9,797,457</u>	<u>56,408,089</u>	<u>130,232,811</u>
Depreciation charges of the years as included in the income statements							
2005							<u>8,132,030</u>
2006							<u>9,210,085</u>

The Company has mortgaged partial of its land and building to secure short-term loans from financial institution.

## 15. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at 31 December 2006 and 2005 consist of

	Interest rate (percent per annum)	(Unit : Baht)			
		Consolidated		The Company Only	
		2006	2005	2006	2005
Short-term loans from financial institution	MLR+0.5%	30,000,000	50,000,000	30,000,000	50,000,000
Short-term loans from commercial bank	MLR	-	200,000,000	-	200,000,000
Total		<u>30,000,000</u>	<u>250,000,000</u>	<u>30,000,000</u>	<u>250,000,000</u>

Short-term loan from financial institution is secured by the mortgage of land and building of the Company.

## 16. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

The Company and its subsidiaries had secured long-term loans from local financial institutions as follows:

### Raimon Land Public Company Limited

	Balance		Interest rate	Loan repayment conditions	Collateral
	(Unit : Million Baht)				
	2006	2005			
1) Loan facilities of Baht 400 million from a commercial bank (the Company entered into a loan agreement on 9 April 2004)	-	295.2	Interest rate of minimum loan rate per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 1 year and 4 months. Subsequently, the Company has negotiated to extend the repayment period to be 2 years and 2 months.	Mortgage of the land and construction of the Company's condominium project and the transfer of the beneficiary rights under the insurance policy for the project to the lender.
2) Loan facilities of Baht 155 million from a commercial bank (the Company entered into a loan agreement on 28 June 2004)	-	97.2	Interest rate of minimum loan rate per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 3 years.	Mortgage of the land and construction of the Company's condominium project and the transfer of the beneficiary rights under the insurance policy for the project to the lender.
3) Loan facilities of Baht 30 million from a commercial bank (the Company entered into a loan agreement on 20 December 2004)	-	20.0	Interest rate of minimum loan rate per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 2 years and 6 months.	Mortgage of the land and construction of the Company's condominium project and the transfer of the beneficiary rights under the insurance policy for the project to the lender.
4) Loan facilities of Baht 1,230 million from a commercial bank (the Company entered into a loan agreement on 25 November 2005)	175.0	230.0	Interest rate of minimum loan rate per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 3 years.	Mortgage of the land and construction of the Company's condominium project and the transfer of the beneficiary rights under the insurance policy for the project to the lender.

	Balance		Interest rate	Loan repayment conditions	Collateral
	(Unit : Million Baht)				
	2006	2005			
5) Loan facilities of Baht 390 million from a commercial bank (the Company entered into a loan agreement on 7 July 2006)	20.0	-	The minimum loan rate minus 0.25 percent per annum for the first two years and thereafter at the minimum loan rate plus 0.5 percent per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 36 months from the first drawdown date.	Mortgage of the land and construction of the Company's condominium project and the transfer of the beneficiary rights under the insurance policy for the project to the lender.
6) Loan facilities of Baht 70.5 million from a commercial bank (the Company entered into a loan agreement on 13 December 2006)	64.6	-	The minimum loan rate minus 0.25 percent per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 1 year and 6 months from the first drawdown date.	Mortgage of residential condominium units of two condominium projects of the Company.
Total	259.6	642.4			
Less : Current portion	(64.6)	(467.4)			
Long-term loans - net of current portion	195.0	175.0			

#### Contemporary Property Company Limited

1) Loan facilities of Baht 520 million from a commercial bank	93.5	40.0	The minimum loan rate minus 0.25 percent per annum	Due whenever ownership of a condominium unit is transferred to a customer, or in full within 4 years and 6 months (Baht 40 million) and 2 years (Baht 480 million) from the first drawdown date, respectively.	Mortgage of land and construction of the subsidiary's condominium project, the transfer of the beneficiary rights under insurance policy for the subsidiary's project to the lender, and a guarantee from the Company.
Less : Current portion	-	(40.0)			
Long-term loans - net of current portion	93.5	-			

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, among other things, the maintenance of certain financial ratios.

As at 31 December 2006, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,796.5 million (The Company only: Baht 1,370.0 million).

