

รายงานประจำปี 2553  
Annual Report  
2010



EASTERN STAR

Eastern Star Real Estate Public Company Limited  
บริษัท อีสเทอร์น สตาร์ เรียล เอสเตท จำกัด (มหาชน)

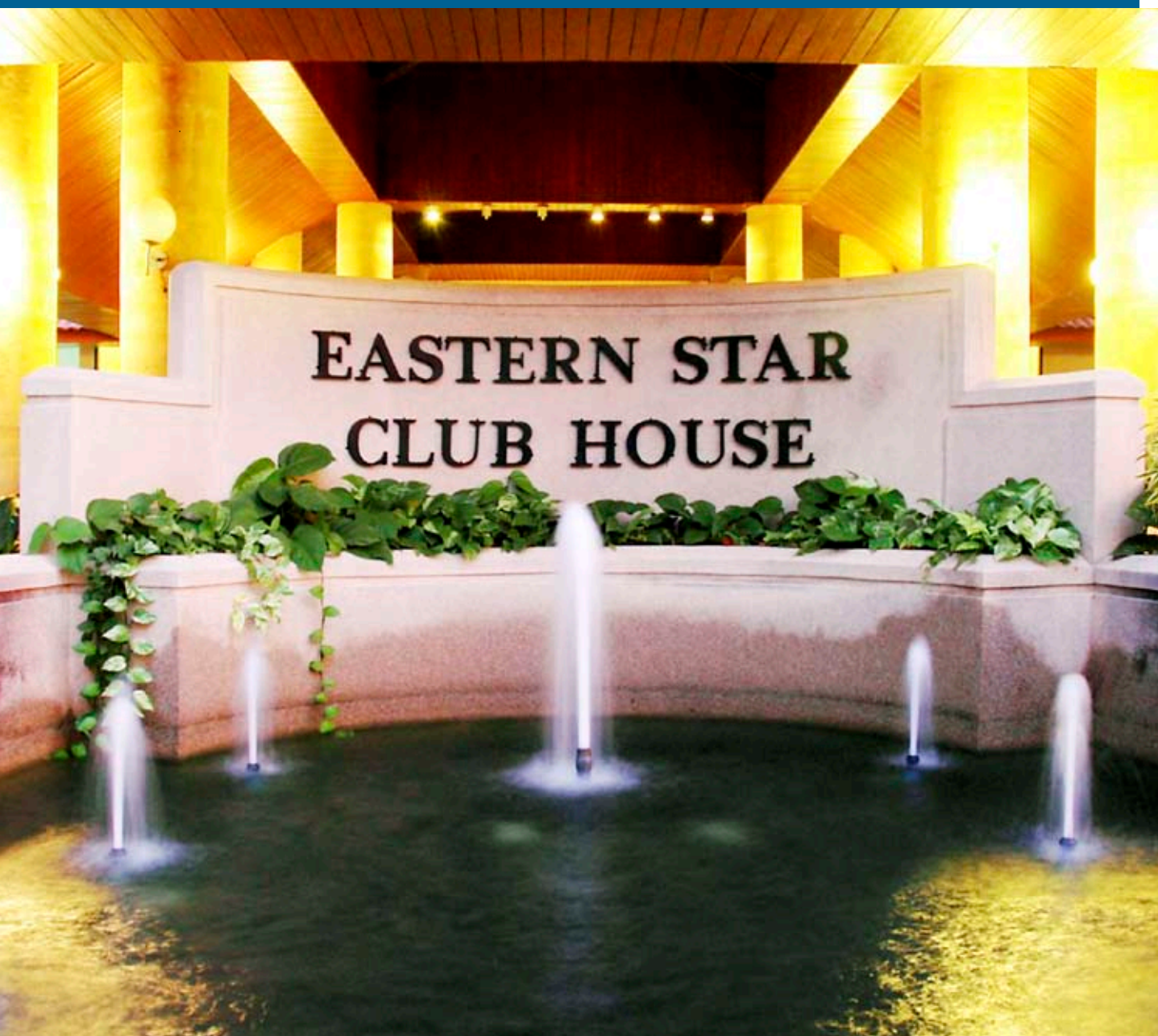


# Contents

- 1 Message from the Chairman of the Board
- 2 Report from Audit Committee
- 3 Company Profiles
- 5 Financial Highlights
- 6 Type of Business
- 10 Risk factors
- 11 Shareholders and Management
- 29 Good Corporate Governance
- 31 Inter-Related Transactions
- 32 Management Discussion and Analysis of Financial Results
- 35 The Board of Directors Responsibility For Financial Statements
- 36 Auditor's Report
- 37 Financial Statements











Sea Star Apartment



# Vantage

By Eastern Star



# The Breeze

By Eastern Star





Vintage Home Village 1



Vintage Home Village 2





# Message from the Chairman of the Board

To Our Shareholders:

In the year 2010, Thailand's economy expanded at a rate of 7.8 percent, an impressive figure reflecting persistent economic strength. The country's real estate sector, for its part, expanded significantly in comparison to 2009. Such a result owed to improved economic conditions combined with successful government measures to stimulate the sector by reducing transfer and mortgage fees, a policy implemented in 2009 and which remained in effect until 30 June 2010.

By the second half of 2010, the real estate market began to slow as a result of increased market competition, particularly in those locations where multiple projects opened at nearly the same time.

March 2010 saw the Company launch two additional condominium projects in Bangkok. These were the Vantage project on Ratchadaphisek Road near Ratchavipha intersection, with a total of 322 units, and the Breeze project on Narathiwassaranagarindra Road totaling 294 units. The Company achieved sales targets for both projects. Moreover, 2010 also saw sales targets attained for Star Estate @ Pattanakarn, a detached-house project in Bangkok; and for townhouse projects in Ban Chang district, Rayong province, these comprising Vintage Home Village, Vintage Home Village 2, Hamlet, Sinthavee Garden 2, Star Town Center and Star Townhouse projects. Company management and each individual operation will continue to combine efforts towards stimulating sales and quickly closing existing projects, in so doing allowing for Company expansion and thereby ensuring market competitiveness and income generation.

The Company continued its policy of maintaining personnel at numbers appropriate for all operations and of enhancing the skills of every employee. Likewise in 2010, the Company recruited valuable new personnel, including managers, who at the time of hiring possessed the necessary experience to immediately strengthen the Company and to ensure competitiveness and business expansion.

Just as in previous years, throughout 2010 the Company recognized the importance of corporate social responsibility by supporting activities to benefit those less fortunate in society. Programs and activities in which the Company took part included aiding the charity efforts of UNICEF, fund raising for the Special Olympics, helping to organize Youth Sport Games for the Eastern region, and other endeavors.

As for 2011, we expect the real estate sector to expand gradually in line with domestic economic conditions. We do, however, identify risk factors such as interest rate increases caused in part by inflationary pressures; we also acknowledge the effect of rising construction costs owing to higher prices for cement, iron and other materials. With such factors and circumstances in mind, the Company has applied a cautious business strategy in 2011. In the same vein the Company will continue to place importance on managing cost and liquidity, as these matters remain vital to growth. The year furthermore will see a focus on projects aimed at our main target customers, while ongoing efforts will take in service improvements and a sustained emphasis on high-quality projects – all of which will allow us to gain more confidence among existing and new customers.

On behalf of the Board of Directors, I would like to take this opportunity to convey our sincere gratitude to all shareholders, counterparties, customers and employees of the Company for their unflagging support and unwavering confidence.



(Mr. Anand Panyarachun)

Chairman of the Board

26 March 2011

# Report From Audit Committee

Dear Shareholders of Eastern Star Real Estate Public Company Limited,

The Audit Committee was nominated at the Board of Director's assembly on March 26, 2009. In accordance with the policy stipulated by the Stock Exchange of Thailand. The Audit Committee is composed of three independent directors namely :

- |                           |                             |
|---------------------------|-----------------------------|
| 1. Mr. Preecha Oonchitti  | Chairman of Audit Committee |
| 2. Mr. Somrit Srithongdee | Audit Committee             |
| 3. Mrs. Sunanta Tiasuwan  | Audit Committee             |

The Audit Committee has performed the duties and responsibilities according to regulations prescribed by the Stock Exchange of Thailand and as assigned by Board of Directors of the Company. In the year 2010, the Audit Committee had convened for 6 meetings with managing directors, accounting and finance director, accounting manager and certified public account (auditor). Attendance in the meeting of the Audit Committee is as follow:

Mr. Preecha Oonchitti	attended	6	meetings
Mr. Somrit Srithongdee	attended	6	meetings
Mrs. Sunanta Tiasuwan	attended	5	meetings

Report of the Audit Committee can be summarized as follow:

1. The Audit Committee reviewed financial statements of the company and its subsidiaries, including financial disclosures to the shareholders, and in their opinion the company is in compliance with Generally Accepted Accounting Principles (GAAP).

2. The Audit Committee assessed the company's policy on reporting of connected transactions in order to ensure full disclosure and circumvent problems stemming from conflicts of interest.

3. The Audit Committee reviewed the report of internal auditors on the effectiveness and adequacy of the company's internal control system, in order to ensure conformity with guidelines provided by the Securities and Exchange Commission, and the Stock Exchange of Thailand. It is the Audit Committee's opinion that there is an adequate system of internal control within the company.

The Audit Committee's opinion is that during the period up to 31 December 2006, the company effectively provided proper financial statements in accordance with generally accepted accounting standards, maintained sufficient disclosure policy, and has an adequate system of internal control.

The Audit Committee has made its recommendation to the Board of Directors to request the shareholder's approval at the next meeting to appoint Miss Praphasri Leelasupha, Certified Public Accountant Number 4664 from Sam Nak-Ngan A.M.C. Company Limited, or Ms.Susan Eiamvanicha, Certified Public Accountant Number 4306 from SP Audit Company Limited, as the company's auditor for the 2011 fiscal year with an audit fee in the amount of 890,000 Baht.



**Mr. Preecha Oonchitti**

Chairman of the Audit Committee

March 26, 2011



# Company Profiles

## Name and Address

<b>Name</b>	Eastern Star Real Estate Public Company Limited
<b>Head Office</b>	5th Floor Ploenchit Tower, No.898 Ploenchit Road Kwang Lumpini, Pathumwan District, Bangkok 10330 Tel:0-2263-1010-5 Fax: 0-2263-1009
<b>Branch Office:</b>	65/14-15 Mu 3, Sukhumvit Road Ban Chang, Rayong Province 21130 Tel:0-3860-2500, 0-3860-2511 Fax: 0-3860-2754 Website : <a href="http://www.estarpcl.com">www.estarpcl.com</a> E-mail : <a href="mailto:estar@estarpcl.com">estar@estarpcl.com</a>
<b>Business Type</b>	Property
<b>Registered No</b>	Bor Mor Jhor 0107536000307
<b>Registered Capital</b>	10,818,493,916 Baht (ordinary share)
<b>Paid-in Capital</b>	4,429,197,749 Baht (Par Value at 1.00 Baht per share)

## Name, Type of Business, and Address of Juristic Companies Eastern Star holds over 10% share of

### Eastern Star Resort Company Limited

Eastern Star Resort Company Limited conducts business on golf courses, clubhouses, sport club, and seminar room / banquet room resorts—namely Eastern Star Country Club and Resort, Ban Chang District, Rayong Province.

<b>Address</b>	241/5 Mu 3, Tambol Pala, Ban Chang District, Rayong Province 21130 Tel : 0-3863-0410-3 Fax : 0-3863-0418 Website : <a href="http://www.easternstargolfcourse.com">www.easternstargolfcourse.com</a> E-mail : <a href="mailto:esr_marketing@hotmail.com">esr_marketing@hotmail.com</a>
<b>Paid-in Capital</b>	Baht 500 million (ordinary share)
<b>% of shareholding</b>	81.30% (Par Value at 10 Baht per share)

### Seastar Properties Limited

Seastar Properties Limited conducts the business of leasing executive apartments for rent and detached houses for rent/sale, while satisfying environmental views with Eastern Star Country Club and Resort, Ban Chang District, Rayong Province.

<b>Address</b>	241/39 Mu 3, Tambol Pala, Ban Chang district, Rayong Province 21130 Tel : 0-3860-3018 - 9 Fax : 0-3863-0418 Website : <a href="http://www.seastarproperty.com">www.seastarproperty.com</a> Email : <a href="mailto:seastar_cs@windowslive.com">seastar_cs@windowslive.com</a>
<b>Paid-in Capital</b>	Baht 1,150 million (ordinary share)
<b>% of shareholding</b>	99.13% (Par Value at 10 Baht per share)

**Eastern Star Lai Sun New World Company Limited**

Eastern Star Lai Sun New World Company Limited conducts business on property development located in Ban Chang District.

<b>Address</b>	65/14-15 Mu 3, Tambol Ban Chang, Ban Chang district, Rayong Province 21130 Tel : 0-3860-2500 Fax : 0-3860-2754
<b>Paid-in Capital</b>	Baht 160 million (ordinary share)
<b>% of shareholding</b>	60% (Par Value at 10 Baht per share)

**Star Research & Consult Company Limited**

Star Research & Consult Company Limited conducts business on property research.

<b>Address</b>	3941 Praramsee Road Prakanong, Klong Toey, Bangkok 10110 Tel : - Fax : -
<b>Paid-in Capital</b>	Baht 7 million (ordinary share)
<b>% of shareholding</b>	17.14% (Par Value at Baht 10 per share)

**Name of Share Registrar and Auditor**

<b>Share Registrar</b>	Thailand Securities Depository Company Limited
<b>Address</b>	No. 62 Stock Exchange of Thailand Building, Ratchadaphisek Road Klong Toey, Bangkok 10110 Tel : 0-2229-2800 Fax : 0-2654-5427 Email : TSDCallCenter@set.or.th Website : <a href="http://www.tsd.co.th">http://www.tsd.co.th</a>
<b>Auditor</b>	Miss Praphasri Leelasupha Certified Public Accountant Number 4664
<b>Address</b>	Sam Nak-Ngan A.M.C. Co., Ltd. Unit-4, 19th Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500 Tel : 0-2231-3980-7 Fax : 0-2231-3988



# Financial Highlights

## Consolidated as of 31, December

	2010	2009	2008
Total Assets	4,428.70	4,297.08	4,262.81
Total Liabilities	204.29	118.68	103.61
Shareholder's Equity	4,224.42	4,178.40	4,159.20
Total Revenues	643.56	665.01	1,096.02
Cost of Sales and Services	452.14	493.25	762.74
Selling and Administrative Expenses	222.92	211.36	238.11
Net Profit (Loss)	45.29	19.20	103.23
Par Value (Baht/share)	1.00	1.00	1.00
EPS (Baht/share)	0.01	0.00	0.02
Dividend (Baht/share)	-	-	-

Financial Ratio			
Current Ratio (Times)	11.04	21.27	23.15
Quick Ratio (Times)	5.23	9.60	8.43
Cash Flow from Operation (Times)	2.19	2.82	7.88
Receivable Turnover Ratio (Times)	56.44	49.09	73.46
Average Collection Period (Days)	6	7	5
Gross Profit Margin (%)	25.54	25.83	30.41
Net Profit Margin (before extra items) (%)	6.83	2.83	9.31
Net Profit Margin (%)	6.83	2.83	9.31
Return on Equity (%)	1.08	0.46	2.51
Return of Assets (%)	1.04	0.45	2.42
Return on Equity (Times)	0.05	0.03	0.02
Fix Payment Coverage Ratio (Times)	3.68	3.06	3.32

## Type of Business

Eastern Star Real Estate Public Company Limited and its subsidiaries, and associated companies operate in the business of real estate for sales real for rent and golf course business. In previous years, since the start of the business until the year 2003 the company focused its business in the Ban Chang district, Rayong province, in order to support the government's Eastern Seaboard development project and help broaden prosperity in rural areas. Ban Chang district has a strong potential for development as it is located only 10 km from Map Ta Phut Industrial Estate, and 5 km from U-Tapao Airport. In addition, since the year 2004 the company has implemented policy to expand project development in Bangkok and surrounding provinces, while continuing its business in Ban Chang district, Rayong province. The types of development implemented by the company can be classified into such categories as follows:

### 1. Real estate development for sale

Project development for sale includes land plots, land plots with homes, and condominiums. For projects in Bangkok, previously operated by the Company under the name The Star Estate such as The Star Estate @ Rama III, The Star Estate @Narathiwas, and The Star Estate @ Pattanakarn 69. Afterwards, the projects will be developed under the names that correspond to their distinctive points or their characteristics such as The Breeze and Vantage. For projects in Ban Chang District, the Company develops such projects under the name Country Home Project, The Sinthavee Garden Project, The Sinthavee Garden 2 Project, The Star Townhouse Project, The Hamlet Project, The Vintage Home Village Project, The Vintage Home Village 2 Project, and The Star Town Center Project, etc. Moreover, Seastar Properties Company Limited also undertakes the business on rent and sales of premises (lands and houses) of 66 units and apartment for rent of 8 buildings, so number of accommodations is of 84 units in total.

### 2. Project development for rent

2.1 On August 23, 2007 the company made a lease agreement between Ek-Chai Distribution System Co., Ltd. the department store Tesco Lotus, and Eastern Star Plaza, which included a parking area with a contract value of 97.26 million Baht, and a duration of 25 years, 5 months.

2.2 Detached houses and apartments for rent operated by Seastar Properties Company Limited, a subsidiary company, such single homes and residential apartment is located in the same area as golf course of Eastern Star Country Club and Resort.

3. Golf course business: Golf course business is operated under the name "Eastern Star Country Club and Resort" by Eastern Star Resort Company Limited, a subsidiary of the Company. It is a 18-hole golf course which is qualified for international standard and designed by Robert Trent Jones, Jr., and comprises club house and restaurant as well as sports and other activities facilities such as tennis courts, swimming pool, fitness center, beach pool and seminar room with other facilities.



## The Company's and Subsidiary Companies Projects (as of 31st December, 2010)

### 1) Projects for Sale

No.	Projects name	Location	Type of Project	Target Group	Project's Area (Rai)	Possession of Land/ Project's Developer	Project's Value (Million baht)	Sales Progression Sales Volume (Million baht)	% of the Total Projects
1.	Country Home	T. Pala, A. Ban-Chang, Rayong	Land Selling	High Income	20-2-42.70	Owner/Estar	97.71	47.62	48.74
2.	Vintage Home Village	T. Pala, A. Ban-Chang, Rayong	Single House	High Income	27-2-82	Owner/Estar	286.21	245.68	85.84
3.	Hamlet	T. Ban-Chang, A. Ban-Chang, Rayong	Single House	High Income	12-0-30.50	Owner/Estar	139.49	114.57	82.13
4.	Star Town Center	T. Ban-Chang, A. Ban-Chang, Rayong	Commercial Building	Middle Income	3-3-87.40	Owner/Estar	109.90	109.90	100.00
5.	Sinthavee Garden II	T. Ban-Chang, A. Ban-Chang, Rayong	Single House	Middle Income	70-1-67.15	Owner/Estar	628.50	5.85	0.93
6.	Vintage Home Village II	T. Pala, A. Ban-Chang, Rayong	Single House	High Income	29-1-71	Owner/Estar	298.54	92.25	30.90
7.	Star Town House	T. Ban-Chang, A. Ban-Chang, Rayong	Commercial Building	Middle Income	5-1-76.4	Owner/Estar	133.82	130.87	97.80
8.	The Star Estate@ Pattanakam 69	Pattanakam 69 Pravej, Bangkok	Single House	High Income	23-3-30	Owner/Estar	979.43	382.11	39.01
9.	The Star Estate at Narathiwas	Narathiwas Rd., Chong Nonsri, Yannawa, Bangkok	Condominium	High Income	4-2-88.1	Owner/Estar	1,670.12	1,388.23	83.12
10.	The Breeze	ChongNonsri, Yannawa, Bangkok	Condominium	High Income	2-1-15.30	Owner/Estar	1,365.44	619.41	45.36
11.	Vantage	Latyao, Jatujak, Bangkok	Condominium	High Income	3-0-92	Owner/Estar	1,049.10	421.96	40.22

## 2) Projects for Rent

No.	Projects name	Location	Type of Project	Target Group	Amount (Unit)	Project's Area (Rai)	Possession of Land/ Project's Developer	Project's Construction Investment (Million baht)	Progression (%)
1.	Seastar Project	T.Pala A.Banchang Rayong	Single house Apartment	Middle/ High Income Foreigner	66 84	57-1-38.80	Owner/ Seastar	500.00	100

## Market and Competition

## 1) Business on Real Estate Development for Sale

In the first half of the year 2010, property market in Bangkok area had expanded according to economic condition and measures to stimulate real estate sector of the government on reduction of transfer fee and mortgage fee that was expanded until 30 June 2010. But there was a deceleration sign in the second half of the year 2010 due to high competition especially property market on condominium that was highly expanded and there were many new projects opened while there were some remained unsold in the market.