## 17. DEBENTURES

### Short-term debentures

#### **Raimon Land Development Company Limited**

On 9 February 2006, a meeting of the Company's Board of Directors approved the issue of 750,000 debentures with a face value of Baht 1,000 each, or a total of Baht 750 million, by Raimon Land Development Company Limited (a subsidiary) to a foreign investor. These are secured, 1-year debentures bearing interest at MLR plus 3.0 percent per annum.

The debentures of the subsidiary are secured by the mortgage of land and construction, the transfer of rights to receive all remaining money under condominium sale and purchase contracts, the transfer of the beneficiary rights under the insurance policy for the Company's condominium project, the mortgage of three residential condominium units of another condominium project of the Company, the pledge of share certificates of this subsidiary, and a guarantee from the Company. Furthermore, the debenture agreement contains covenants and restrictions pertaining to, among other things, the maintenance of certain financial ratios.

Movements in the short-term debentures for the year 2006 are summarised below.

	(Unit: Baht)
	<u>Consolidated</u>
<b>Balance as at 1 January 2006</b>	-
Add : Issuance of debentures	750,000,000
Less : Repayment	<u>(750,000,000)</u>
<b>Balance as at 31 December 2006</b>	<u>-</u>

### Long-term debentures

#### **Taksin Hotel Holding Company Limited**

On 22 March 2006, a meeting of the Company's Board of Directors approved the issue of 450,000 debentures with a face value of Baht 1,000 each, or a total of Baht 450 million, by Taksin Hotel Holding Company Limited (a subsidiary) to a foreign investor. These are secured, 18-month debentures bearing interest at MLR plus 3.0 percent per annum.

The debentures of the subsidiary are secured by the mortgage of land and construction of the subsidiary's project, the pledge of share certificates of this subsidiary and all shares of Taksin Properties Company Limited held by the subsidiary, guarantees from the Company and the shareholders of subsidiary, and the transfer of the beneficiary rights under the construction contract and insurance policy for the project to the lender. Furthermore, the debenture agreement contains covenants and restrictions pertaining to, among other things, the maintenance of certain financial ratios.

#### **Raimon Land Property Company Limited**

On 19 June 2006, a meeting of the Company's Board of Directors approved the issue of 363,000 debentures with a face value of Baht 1,000 each, or a total of Baht 363 million, by Raimon Land Property Company Limited (a subsidiary) to a foreign investor. These are secured, 18-month debentures bearing interest at MLR plus 3.0 percent per annum.

The debentures of the subsidiary are secured by the mortgage of land and construction of the subsidiary's project, the pledge of share certificates and the bank account of this subsidiary, a guarantee provided by the Company, and the transfer of the beneficiary rights under the construction contract and insurance policy for the project to the lender. Furthermore, the debenture agreement contains covenants and restrictions pertaining to, among other things, the maintenance of certain financial ratios.

Movements in the long-term debentures for the year 2006 are summarised below.

	(Unit: Baht)
	<u>Consolidated</u>
<b>Balance as at 1 January 2006</b>	-
Add : Issuance of debentures	813,000,000
Less : Deferred front end fee	<u>(17,452,789)</u>
<b>Balance as at 31 December 2006</b>	<b><u>795,547,211</u></b>

#### **Raimon Land Park View Developments Company Limited**

On 18 December 2006, a meeting of the Company's Board of Directors approved the issue of 2,721,000 debentures with a face value of Baht 1,000 each, or a total of Baht 2,721 million, by Raimon Land Park View Developments Company Limited (a subsidiary) to a foreign investor. These are secured, 18-month debentures bearing interest at MLR plus 3.0 percent per annum.

The debentures of the subsidiary are secured by the mortgage of land and construction of the subsidiary's project, the mortgage of three residential condominium units of two condominium projects of the Company, the pledge of share certificates and the bank account of this subsidiary, guarantees from the Company, the transfer of the right in loan agreement between the Company and subsidiary, and the transfer of the beneficiary rights under the construction contract and insurance policy for the project to the lender. Furthermore, the debenture agreement contains covenants and restrictions pertaining to, among other things, the maintenance of certain financial ratios.

The subsidiary is in the process of issuing such debentures.

#### **18. LONG-TERM LOANS FROM OVERSEAS COMPANIES**

On 15 February 2006, the Company entered into a loan agreement with three overseas companies to borrow a total of USD 2.5 million. This loan, which is to be used as working capital of the Company, is subject to interest at a rate of 10 percent per annum and is due in full within 2 years from the drawdown date. This loan is unsecured and the loan agreement contains covenants and restrictions pertaining to, among other things, the maintenance of certain financial ratios.