Real estate market in the year 2011 on detached house, attached house, and townhouse, is expected to be expanded in high potential areas which are the areas along the routes of electric trains heading to urban areas of which the constructions are already objective as well as other routes that have more progress. Real estate market on condominium is expected to slow down especially in the potential areas with severe competition in the market. The competition is not only on the location but also on the products which are building style, design, and concept of the projects. Thus, cost management especially during increasing trend of construction prices will help in competing in the market.

## 2) Business on Golf Course

Golf course business is operated by Eastern Star Resort Company Limited ("the Subsidiary"). The Company's marketing policy on the undertaking golf course business of Eastern Star Resort Company Limited still focuses on the strategy that makes golf course has full range of services and various facilities by maximizing the use of resources in golf course of Eastern Star Country Club and Resort such as club house and restaurant as well as sports and other activities facilities such as tennis courts, swimming pool, fitness center, artificial sea, and seminar room with other facilities.

For the management of golf course business, the Company's policy focuses on the maintenance of golf course to be in line with international standard and in good conditions through out the year, together with the provisions of club house and restaurant, and other service areas in order to attract golfers to use services in golf course. As a result, the golf course of the Subsidiary is regularly chosen to be a place to hold competitions and recreation activities of golf clubs in vicinity areas and is used for holding charity golf competitions which are continuously contained in annual plan of the Company. Such charity golf competitions are charity golf competition for Unicef and charity golf competition for Special Olympic which are continuously arranged every year. Besides, there is an arrangement of golf competition for youth in Eastern region which is supported by the Subsidiary as a part of corporate social responsibility.



### 3) Business on Real Estate for Rent

The business on real estate for rent is operated by Sea Star Property Company Limited (“the Subsidiary”). Types of residences are fit to tenants who need residences with useable areas of 3 – 4 bedrooms especially middle level management to expats who work in Mab Ta Put industrial estate and vicinity areas which is a clear target group. Middle level management or above will choose their residence by focusing on quality of life, facilities, and security. Also, as golf is a famous sport among management group, thus, the marketing strategy worked with Eastern Stare Resort Company Limited “the Subsidiary” is to make residents be able to use the golf course services of Eastern Start Country Club and Resort at special price. This is consider as marketing strength to help attract more foreign customers.

#### Overall Revenue Structure of Company and Subsidiary companies (2008 – 2010)

Project	Manage by	% Share holding	2010		2009		2008	
			Revenues	%	Revenues	%	Revenues	%
Revenue from the sale of real estates	ESTAR		562.59	83.80	590.33	85.76	1,032.83	92.03
Golf course	ESR	81.30	47.10	7.02	43.85	6.37	47.47	4.16
Project for Rent	SEASTAR	99.13	35.43	5.28	30.83	4.48	15.72	1.38
Other revenues	ESTAR,ESR, SEASTAR		26.25	3.90	23.35	3.39	26.23	3.93
Grand Total			671.37	100.00	688.36	100.00	1,122.25	100.00

Note:

- ESTAR = Eastern Star Real Estate Public Company Limited
- ESR = Eastern Star Resort Company Limited
- SEASTAR = Seastar Properties Company Limited

# Risk Factors

## Risk from the company's business policy

The Company previously had risk factor on the Company's business operation because of the dependence on customers around East coast area especially in the area of Banchang District, Rayong Province and the areas nearby. Thus, the projects of the Company had to depend only on the growth of the development projects in such area. In the year 2004, the Company had expanded the investment in real estate development projects into Bangkok as it was an area that had business potential. This would help reducing risk from business operation of the Company which previously focused only on customers in East coast area and increasing channel for income generating of the Company while part of business in Baan Chang District, Rayong Province was still continue.

Real estate business during the first half of the year 2010 continuously expanded from the year 2009 due to the recovery in business condition and the measures to stimulate real estate sector of the government on reduction of transfer fee/mortgage fee and tax which was continue since the year 2009 to 28 March 2010. Later, such measure on reduction of transfer fee and mortgage fee was extended to 30 June 2010. During the second half of the year 2010, real estate market was in a deceleration sign from the first half of the year due to higher competition in the market especially in the areas where there were many new projects opened at the same time.

In the year 2011, it is expected that real estate business will continuously expand according to the expansion of economy. However, there are many risk factors that need to be concerned such as increasing trend of interest rate. Moreover, costs of construction will also increase due to the increase in prices of some construction materials such as cement, iron, and other construction materials. Uncertainty in political situation will also make customers postponed their buying decisions. Thus, the Company needs to adjust business strategy for more cautious and more appropriate for the situation.

## Risk from ready-built house construction

The Company still has policy on building houses before sale in order to serve needs of the markets both for houses in Bangkok area and in Banchang District, Rayong Province, the company began building ready-built homes prior to sales reservations. As a result, the company required advance working capital for construction higher than usual, as there is no cash flow from the customers during the construction period. Moreover, this new marketing strategy now poses the company with the risk of the homes not being sold as expected. The company is forced to carry the cost, If such inventories were in stock too long, it would affect profitability of the Company. However, the Company did not have any liquidity problem even with such inventories. But this was to create confidence to customers if they could see finished houses.

The company has conducted market surveys on prospective customers who have visited the company's projects, as a means of gathering information on their preferences for housing styles and facilities. The survey results are analyzed in order to build homes according to the wants and needs of the customers. With this information the company is able to manage house construction lot by lot, finishing the houses in a timely manner, and avoiding the loss of any selling opportunities. This marketing method is ideal, as it does not require the company to carry excess stock on hand.

## Risk related to the increase in costs of construction

As oil price increased continuously, prices of construction materials and construction costs also increased. However, for many projects of the Company, the Company made agreements to hire contractors at the prices including costs of construction materials and labors which were at fixed rate. Thus, the Company was able to control costs at a certain level.



# Shareholders and Management

## Shareholders Structure

### 1. The Company's Securities

#### Ordinary Share

As of December 31, 2010, the company has a registered capital of 10,818,493,916.00 Baht, divided into 10,818,493,916 ordinary shares with par value of 1.00 Baht each. The registered paid capital is 4,429,197,749.00 Baht divided into 4,429,197,749 ordinary shares. In 2010, the company had no adjustment in paid capital.

#### Warrant ESTAR-W1

As of December 31, 2010 the company has 700,193,820 Estar-W1 remaining non-converted. The company indicated a new exercise ratio of warrant (Estar-W1) in which one warrant is entitled to buy one ordinary share at the price of 0.424 Baht every three months during the months of March, June, September, and December. The maturity date is December 29, 2011.

#### Warrant ESTAR-W2

As of December 31, 2010 the company has 1,253,366,144 Estar-W2 remaining non-converted. The company indicated a new exercise ratio of the warrant (Estar-W2) in which one warrant is entitled to buy one ordinary share at the price of 1.00 Baht every three months during the months of March, June, September, and December. The maturity date is December 30, 2011.

### 2. Major Shareholders

Following is the list of the top ten shareholders as of April 8, 2010. The total registered paid capital is 4,429,197,749.00 Baht divided into 4,429,197,749 ordinary shares at par value of 1.00 Baht.

No.	Name of Shareholders	No. of Shares	% of Total Share
1.	Bangkok Broadcasting & Television Co., Ltd.*	2,192,260,984	49.50
2.	BBTV Equity Company Limited.*	513,000,000	11.58
3.	Sunrise Equity Co., Ltd.*	349,608,114	7.89
4.	Mr.Krit Ratanarak	124,258,500	2.81
5.	Mr. Sirat Thamrongrat	55,500,632	1.25
6.	Mr.Chachaval Sirivacharapaibol	50,000,000	1.13
7.	Star Block Group Plc.	42,000,000	0.95
8.	Mrs.Nongyao Mahatthanarak	40,100,000	0.91
9.	Mr.Thavee Harnkraivilai	32,000,000	0.72
10.	Miss Ajjima Pakanam	31,000,000	0.70
<b>Total</b>		<b>3,429,728,230</b>	<b>77.44</b>

Note:

\* **Shareholders Sunrise Group consists of**

- Bangkok Broadcasting & Television Co. Ltd.	holds	2,192,260,984	shares or 49.50 percent
- BBTV Equity Company Limited. (For Rent Property)	holds	513,000,000	shares or 11.58 percent
- Sunrise Equity Co., Ltd. (Holding Company)	holds	349,608,114	shares or 7.89 percent
- GL Assets Co.,Ltd.	holds	5,746,876	shares or 0.13 percent
<b>Total</b>		<b>3,060,615,974</b>	<b>shares or 69.10 percent</b>

### 3. Company and subsidiary company policy on Dividend Payment

Due to consolidated financial statements and financial statements of company and subsidiary companies, motionless deficits or dividend payments caused retained earnings to become deficits. Company and subsidiary companies will be unpaid on their dividends. However, company and subsidiary company preparations for dividend payments are as follows:

Company	Dividend payment policy
Eastern Star Real Estate Public Co., Ltd.	At the rate of 50% of annual net profit.
Eastern Star Resort Co., Ltd.	Depending on General Shareholders Meeting approval.
Seastar Properties Co., Ltd.	Depending on General Shareholders Meeting approval.
Eastern Star Lai Sun New World Co., Ltd.	Profit margin after reserve of the company's operation capital. According to the approval of the Board of Directors or in accordance with the law. The remaining amount will be distributed as dividend.



# Management Structure

The company's management structure consists of 3 committees: the Board of Directors, Executive Committee, and Audit Committee. The details are as follows:

## A) Board of Directors

- Board of Directors as of December 31, 2010 consists of:
  1. Mr. Anand Panyarachun Chairman and Independent Director
  2. Mr. Veraphan Teepsuwan Vice Chairman
  3. Mr. Preecha Oonchitti Independent Director and Chairman of Audit Committee
  4. Mr. Somrit Srithongdee Independent Director and the Audit Committee
  5. Mrs. Sunanta Tiasuwan Independent Director and the Audit Committee
  6. Mr. Thaveepol Kongseri<sup>1</sup> Chairman of the Executive Committee
  7. Mr. Chatchawin Charoen-Rajapark<sup>1</sup> Executive Director
  8. Mr. Paiboon Wongjongjaihar<sup>1</sup> Executive Director
  9. Mr. Ratanachai Phatinavin<sup>1</sup> Executive Director
  10. Mr. Titiwut Soukpornchaikul<sup>1</sup> Executive Director

Note : <sup>1</sup>Authorized directors who can sign to bind the company

- Scope of Duties of Board of Directors:
  1. To manage the company in compliance with the law, the company's objectives, the Articles of the Association, and the resolutions of the shareholders.
  2. To set the company's direction and policies, and monitor the company performance through the appointed Management Committee.
  3. To inform the company immediately of a conflict of interest in making any agreements with the company, or acquiring more or less shares or debentures of the company and its affiliate companies.
  4. To set up the Board of Directors Meeting at least once every three months and call the meeting by the Chairman. If the Chairman cannot take this role the Vice Chairman will be the caller. If necessary two or more directors may request that the Chairman or authorized person nominated by the Chairman set up a meeting within 14 days from the date of request.
  5. To hold the right to collect remuneration from the company in the form of gratuity, attendance fee, pension bonus, or other benefits as stipulated in the Articles of the Association; or the right for consideration by the shareholders who fix the amount and set the criterion periodically as to be effective until changed. Moreover, allowance and welfare as per the company regulations are allowed as well.

The above statement is not to alter the rights of the company staff or employee who is appointed as a director to receive the remuneration and benefit when performing the role of company staff or employee.
  6. The Board of Directors holds the authority to organize the Executive Committee and to delegate the authority of the Executive Committee and the Managing Director, in order to manage in compliance with the company's policies and objectives.

## Management and Authorities Control as of December 31, 2010

Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
1.	Mr. Anand Panyarachun Chairman and Independent Director	78	Trinity College, (Legal) University of Cambridge B.A. (Honors)	0.15	none	1992 – present	Chairman	Eastern Star Real Estate PCL.
2.	Mr. Veraphan Teepsuwan Vice Chairman Passed training course of Role of the Chairman Program (RCP)	69	M.B.A., Northeastern University, U.S.A. Bachelor of Economics, Boston University, U.S.A.	0.03	none	2003 – present 1995 – present 1999 – present November 2006 – present January 2007 – present 1983 – present	Vice Chairman Chairman Chairman Chairman Chairman Director	Eastern Star Real Estate PCL. Ayudhya Allianz C.P. Life PCL. Ayudhya Insurance PCL. Siam City Cement PCL. Bank of Ayudhya PCL. Bangkok Broadcasting & T.V. Co., Ltd.
3.	Mr. Preecha Oonchitti Independent Director and Chairman of the Audit Committee Passed training course of Director Certification Program (DCP) and Director Accreditation Program (DAP)	65	Bachelor of Economics Thammasat University	-	none	2003 – present   2003 – present	Independent Director and Chairman of the Audit Committee Chairman	Eastern Star Real Estate PCL.   Eastern Star Resort Co., Ltd.

Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
4.	Mr. Somrit Srithongdee	61	Master Degree in Public Administration, Chulalongkorn University	-	none	January – March 2010	Senior consultant	Bank of Ayudhya PCL.
	Independent Director and Audit Committee					2010 – present	Chairman	Matching Maximize Solution PCL.
	Passed training course of Director Certification Program (DCP)		Bachelor Degree in Sociology and Anthropology, Chiangmai University			2010 – present	Chairman	ITBC Business Consultant Group Co., Ltd.
	Financial Statements for Director (FSD)		Mini MBA, Thammasat University			2010 – present	Consultant on Human Resource	Bangkok Broadcasting and Television Co., Ltd.
	Role of the Compensation Committee (RCC)					2009 – present	Independent Director and Audit Committee	Eastern Star Real Estate PCL.
	Executive Development Program					2008 – 2009	Senior Assistant Managing Director/ Head of Special Project – Human Resource	Bank of Ayudhya PCL.
	Finance Executive Program – Finex					2007 – 2008	Head of Human Resource	
							Secretariat to Nomination and Remuneration Committee	
						2000 – 2006	Assistant Managing Director in Human Resource	
						2002 – 2010	Board of Committee Member	Siam Realty and Services Co., Ltd.
5.	Mrs. Sunanta Tiasuwan <sup>1</sup>	60	Ordinary National Diploma in Business	0.03	none	2005 – present	Independent Director and Audit Committee	Eastern Star Real Estate PCL.
	Independent Director and Audit Committee		Studies and Administration University of Westminster (U.K.)					
	Passed training course of Director Certification Program (DCP) and Training from Capital Market Academy Class 11							



Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
6.	Mr. Thaveepol Kongseri <sup>2</sup> Chairman of the Executive Committee Passed training course of Director Certification Program (DCP)	69	Bachelor degree in Mechanical Engineering Shizuoka University, Japan	-	none	2007 – present 2005 – present 2003 – present 2003 – 2005/present 1999 – present 1999 – 2006/present 1998 – 2007/present	Director Chairman of the Executive Committee Executive Director Director/Chairman Director Director/Chairman Director/Chairman of the Executive Committee	Siam City Cement PCL. Eastern Star Real Estate PCL. Eastern Star Resort Co., Ltd. Seastar Properties Co., Ltd. Super Assets Co., Ltd. Siam Purimongkol Co., Ltd. Khao Kaew Country Club Co., Ltd.
7.	Mr. Chatchawin Charoen-Rajapark <sup>2</sup> Executive Director Passed training course of Director Accreditation Program (DAP) Director Certification Program (DCP) Audit Committee Program (ACP) Role of the Compensation Committee (RCC)	50	Ph.D in Management Massachusetts Institute of Technology	-	none	2007 – present      2005 – present 2005 – present    1998 – present 1996 – present  1992 – present	Director, Committee member in Policy and strategy committee and Nomination and remuneration committee, Chairman of Audit committee Executive Director Director, Audit Committee and Chairman of Nomination and Remuneration Committee Managing Director Vice Chairman of The Board of Directors Executive Director	Thai Insurance PCL.      Eastern Star Real Estate PCL. Ocean Glass Public Co., Ltd.   President Hotel and Tower Co., Ltd. Rajapark Development Co., Ltd. Pendulum Co., Ltd.

Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
8.	Mr. Tititwut Soukponmchaikul <sup>2</sup> , Executive Director	48	B.A. -Economics, Thammasat University B.A. -Accounting, Sukhothai Thammathirath University M.B.A. Chulalongkorn University	-	none	April 2007 – present	Director	Eastern Star Lai Sun New World Co., Ltd.
	Passed training course of Director Accreditation Program (DAP)					2006 – present	Executive Director	Eastern Star Real Estate Public Co., Ltd.
	Company Secretary Program (CSP)					2006 – present	Director	Eastern Star Resort Co., Ltd.
	TLCA Executive Development Program (EDP) Class 6					2006 – present	Director	Super Assets Co., Ltd.
						2005 – present	Executive Director	Khao Kaew Country Club Co., Ltd.
						2003 – present	Account – Financial	BBTV Equity Co., Ltd.
9.	Mr. Paiboon Wongjaiharu <sup>2</sup> , Executive Director	47	Bachelor of Electrical Engineer King Mongkut's University of Technology North Bangkok	-	none	2003 – present	Director	Seastar Properties Co., Ltd.
	Passed training course of Director Accreditation Program (DAP)					2005 – present	Executive Director	Siam Purimongkol Co., Ltd.
						2010 – present	Director	Khao Kaew Country Club Co., Ltd.
						2010 – present	Director	Siam Purimongkol Co., Ltd.
						2007 – present	Executive Director	Eastern Star Real Estate Public Co., Ltd.
						2006 – present	Director	Seastar Properties Co., Ltd.
10.	Mr. Ratanachai Phatnavin <sup>2</sup> , Chief Executive office	48	Master of science computer and engineering management (MS – CEM) Assumption University	0.08	none	2003 – present	Director	Eastern Star Resort Co., Ltd.
	Passed training course of Director Certification Program (DCP)					1994 – present	Engineering Manager and Building Manager	BBTV Equity Co., Ltd.
						2008 – present	Chief Executive office	Eastern Star Real Estate PCL.
						2004 – 2008	Chief Executive office	Metrostar Property PCL.
						2005 – 2007	Director	Industrial Estate Authority of Thailand
						2003 – 2005	Chairman of the Audit Committee	Raimon Land PCL.
11.	Mr. Vigrom Tunghanitansook Senior Vice President – Rayong Project Department	61	Bachelor of Civil Engineer (Honors) Chulalongkorn University Asian Institute of Technology (AIT) Master of Civil Engineer (Structure)	-	none	2004 – present	Senior Vice President – Rayong Project Department	Eastern Star Real Estate PCL.
						1996 – present	Director	Seastar Properties Co., Ltd.
						1996 – 2007	Director	Eastern Star Housing
						1996 – April 2007	Director	Eastern Star Lai Sun New World Co., Ltd.

Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
12.	Mrs. Allawan Samsodtiwong Senior Vice President – Project Development and Design Department	54	Bachelor Architecture Silapakorn University Mini MBA 29 Thammasat University	-	none	2004 – present	Senior Vice President- Project Development and Design Department	Eastern Star Real Estate PCL.
13.	Mr. Pinij Dharakasem Senior Vice President –Project Development and Construction Department	48	Bachelor of Civil Engineer Kasetsart University	-	none	September 2007 – present  September 2006 – August 2007 September 2005 – September 2006 May 2005 – August 2005 October 2002 – March 2005	Senior Vice President – Eastern Star Real Estate PCL. Project Development and Construction Department Senior project manager C.M.&D. (Thailand) Co., Ltd. Project manager Project manager Project manager Project manager	Syntech Construction PCL. K.C.S. and Associate Co., Ltd. Axis Architect Company Limited
14.	Mr. Pongsak Maision Vice President – Legal and Corporate Secretary Passed training course of Company Secretary Program (CSP)	52	Bachelor of Laws Thammasat University	-	none	2006 – present  2003 – 2006	Vice President – Legal and Corporate Secretary Manager-Legal Division Eastern Star Real Estate PCL.	Eastern Star Real Estate PCL.