Movements in the long-term loans account for the year 2006 are summarised below.

	(Unit: Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
<b>Balance as at 1 January 2006</b>	-	-
Add : Additional borrowings	98,250,000	98,250,000
Less : Unrealised gain from exchange rate	<u>(7,673,000)</u>	<u>(7,673,000)</u>
<b>Balance as at 31 December 2006</b>	<b><u>90,577,000</u></b>	<b><u>90,577,000</u></b>

## 19. SHARE CAPITAL

During February 2006, the Company received subscription to 378,832,048 ordinary shares at Baht 0.963 each from the exercise of warrants, a total of Baht 364,815,276. On 2 March 2006, the Company registered a called up share capital of Baht 1,728,415,726 with the Ministry of Commerce.

During April 2006, the Company received subscription to 374,260,907 ordinary shares at Baht 0.963 each from the exercise of warrants, a total of Baht 360,413,268. On 4 May 2006, the Company registered a called up share capital of Baht 2,102,676,633 with the Ministry of Commerce.

During August 2006, the Company received subscription to 5,690,566 ordinary shares at Baht 1.228 each from the exercise of warrants, a total of Baht 6,988,015. On 4 August 2006, the Company registered a called up share capital of Baht 2,108,367,199 with the Ministry of Commerce.

During September 2006, the Company received subscription to 3,672 ordinary shares at Baht 0.963 each from the exercise of warrants, a total of Baht 3,536. On 5 October 2006, the Company registered a called up share capital of Baht 2,108,370,871 with the Ministry of Commerce.

## 20. WARRANTS

### RAIMON-W

On 18 December 2002, the Company issued 299,843,416 ordinary share warrants ("RAIMON-W") free of charge, for allotment to the existing shareholders, whose names appeared in the shareholders' registration book as at 18 July 2002, in a ratio of 1 ordinary share per 4 warrants, and to the existing shareholders who subscribed to the additional ordinary shares, in a ratio of 1 new ordinary share to 1 warrant.

The warrants have an exercise period of 5 years from the first issuance date of warrant and are exercisable in a ratio of 1 warrant to 1 new ordinary share at an exercise price of Baht 5 per share. The first exercise date is 31 March 2003 and the last exercise date is 17 December 2007.

During 2003, the warrant holders of RAIMON-W warrants exercised 2,044 warrants to 2,044 ordinary shares. After the conversion, there still are 299,841,372 outstanding warrants.

On 7 November 2003, the Company adjusted the exercise ratio and exercise price of RAIMON-W warrants to a ratio of 1 warrant to 1.03870 ordinary shares at an exercise price of Baht 4.814 per share.

On 28 November 2003, the Company changed the number of RAIMON-W warrants by splitting 1 existing warrant into 5 new warrants such that the exercise ratio remains 1 warrant to 1.03870 ordinary shares with an exercise price of Baht 0.963 each.

The Company's RAIMON-W warrant has special characteristics granting the Company an option to call for the exercise of the warrants in whole or in part at any time ("Call Option") that the weighted average price of the Company's shares has been at least 20 percent higher than the exercise price of warrants for 30 consecutive trading days. The Company has to notify the warrant holders of its exercise of the Call Option 3 months in advance. Subsequently, on 12 October 2004, the meeting No. 12/2004 of the Board of Directors passed a resolution stipulating the share price conditions under which the

Company would utilize its option to call for early exercise of warrants, whereby this would happen if the weighted average price of the Company's shares as calculated using the SET SMART program is Baht 1.20 or higher for 30 consecutive trading days. The meeting also established procedures for exercising the option to call the warrants.

During 2004, the warrant holders of RAIMON-W warrants exercised 280 warrants to 290 ordinary shares.

On 12 October 2005, the Company exercised its Call Option for the first time, in respect of 374,801,596 RAIMON-W warrants, with the exercise date set in February 2006. Subsequently on 28 November 2005, the Company exercised its Call Option for the second (and last) time, covering 374,801,595 warrants, with the exercise date set in April 2006. There are 749,603,389 RAIMON-W warrants remaining for which the Company will not exercise the call option.