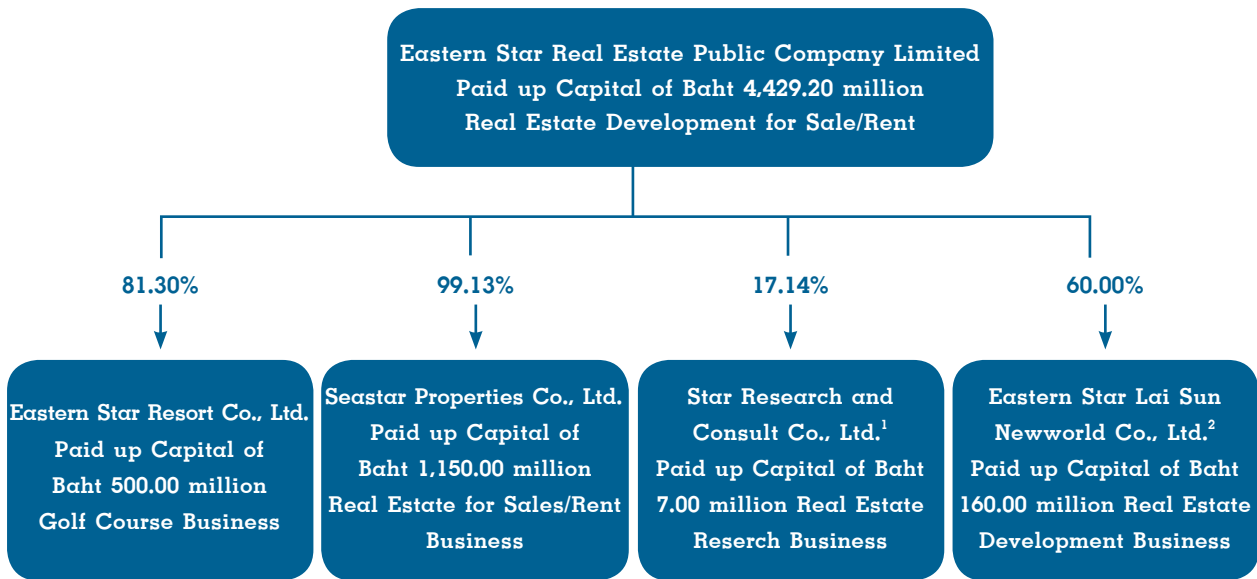


Item	Name-Last name Position	Age (year)	Education	Estar Share holding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
15.	Mr. Supphaphong Amrarong Vice President – Accounting, Finance and Information Technology Department	42	MBA Kasetsart University	-	none	2006 – present	Vice President – Accounting, Finance and Information Technology Department Manager-Accounting Division	Eastern Star Real Estate PCL.
16.	Mr. Phisith Tangkhanich Vice President-Personnel and Corporate Affairs Department Passed training course of Director Accreditation Program (DAP)	49	Master Degree in Laws, Ramkhamhaeng University Bachelor of Laws Thammasat University	-	none	2009 – present	Vice President – Personnel and Corporate Affairs Department Director of Operations and Legal Department	Eastern Star Real Estate PCL.
17.	Mrs. Saowakhol Pho-Ngam Assistant Vice President – Accounting, Finance and Information Technology Department	46	Bachelor of Financial and Banking Ramkhamheng University	-	none	April 1997 – November 2006/present	Manager – Finance Division/ Assistant Vice President -Accounting, Finance and Information Technology Department	Eastern Star Real Estate PCL.

Note : <sup>1</sup> Including shareholding of spouse and juvenile children-issued shares as of December 31, 2010 was 4,429,197,749 shares

<sup>2</sup> Mr. Thaveepol Kongseri, Mr. Chatchawin Charoen-Rajapark, Mr. Tititwit Soukpornchaikul, Mr. Palboon Wongjongjaiharn and Mr. Ratanachai Phatinavin – two out of five signatures of this aforementioned persons and the Company stamp authorize and indicate the company Business Certificate, effective as of 21 August 2008.

## Structure Groups of Eastern Star Real Estate Public Company Limited As at 31 December 2010



Remark : \*<sup>1</sup> Star Research and Consult Co., Ltd. Temporary stop operation business

\*<sup>2</sup> Eastern Star Lai Sun Newworld Co., Ltd. Non - commercial operation

### B) Executive Committee:

- The Executive Committee as of December 31, 2010 consists of:
  1. Mr. Thaveepol Kongseri Chairman of the Executive committee
  2. Mr. Chatchawin Charoen-Rajapark Executive committee
  3. Mr. Ratanachai Phatinavin Executive committee
  4. Mr. Paiboon Wongjongjaiharn Executive committee
  5. Mr. Titiwut Soukpornchaikul Executive committee
- Scope of Duties of the Executive Committee:
  1. To screen the issues to be proposed to the Board of Directors and review the Committee Meeting Report prior to presenting it for approval.
  2. To manage the company in accordance with the plan, budget, and policies that the Board of Directors has approved; as well as following up on issues that have been approved by the Board.
  3. To consider the approval of various issues within their scope of responsibilities.

#### Scope of Authorities of the Executive Committee:

1. To set up the company's principles, conditions, rules and regulations in various aspects as well as to assign work and authorities to the employee.
2. To give approval or make a decision on the issues which require no approval from the Board of Directors.
3. To give approval or make a decision on urgent issues which cannot be postponed for the Board of Directors meeting approval. In this case, the discussion with the Chairman of the Board, or the Chairman of the Audit Committee is required for screening. After the action has been carried out, it is necessary that it be proposed to the Board of Directors for ratification.
4. The Executive Committee has the authority to appoint any executive manager, although not more than two persons, who is not in the position of a member of the Executive Committee to be an associated Executive Committee member.

**Scope of issues that need the approval of the Board of Directors:**

1. The company's direction and policies on planning as well as the creation of the annual budget. The annual budget must consist of profit and loss projections, cash flow projections, investment budgets, documentation of the number of employees, and the employment plan.
2. The company's property development projects.
3. Management policy, organizational structure, employee welfare, bonus, and annual salary increase plans.
4. The purchasing of land or buildings not included in the approved property development project as mentioned in clause 2.
5. The selling of land or buildings not included in the general business transaction of the company or the company's asset development project.
6. The rental or leasing of land or buildings which exceeds a time period of over three years, or a value of 10 million Baht.
7. The establishment of a loan with any financial institutions, shareholders, or related parties.
8. The increase and decrease of the capital of the subsidiaries or associated companies, as well as the cancellation or merger with these companies. The selling of capital investment of the subsidiaries and associated companies including entering into a joint venture with any company.
9. To bring any case to the court that has a value exceeding 5 million Baht.
10. The matter as defined by the law must be approved by the Board of Directors.
11. The Board of Directors must approve any matters defined by the Board of Directors.

**C) Audit Committee**

- The Audit Committee as of December 31, 2010 consists of:
  1. Mr. Preecha Oonchitti Chairman of the Audit Committee
  2. Mr. Somrit Srithongdee Audit Committee
  3. Mrs. Sununta Tiasuwan Audit Committee
- Scope of authorities of the Audit Committee:
  1. To review the Company's financial reporting process to ensure that it is accurate and adequate and also to review the unusual items, the important accounting policy and the auditor's adjustment transactions.
  2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
  3. To review the Company's compliance with laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
  4. To consider, select, and nominate the Company's auditor, and to propose the auditing fee by considering the auditors' independence e.g. reviewing the other services provided to the Company by the audit firm, the rotation of the auditors, etc.
  5. To review with the auditor the material matters which may affect the reliability of the financial statement e.g. issues or conflicts the auditor may face in performing his duty, differences of opinion between the auditor and the management, the efficiency of internal control systems, and some weak point which occurred during this period and may continue in the next period, etc.
  6. To attend a non-management meeting with an auditor at least once a year and to attend a non-management meeting with the head of compliance and internal audit department at least once a year.
  7. To review the risk level and risk assessment method of the internal auditor and to assess the awareness of the Board of Directors and the management with regard to significant risk and operational risk.



8. To consider and ensure the accuracy and completeness of the disclosure of information of the Company in the case of the Connected Transactions, or the transactions that may lead to conflicts of interests and to provide an opinion to the Board of Directors regarding the connected transaction or the transaction that may entail a potential conflict of interest before entering into such a transaction, according to the rules and regulations of the SET and SEC.
9. To review and acknowledge the Company's compliance with the business code of conduct, ethics and corporate governance.
10. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - 10.1 an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - 10.2 an opinion on the adequacy of the Company's internal control system,
  - 10.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - 10.4 an opinion on the suitability of an auditor,
  - 10.5 an opinion on the transactions that may lead to conflicts of interests,
  - 10.6 the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - 10.7 an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - 10.8 other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
11. To approve the Charter of the internal audit function and review it at least once a year.
12. To consider and approve the annual internal audit plan and prioritize it according to risk level. To review the internal audit report and consider with the management the Company's weak points or failings and get responses from management.
13. To approve the appointment, transfer and dismissal of the head of compliance and internal audit department, as well as to determine the independence of such function.
14. The Audit Committee has the right to seek any information from independent professional advisors at the company's expenses when necessary.
15. If the Board of Directors or the management unreasonably ignores the recommendations made in the Audit Committee's report or the committee is suspicious of a transaction that might have a material impact on the financial condition or operational results of the company, the Audit Committee will report such finding to the Office of Securities and Exchange Commission or the SET.
16. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

**D) The Company's independent director as at 31 December 2010 consists of:**

1. Mr. Anand Panyarachun Chairman
2. Mr. Preecha Oonchitti Chairman of the Audit Committee
3. Mr. Somrit Srithongdee Audit Committee
4. Mrs. Sununta Tiasuwan Audit Committee

**Regulation on the Qualification of “Independent Director” according to Notification of Capital Market Supervisory Board No. TorJor. 4/2552 dated 20 February 2009 means a director who has the following qualifications:**

1. Holds shares not excess 1 percent of issued shares with voting rights of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant. For this purpose, shares held by related person of such independent director shall also be included.
2. Is not or does not use to be a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who has control power over the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board. However, such prohibited characters shall not include in case that an independent director used to be a government officer or an advisor of government agency who is a major shareholder or has control power over the applicant.
3. Is not a person who has relationship by cognate or by legally registration in form of parents, spouse, relatives, and child including child’s spouse of director, major shareholder, person who has control power, or person who would be nominated as management or person with control power over the applicant or subsidiary company.
4. Does not have or use to have business relationship with the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant in the manner that would obstruct the exercise of his independent consideration; and is not or does not use to be shareholder with significant shareholding, person with control power over person who has business relationship with the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board.