During February 2006, the warrant holders of RAIMON-W warrants exercised 364,717,666 warrants to 378,832,048 ordinary shares (as discussed in Note19).

During April 2006, the warrant holders of RAIMON-W warrants exercised 360,316,830 warrants to 374,260,907 ordinary shares (as discussed in Note19).

During September 2006, the warrant holders of RAIMON-W warrants exercised 3,536 warrants to 3,672 ordinary shares (as discussed in Note19).

On 31 December 2006, there were 749,599,853 RAIMON-W warrants which have not been exercised.

#### **RAIMON-W2**

On 21 April 2004, 11 April 2005 and 7 July 2006, the Company issued 65,678,400 ordinary share warrants ("RAIMON-W2") to the Company's directors and employees, without charge. The warrants are negotiable, providing approval has been received from the Board of Directors, and are exercisable for a period of 5 years from the first date of issue, in a ratio of 1 warrant to 1 new ordinary share at an exercise price of Baht 1.228 per share.

During July 2006, the warrant holders of RAIMON-W2 warrants exercised 5,690,566 warrants to 5,690,566 ordinary shares (as discussed in Note19).

On 31 December 2006, there were 59,987,834 RAIMON-W2 warrants which have not been exercised.

#### **21. STATUTORY RESERVE**

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

#### **22. NUMBER OF EMPLOYEES AND RELATED COSTS**

	Consolidated and the Company Only	
	2006	2005
Number of employees at end of year (Persons)	68	47
Employee costs for the year (Thousand Baht)	51,552	43,427

## 23. CORPORATE INCOME TAX

The Company is not liable to corporate income tax for the year 2005 due to tax loss brought forward.

## 24. EARNINGS PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings (loss) per share and diluted earnings per share is presented below:

Consolidated and the Company Only			
For the year ended 31 December 2006			
	Net loss	Weighted average number of ordinary shares	Loss per share
	(Thousand Baht)	(Thousand shares)	(Baht)
<b>Basic earnings per share</b>			
Net loss	(165,816)	1,916,622	(0.09)
<u>Effect of dilutive potential ordinary shares</u>			
RAIMON-W Warrants - 749,599,853 warrants exercisable at a ratio of 1 warrant to 1.03870 ordinary share, at a price of Baht 0.963 per share	-	-	
<b>Diluted earnings per share</b>			
Net loss of ordinary shareholders assuming the conversion of warrants to ordinary shares	-	-	~*
Consolidated and the Company Only			
For the year ended 31 December 2005			
	Net income	Weighted average number of ordinary shares	Earnings per share
	(Thousand Baht)	(Thousand shares)	(Baht)
<b>Basic earnings per share</b>			
Net income	161,039	1,247,286	0.13
<u>Effect of dilutive potential ordinary shares</u>			
RAIMON-W Warrants - 1,499,206,580 warrants exercisable at a ratio of 1 warrant to 1.03870 ordinary share, at a price of Baht 0.963 per share	-	207,562	
<b>Diluted earnings per share</b>			
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	161,039	1,454,848	0.11

\*Since the conversion to ordinary shares of the above warrants would decrease loss per share for the year 2006. Therefore the Company has not assumed conversion of the warrants in the calculation of diluted earnings per share.

No presentation of diluted earnings per share for the year ended 31 December 2005 from RAIMON-W2 warrants since the exercise price of warrant is higher than the average fair value of the Company's ordinary shares during the year.

## 25. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3 percent and 5 percent of their basic salaries, and by the Company at the rate of 5 percent of employees' basic salaries, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Thai Asset Management Company Limited. During the year 2006, the Company contributed Baht 1.9 million (2005: Baht 1.2 million) to the fund.

## 26. DIVIDEND PAYMENT

Dividends declared in 2006 and 2005 consisted of the following:-

		(Unit : Baht)	
	Approved by	Total dividends	Dividend per share
Final dividend for 2005	Annual General Meeting of the shareholders on 27 April 2006	Baht 76.1 million	0.036
Final dividend for 2004	Annual General Meeting of the shareholders on 29 April 2005	Baht 52.7 million	0.047

## 27. COMMITMENTS AND CONTINGENT LIABILITIES

### 27.1 Capital commitments

- a) The Company had a commitment of Baht 4.1 million in respect of the uncalled portion of its investment in a subsidiary (2005 : Baht 4.1 million)
- b) The Company and subsidiaries had commitments of approximately Baht 891.9 million (the Company Only : Baht 446.9 million) (2005 : Baht 304.4 million and Baht 265.8 million, respectively) in respect of design and construction contracts of their projects.
- c) The Company had commitment in respect of an agreement to purchase and to sell land with an individual of approximately Baht 308.1 million.

### 27.2 Long-term service commitments

- a) The Company and a subsidiary had commitment in respect of agency fees of a project to pay under the "Sole Agency Agreement" at the rate of 1 to 4 percent of project units' gross sale price.

### **27.3 Guarantees**

- a) The Company and one of its subsidiaries had a commitment of approximately Baht 108 million in respect of corporate guarantee for the contract of debenture issued by Taksin Hotel Holding Company Limited (in proportion to the Company and the subsidiary's interest in Taksin Hotel Holding Company Limited) totaling Baht 180 million.
- b) As at 31 December 2006, there were outstanding bank guarantee of approximately Baht 0.1 million (2005 : the Company and a subsidiary Baht 2.81 million) issued by bank on behalf of a subsidiary in respect of certain performance bonds as required in the normal course of business of a subsidiary.

## **28. FINANCIAL INFORMATION BY SEGMENT**

The Company's and its subsidiaries' operations involve principally a single industry segment, property development, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating income (losses) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## **29. FINANCIAL INSTRUMENTS**

Significant financial instruments carried in the balance sheet include cash and cash equivalents, cash at banks, trade accounts receivable, loans, investments, short-term and long-term loans.

### **Financial risk management policies**

The Company and subsidiaries are exposed to risks from changes in interest rates and currency exchange rates and risks from nonperformance of contractual obligations by counterparties. The Company and subsidiaries have no policy to use derivatives to manage interest rate risk and foreign currency risk because the Company and subsidiaries consider that their financial assets and liabilities carry interest rates which will be fluctuated in line with market rates. In addition, the Company and subsidiaries have a policy of entering into contracts with creditworthy counterparties. Therefore, they do not expect any material financial losses to be arisen from that the counterparties will fail to discharge their obligations as stipulated in the financial instruments contracts.

The Company and subsidiaries have no policy to hold or issue derivatives for speculative or trading purpose.

### **Interest rate risk**

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company and subsidiaries.

The Company and subsidiaries consider themselves no interest rate risk because the Company and subsidiaries have most of the financial assets and liabilities carrying floating interest rate which will fluctuate in line with the market interest rates or fixed interest rates which approximate the current market interest rate.

### **Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and subsidiaries have a significant foreign currency risk in respect of the purchase transactions and borrowing. The Company and subsidiaries manage their exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Company and subsidiaries had no forward contracts outstanding at the balance sheet date.

#### **Foreign currency assets and liabilities**

As at 31 December 2006, outstanding balances of the Company's financial assets and liabilities denominated in foreign currencies are as follows: -

Foreign currency	Financial assets	Financial liabilities
USD	(Million)	(Million)
USD	-	2.5

#### **Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Company and subsidiaries.

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other accounts receivable. The Company and subsidiaries' management controls such risk by establishing credit limits for customers and counter parties and analysing their financial position as an ongoing basis. As a result, the Company and subsidiaries do not expect to incur material financial losses.

The Company and subsidiaries are not exposed to concentrations of credit risk because they have a variety of customer base and a large number of customers. In addition, the ownership in land and house, and residential condominium units is not transferred to the customers until full payment has been received. The maximum exposure to credit risk is therefore limited to the carrying amount of loans and other receivables as stated in the balance sheet.

#### **Fair value**

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as traded in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique such as discounted cash flow.

Since major financial assets and financial liabilities are short-term in nature, loans to subsidiaries and loans from financial institutions of which the interest rate is approximate to the market rate, the fair value of financial assets and financial liabilities are presented as the amount stated in the balance sheet.

### **30. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2007.



RAIMON LAND

...developing a better environment

Raimon Land PLC. 22nd Floor, Unit 2201-2203, The Millennia Tower, 62 Langsuan Rd., Lumpini, Pathumwan, Bangkok 10330  
Tel: 0 2651 9600-4 Fax: 0 2651 9614 E-mail: [info@raimonland.com](mailto:info@raimonland.com) [www.raimonland.com](http://www.raimonland.com)