The relationship mentioned in the aforementioned paragraph shall include regular business transactions for day to day operation, hiring or renting out real estates, any transactions related to assets or services, or provision or receipt of financial supports in form of taking or granting loan, guarantee, pledging of assets as liability collaterals, including other similar forms or actions that make the applicant or counterparty have liability obligation to make settlement to the other party at the amount of 3 percent of net tangible assets of the applicant or 20 Million Baht or over, whichever amount is lower. For this purpose, the calculation of the aforementioned liability obligation shall be in accordance with the method used for the calculation of related transactions according to the Notification of Capital Market Supervisory Board Re: Regulations on the Undertaking or Related Transactions by adaptation. However, in considering such liability obligation, liability obligation incurred during the past one year before the date that business relationship with the same person arises shall also be included.

5. Is not or does not use to be an external auditor of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant; and is not or a shareholder with significant shareholding, a person with control power, or a partner of audit firm of external auditor of the applicant and of parent company, subsidiary company, associated company, major shareholder, or person with control power where the applicant is a member; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board.

6. Is not or does not use to be any professional service provider including services on legal consultant or financial consultant who receives service fee more than 2,000,000 Baht per annum from the applicant, parent company, subsidiary company, associated company, major shareholder, person who has control power over the applicant; and is not a shareholder with significant shareholding, a person who has control power, or a partner of such professional service provider; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board.
7. Is not a director who is appointed to be representative of the director of applicant, major shareholder, or shareholder who is a related person to such major shareholder.
8. Do not undertake business with similar nature or business that has significant competition with the applicant or subsidiary company, or is not a significant partner in partnership or a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who holds shares more than 1 percent of issued shares with voting rights of other companies that undertake business with similar nature and with significant competition with business of the applicant or subsidiary company.
9. Does not have any other characteristics that make such director unable to independently express opinion about business operation of the applicant after getting the appointment to be an independent director with the qualifications as prescribed in Clause 1 to 9. The independent director may be assigned from the Board of Directors to make decision in business operation of the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant in form of collective decision. Regulations prescribed in Clause 2, 4, 5, and 6 in the part that requires qualification of an independent director of the applicant be considered during the past two year before the date of the petition submission to the board shall be enforced to petition submitted to the board since 1 July 2010 onwards.

For a person whose the applicant appoints to be independent director is a person that has or used to have business relationship or professional service provisions exceed the amount prescribed in Clause 4 or 6, the applicant shall receive relaxation for the prohibition on having or using to have business relationship or professional service provisions exceed the aforementioned amount only in the case that the applicant manages to have the opinion of the Board of Directors, considering under Section 89/7, that the appointment of such person would not have any effect on taking duty or on expressing independent opinion and that the applicant manages to disclose the following information in letter of appointment for shareholder's meeting that has agenda on the consideration of the appointment of independent director.

- A. Business relationship or professional service provision that makes such person unqualified according to the regulations prescribed.
- B. Reason and necessity for the appointment of such person as independent director.
- C. Opinion of the Board of Directors of the applicant in proposing to appoint such person as independent director.

In the purpose under Clause 5 and 6, "partner" means a person who is assigned from an audit firm or a professional service provider to be a signatory in audit report or professional service providing report (as the case may be) on behalf of such juristic person.



## E) The Company's secretary

- The Company's secretary as at 31 December 2010 was Mr. Pongsak Maision. The responsibilities are to provide suggestions regarding laws and regulations that the committee have to know as well as to arrange and facilitate meetings of directors and shareholders to ensure efficiency.

## F) The company's management as of December 31, 2010 :

1. Mr. Ratanachai Phatinavin Chief Executive Officer
  2. Mr. Vigrom Tungpanitansook Senior Vice President – Rayong Projects Department
  3. Mrs. Allawan Smarnsodtiwong Senior Vice President – Project Development and Design Department
  4. Mr. Pinij Dharakasem Senior Vice President – Project Development and Construction Department
  5. Mr. Pongsak Maision Vice President – Legal and Corporate Secretary
  6. Mr. Supphaphong Amrarong Vice President – Accounting, Finance and Information Technology Department
  7. Mr. Phisith Tangkawanich Vice President – Personnel and Corporate Affairs Department
  8. Mrs. Saowakhol Pho-Ngam Assistant Vice President – Accounting, Finance and Information Technology Department
- The Scope of authorities and accountability of the Managing Director:
    1. To undertake, manage, and operate routine business for the company's benefit. To comply with the company's objectives and the Articles of the Association including: regulations, resolutions, policies, action plans, and budgets as assigned by the Board of Directors.
    2. Managing director has authority to perform any actions that are in normal business practice with the approval power as prescribed in table of authority stipulated by the Company. In case that managing director engages in any actions with the value exceeding the authorized scope, managing director shall grant approval from management committee and/or board of directors before undertaking such actions.
    3. To propose approval by the Management Committee for any investments or developments not included in the annual policies. The scope of the Managing Directors excludes operations concerning the Connected Transaction or Assets Acquisition and Disposition of the company's assets dictated by the SET's regulations.

## Committee and Management Nomination

### 1. Board of Directors

The Board of Directors shall consist of no more than 10 persons; The company has no Nomination Committee to recruit the directors, and does not exercise cumulative voting where a shareholder can divide his vote to appoint the directors, as stipulated in Section 70 of the Public Company Limited Act. The appointment of the directors is decided by the majority of existing votes of shareholders present in the meeting. In order to nominate directors the shareholders may elect one or more directors to gather a committee, or use other measures subject to the discretion of the shareholders. Each shareholder is allowed one vote per share and they may not divide their vote.

## 2. The Audit Committee

The Audit Committee consists of one Chairman of Audit Committee member, and at least two but not more than four Audit Committee directors. The company passed a resolution at the Board of Directors Meeting No.2/ 2009 on May 26, 2009 resolving to establish an Audit Committee consisting of:

- (1) Mr. Preecha Oonchitti Chairman of the Audit Committee
- (2) Mr. Somrit Srithongdee Audit Committee
- (3) Mrs. Sununta Tiasuwan Audit Committee

They are the directors who do not partake in the management according to the regulations and conditions of Stock Exchange of Thailand. The term of such directors is 2 years since 12 May 2009 onwards. When the term is end, the directors may be reelected to be in the position again.

## 3. Director and Management Remuneration

Management Remuneration for the year 2010 follows:

- Total remuneration of the 10 directors (including resigned directors) within the year 2010 equaled 5,520,000.00 Baht.
- Total remuneration of the 8 members of the management team (including salary and provident funds) within the year 2010 equaled 19,685,404.00 Baht.

### Detail of management remuneration for the year 2010

Directors	Position	Office Period	No. of Participation	Remuneration amount (Baht)
1. Mr. Anand Panyarachun	Chairman and Independent Director	1992 – present	5/6	1,440,000.00
2. Mr. Veraphan Teepsuwan	Vice Chairman	1 April 2003 – present	6/6	480,000.00
3. Mr. Preecha Oonchitti	Independent Director and Chairman of Audit Committee	1 April 2003 – present	6/6	600,000.00
4. Mr. Somrit Srithongdee	Independent Director and the Audit Committee	26 February 2009 – present	6/6	480,000.00
5. Mrs. Sunanta Tiasuwan	Independent Director and the Audit Committee	16 February 2005 – Present	4/6	480,000.00
6. Mr. Thaveepol Kongseri	Chairman of the Executive Committee	16 February 2005 – Present	6/6	600,000.00
7. Mr. Chatchawin Charoen-Rajapark	Executive Director	7 March 2005 – Present	5/6	480,000.00
8. Mr. Titiwut Soukpornchaikul	Executive Director	16 November 2006 – Present	6/6	480,000.00
9. Mr. Paiboon Wongjongjaiharu	Executive Director	26 April 2007 – Present	6/6	480,000.00
10. Mr. Ratanachai Phatinavin	Executive Director	3 March 2008 – Present	5/6	-
<b>Total</b>				<b>5,520,000.00</b>

#### **4. Inside Information Usage Control**

The Company requires executives to report any conflicts of interest, especially when internal information was used for personal interest. The Company also requires executives to report changes in their company's shareholding at the Board of Directors Meeting. The Company informed all executives of the regulations of the Securities & Exchange Commission (SEC), and Stock Exchange of Thailand (SET), as well as the penalties for violation of these regulations.

#### **5. Audit Committee's Opinion on Internal Control**

It is the company's intention that the internal control system shall proceed to The Board of Directors, and be assigned to the Audit Committee's assessment of inspection of the internal control system. The internal control system maintains appropriate and sufficient efficiency of business operations. In addition to being used resourcefully, the properties maintain protection of erroneous reduction, damages, and dishonesty. The accounting system and the financial report are both convinced and correct, and follow practice with the regulations and laws related to business operations.

In 2010 the Audit Committee evaluated the internal control system, in order to interrogate and review the significance for administration. This summary illustrates the company's internal control system, which consists of the following divisions: organization, environment, risk management, management control activities, information and communication measures, and monitoring systems, which maintain that the company has sufficient operation control procedures. The details are as follows:

##### **(1) Control and Environment measure**

The company encourages the environment factor in order to sustain a sufficient organizational structure in accordance with internal control. The internal control system is divided into departments who are responsible for their own sectors. The internal control system is utilized for the purpose of inspection of operations. The major departments create a performance handbook in order to adjust insignificant jobs sufficiently, and reduce work redundancy. All departments are required to follow the same standards. The company reports business performance each year in categories such as: economics, market, and competition in order to maintain a high standard. Environment control appropriately influences the efficiency of internal control.

##### **(2) Risk Management Measure**

As a means of risk management the company has analyzed and evaluated all risk factors of both internal and external causes, which may influence the business operations. Through the evaluated risk process the company follows a successful objective. The existence of any risk in the evaluation consistent of general indoctrination will be managed in an effective matter. Furthermore, if any risk is found, the Executive Committee will be informed at once.

##### **(3) Management Control Activities**

The company's internal control activities are aimed at stipulating control when necessary through appropriate policy. The internal control activities such as: environment control, regulations, procedures, commands, and manual operation are clearly stated and specific to each activity. The established and related the audit committee the activities under the inspection of the Board of Directors. The related committees perform operations within the scope of their authority and responsibilities as assigned by The Board of Directors.

**(4) Information and Communication Measure**

The company is required to communicate information concerning the operation system through financial reports and follow-ups on policies and regulations. The company collects and prepares information data from outside sources. The company proposes any sufficient or relevant information to the appropriate business and the executive management.

**(5) Monitoring System and Evaluation**

The company's internal control operates efficiently and sufficiently to support the objectives of the business operation, and maintains ongoing monitoring and evaluation of the internal control department. In the year 2010, the company held meetings with the Director Committee on six occasions, and the Executive Conference almost every month, in order to monitor the internal control process and operate successfully.



# Good Corporate Governance

## Policy on Corporate Governance

The Board realizes the importance of good corporate governance to effective performance. This is a stepping stone to success and sustainable growth. So that the company has set the following policy on corporate governance:

- Equitable and credible treatment to the stakeholders.
- The member of the Board of Directors determine to perform their duties at their best efforts for the benefit of the company. Their performance reflect leadership and management control. The Board of Directors also monitors to prevent conflict of interest.
- The Company sets ethics for the members of the board and employees to practice.
- Operation will be transparent and able to be audited. The internal control system is in place to deal with risks. There is an internal auditor to assure that the management efficiently perform under the policies of the company.

## Shareholders' right and Shareholder Meeting

The Company has a policy to disclose all information for the consideration in the Shareholder meeting. The company held one shareholder meeting, the Ordinary General Meeting of Shareholders. The meeting was convened at a hotel located in Bangkok where the public transportation system is available for the shareholders' convenience to join the meeting. The company sent an invitation letter enclosed with information of each agenda to shareholders at least 7 days before the meeting. Each agenda has the board's opinion. The Company let shareholders register at least 1 hour before the meeting. The Chairman of the Board who chaired the meeting gave opportunities to shareholders to express their questions, opinion, and suggestions freely. Besides, the Company gave shareholders an alternative to authorize an independent director as their proxy to join the meeting.

## Rights of Stakeholders

The Company realized importance of stakeholders. No matter they are internal stakeholders : employees, executives and board or external stakeholders: shareholders, customers, partners, creditors, competitors and public sectors because they all encourage the company to increase competitiveness and profit. The Company will follow provision of laws and related regulations in order to protect their rights.

## The Board

The Board as of December 31, 2010, there were 10 directors consisting of

- 5 executive directors
- 1 non – executive directors
- 4 Independent directors (This is 40 % of all board members)

Chairman and Managing Director are different people. This leads to transparency, especially in supervision and daily work, because they have separate responsibilities. Conflict of interest or Managing Director's monopolization will not happen easily because of the balance of power. Moreover, this enables Chairman to make an independent and better decision for the highest benefit of company and shareholders.

The Board has involved in making decision and setting company's vision, mission, policy, goal, business plan and budget. The board has supervised the management to act in accordance with the business and budget plans. The board assigned the management to set up internal control system and to fix its authorities. The board always follow up the management operation and internal control system at the Board of Directors Meeting.

The Board holds a meeting every quarter. If necessary, an ad hoc meeting will be held with the exact date and agenda. Documents will be submitted to the board at least 5 days ahead to give the board time for consideration. In 2010, the board held 6 meetings. The participation of each director is mentioned in Directors remuneration. as in Clause 3

The minutes of the Board of Directors Meeting is prepared and kept in file approval. They are available for the board and related people to audit.

The board realizes importance of accurate and credible financial report. The board makes a report on its responsibility for financial statements. It covers important factors in line with the Code of Best Practices for Directors of Listed Company suggested by the Stock Exchange of Thailand. This is stated in the 2010 Annual Report.

### **Conflict of Interest**

The Company launched written principles of good corporate governance under the topic of the conflict of interest and stock trading in an effort to prevent conflict of interest.

### **Business Ethics**

The board launched employees' ethics for their guidance of practices. The way employees treat the company and stakeholder should be honest, fair and transparent. Employees signed to acknowledge and agree to adopt them. The Company will monitor whether they behave or not to encourage the good corporate governance.

### **Director and Management Remuneration**

The Company's board of director will allocate the remuneration for directors that are approved in the ordinary shareholders' meeting 1/2010 dated 29, April 2010 which are not more than 6.5 million baht per year. In 2010, the company has paid totally 5,520,000 baht to the board of directors. And for the management team, their remunerations will depend on the company's operation results and performance of each management. Each management's remuneration will be approved by the company's executive board and / or board of directors.

### **Controlling System and Internal Audit**

The board realizes importance of internal control system particularly in finance and operation. The company has an internal auditor to audit employees' operation. This is to ensure that main duties, financial activities, legal compliance and company's requirements have been practiced effectively. The internal auditor is granted with independence to audit. The internal auditor reports directly to the Audit Committee who then reports directly to the Board of Directors. The board will inform the management to practice and improve.

According to the 2010 internal audit reports, the Company had the policy to keep the information as well as the document form regarding the company's asset in the standard way. This is to ensure that the use of asset is in compliance with the company's principles and in such a way that maximize the company's interest. Apart from the mentioned policy, significant defects were not found. There was only daily work's error which was solved at times.

### **Risk Management**

The Company has not had Risk Management Committee. However, it has analyzed risks and laid preventive measures in order to minimize the risk. The details are stated in topic of Clause 5 (2) Risk Management Measure.

### **Investors Relation**

The Board realizes that either financial or non-financial information of the company has effect on investors and the stakeholder's decision making. Thus, the management has to reveal all accurate, credible and up-to-date information. The management always follows this rules strictly. For investor relationship, the Company has not had a particular unit because there are not many activities. In practices, CEO and Executive Director will contact investors, shareholders and analyst. For information, investors can contact at telephone no. 0-2263-1010 or email address: [estar@estarpcl.com](mailto:estar@estarpcl.com)

# Inter - Related Transactions

In the year 2010, the Company did not have any related transactions with major shareholders, directors, and management of the Company except for those disclosed in financial statements of the year 2010.

## **Policy and direction on inter - related transaction management**

In the future, the company has no policy to enter into any inter – related transaction. If there are necessarily related transactions needed to operate for the company benefit, the Company will consider them circumspectly and ensure that they will cost the same value and condition with others. The Company will appoint the outside experts to present independent opinion on the fair price in compliance with the procedure of SEC and SET's regulatory principles, methodology in the disclosure of connected transaction as well as rules and regulations of related law and will take the company benefits as a priority. In addition, the Audit Committee will be responsible for following up the inter-related transaction and take action in line with related rules and regulations.

# Management Discussion and Analysis of Financial Results

## A) Performance Outcomes

### Overall Operating Performance

In the year 2010, although property market in Bangkok expanded according to economic condition and the measures to stimulate real estate sector of the government on reduction of transfer fee and mortgage fee which was extended to 30 June 2010. But, real estate market started slowing down in the second half of the year 2010 due to severity in political situation during the beginning to the mid of the year which delayed buying decision. Moreover, there were many new condominium projects opened in the areas near the projects of the Company. Thus, the competition was so severe resulting that sales in 2010 of the Company reduced from the year 2009.

Income from sales and services of the Company in the year 2010 decreased from the year 2009 at the amount of 21.45 million Baht. The main cause was that the Company recognized less income from the sales of condominium units in condominium projects in Bangkok area around 225.81 million Baht. However, the Company recognized higher income from the sales of premises (houses and land) in Bangkok and Banchang at the amount of 204.36 million Baht.

However, within March 2010, the Company had planed to open the sale of 2 condominium projects in Bangkok which were high-rise building with more than 30 storey named the Breeze Project on Naradhiwas Rajanagarindra Road and Vantage Project on Ratchadaphisek Road near Ratchavipha Intersection. Currently both projects already passed the approval on environmental impact assessment report from steering committee, Office of Natural Resources and Environmental Policy and Planning and already received building construction license from Public Works Department, Bangkok Metropolitan Administration. At present, foundation piles are 100% placed and part of the construction already starts.

For real estate business in East coast area, the income increased from the year 2009 as the Company recognized income from additional 3 projects on houses and commercial buildings in the year 2010. This was resulted from Tesco retail business that expanded its business into Banchang area, Rayong Province. Thus, local consumers need more residences for commercial business.

In the year 2010 and 2011, the Company has a plan to develop new real estate business project in Bangkok area and Rayong Province by considering mainly on the location and needs of consumers. However, due to economic situation and negative factors both domestic and external, that affected domestic purchasing powers, thus, the Company has policy to operate the business based on good caution basis in order to ensure that there are enough cash inflows from operating activities for business operations and liquidity. However, debt to equity ratio of the Company was still low, which reflected capability of the Company on acquiring loans for the development of future projects of the Company.

### Sales and services revenue

Income from sales and services of the Company and subsidiaries are generated from 3 parts comprising income from real estate development for sale, real estate for rent, and golf club. In the previously, most of income was from the recognition on sale of premises (houses and land) and condominium projects in Bangkok around 387.15 million Baht and the recognition on sale of premises (houses and land) in Banchang around 170.57 million Baht.

Income from real estate development for sale in the year 2010 decreased 4.96 percent from the year 2009 due to such negative factors as political situation and increasing in oil price which affected decisions of purchasers. Besides, the Company had income from its subsidiaries which are a business on real estate for rent of Sea Star Property Company Limited at the amount of 35.43 Million Baht increased 14.93 percent from the year 2009 and a business on golf course from Eastern Star Resort Company Limited at the amount of 47.10 Million Baht increased 7.42 percent from the year 2009.



#### **Costs and selling and administrative expenses**

In the year 2010, The Company's total expenses were Bht. 675.06 million decreasing from the year 2009 about Bht. 29.55 million mainly due to the decrease in cost of goods sold as a result of the decrease in sales and services revenue. The Company's cost of goods sold was Bht. 452.14 million decreasing from the year 2009 about Bht. 41.11 million or 8.33 percent. While, selling and administrative expenses of the Company in the year 2010 was Bht. 192.36 million decreasing from the year 2009 about Bht. 19.00 million or 8.99 percent. The advertising expenses increased Bht. 29.12 million or 52.73 percent, while, other selling and administrative expenses decrease Bht. 17.56 million or 11.25 percent.

#### **Profits**

In the year 2010, the Company and subsidiaries had net profit of 46.62 million Baht increasing at the amount of 24.98 million Baht or 115.43 percents. The main result was from cost of merchandize sold and services in the year 2010 is lower from that of the year 2009 at the amount of 41.11 million Baht or 8.33 percents as income from sales and services of the Company in the year 2010 reduced at the amount of 21.45 million Baht. The main cause was that the Company recognized less income from the sales of condominium units in condominium projects in Bangkok area around 225.81 million Baht while recognized higher income from the sales of premises (houses and land) in Bangkok and BanChang at the amount of 204.36 million Baht. Moreover, the Company had reversed the record of loss from asset impairment higher than that of the year 2009 at the amount of 15.06 million Baht or 42.44 percents.

### **B) Financial Position**

As of 31 December 2010, total assets of the Company and its subsidiaries were 4,428.70 Million Baht increased 131.62 Million Baht or 3.06 percent from the year 2009. The followings are details of significant changes in assets of the Company during the past period.

#### **Asset Components**

As of 31 December 2010, the Company and subsidiaries had current assets of 2,017.75 million Baht increasing 240.61 million Baht from the year 2009. The main result was that, in the year 2010, the Company had more cash, bank deposits, and temporary investment at the amount of 214.05 million Baht or 29.26 percents. This was because, in the year 2010, the Company received income from the sale of condominium units in 2 newly opened condominium projects in Bangkok in March 2010 which was the Breeze Project on Naradhiwas Rajanagarindra Road and Vantage Project on Ratchadaphisek Road near Ratchavipha Intersection. Other current assets – net also increased at the amount of 29.01 million Baht or 236.24 percents.

Total trade receivables and unbilled construction work in progress decrease 3.19 million Baht. While, total other current assets increase 29.00 million Baht. Most of them were from construction costs prepaid to contractors of the Breeze condominium Project at the amount of 29.73 million Baht.

#### **Quality of assets**

##### **Account receivables/unbilled completed works**

As of 31 December 2010, account receivables and unbilled completed works of the Company and its subsidiaries were totaling of Bht. 10.36 million, while as at 31 December 2009, the Company reported such aforementioned accounts at the amount totaling of Bht. 13.55 million or decreased Bht. 3.19 million.

**Inventory/Property, plant, and equipment – net / land and improvements for development – net**

As of 31 December 2010, the Company and subsidiaries had net inventory of 1,020.63 million Baht while it was 1,019.89 million Baht as of 31 December 2009 or increasing 0.07 percent from the previous year. Land and land improvement for development – net of the Company and subsidiaries decreased from the year 2009 at the amount of 164.95 million Baht or 10.08 percents. This was because there was a transfer of land for improvement in Bangkok into construction work in progress for the new projects of 190.19 million Baht. As a result, land and land improvement for development – net of the Company decreased.

However, in the year 2010, the Company and subsidiaries had reversed the record of loss from asset impairment in consolidated financial statements and separated financial statements at the amount of 50.54 million Baht and 61.71 million Baht respectively. This was because the Company had revised recovery value of lands and buildings of subsidiaries and lands for improvement of the Company by estimating from expected recovery value from the sales of assets which was derived from data in assessment report of independent assessors approved by Securities and Exchange Commission. Thus, the Company could reverse the record of loss from impairment of land for development and impairment of assets of subsidiaries at the amount of 42.66 million Baht and 7.89 million Baht, respectively, in consolidated financial statements. Besides, the Company revised the recovery value from the investment in subsidiaries to the amount appropriated to the value of subsidiaries. As a result, the Company could reversed the record of loss from impairment of assets and recorded in profit and loss statement at the amount of 19.06 million Baht in separated financial statements.

**C) Cash flows**

In the year 2010, cash flows from operating activities, investment activities, and financing activities of the Company and subsidiaries decreased at the amount totaling of 68.19 million Baht or reducing 145.93 million Baht from the year 2009. The main cause was that the Company used more net cash in investing activities which increased at the amount of 210.46 million Baht or 141.04 percents from the year 2009. This was because the Company used more cash to invest in temporary investment than in the year 2009, increasing 272.49 million Baht and the Company had invested in building and equipments of 67.13 million Baht. While, net cash received from operating activities in the year 2010 was higher than that of the year 2009 at the amount of 64.53 million Baht as the Company had received more advance payment from customers who made reservation to buy condominium units in 2 newly opened condominium projects than that of the year 2009 at the amount of 72.25 million Baht.

**Liquidity Ratio**

As of 31 December 2010, the Company and subsidiaries' current liabilities increased from the year 2009 at the amount of 99.29 million Baht. As a result, liquidity ratio decreased from the year 2009 to 11.04 times and quick ratio also reduced from the year 2009 to 5.23 times. This was because the Company had more cash, bank deposits, and temporary investment than that of the year 2009 at the amount of 214.05 million Baht. As a result, current assets of the Company in the year 2010 increased at the amount of 240.61 million Baht.

**The audit fee****1. Audit fee**

The Company and subsidiaries paid the audit fee of 1,246,000.00 baht to SAM NAK-NGAN AMC Co., Ltd. In the accounting period of 2010.

**2. Non-audit fee**

The Company and subsidiaries also paid non-audit fees in the amount of 113,298.38 baht, These were the financial statements translation fee (from Thai to English), over time fee to auditor from SAM NAK-NGAN AMC Co., Ltd. In the accounting period of 2010.

# The Board of Directors Responsibility For Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and related financial information included in this annual report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Thailand and necessarily include certain amounts that are based on management's appropriate estimates and judgements.

The consolidated financial statements were audited by Miss Praphasri Leelasuphat No. 4664 an auditor accepted by the Securities and Exchange Commission. And subsidiary company were audited by Miss Piyamas Ruangsaengrob, authorized auditor no. 7133, of Sam Nak-Ngan A.M.C. Co., Ltd. was given access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and other committees. The company believes that all representations made to the auditor during her audits were valid and appropriate.

The Board of Directors also assigns the management to establish and maintain efficient internal control systems in order to reasonably believe that the financial and accounting data for the financial statements preparation is sufficient and accurate. The internal control is continually reviewed for its effectiveness to maintain the company assets and prevent frauds in operations. To be assured that the financial statements are reliable, accurate and completed, the Board of Directors has designated the Audit Committee whose members are non-executive from the management to monitor and review the financial statements including the company's internal control systems. The Committee meets with representative of management, the auditor and the internal auditor to discuss financing reporting, accounting and internal control matters.

The Board of Directors is satisfied with the overview of internal control systems and trusts that the consolidated financial statements for the period ended 31 December 2010 is fair and reliable.

# AUDITOR'S REPORT

To the Shareholders and Board of Directors of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate balance sheets as at December 31, 2010 and 2009 and the related consolidated and separate statements of income, changes in equity and cash flows for the years then ended of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED and its subsidiary companies and also of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED only. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the generally accepted auditing standards. These 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial positions as at December 31, 2010 and 2009, the consolidated and separate operating results and cash flows for the years then ended of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED and its subsidiary companies and also of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

SAM NAK – NGAN A.M.C. CO., LTD.



(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) No. 4664

Bangkok,  
February 22, 2011

# Balance Sheets

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
As at December 31, 2010 and 2009

(Unit : Baht)

		Consolidated Financial Statements		Separate Fianancial Statement	
	Note	2010	2009	2010	2009
<b><u>ASSETS</u></b>					
CURRENT ASSETS					
Cash and Cash Equivalent Items		654,263,545.59	722,424,048.80	624,456,553.93	703,543,804.28
Current Investment	6	291,211,261.03	8,995,007.36	291,211,261.03	1,843,479.46
Trade Accounts Receivable	7	1,104,482.16	1,071,018.05	-	-
Unbilled Construction Work in Progress	8	9,256,528.67	12,476,300.00	9,256,528.67	12,476,300.00
Inventories – Net	9	1,020,625,481.75	1,019,891,900.82	1,022,954,292.90	1,023,180,835.76
Other Current Assets–Net	10	41,289,538.37	12,284,521.25	41,787,967.39	11,809,711.20
TOTAL CURRENT ASSETS		2,017,750,837.57	1,777,142,796.28	1,989,666,603.92	1,752,854,130.70
NON – CURRENT ASSETS					
Finance Lease Contract Receivable – Net	11.1	42,036,747.99	43,490,277.16	42,036,747.99	43,490,277.16
Investments in Subsidiary Companies – Net	12	-	-	907,416,870.02	888,361,616.38
Property, Plant and Equipment–Net	13	784,680,191.99	733,798,798.66	88,536,748.58	37,329,351.09
Land Leased for Plaza Center Construction		3,569,073.52	3,569,073.52	3,569,073.52	3,569,073.52
Land and Improvement for Development–Net	14	1,471,040,280.35	1,635,985,791.55	1,302,049,014.62	1,466,994,525.82
Obligated Deposits	15	84,622,772.00	83,194,222.00	84,622,772.00	83,194,222.00
Other Non – Current Assets–Net	16	25,002,826.47	19,895,294.05	17,130,964.79	12,527,325.19
TOTAL NON–CURRENT ASSETS		2,410,951,892.32	2,519,933,456.94	2,445,362,191.52	2,535,466,391.16
TOTAL ASSETS		4,428,702,729.89	4,297,076,253.22	4,435,028,795.44	4,288,320,521.86

Note to financial statements are an integral part of these statement.



## Balance Sheets

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
As at December 31, 2010 and 2009

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statement	
	Note	2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
CURRENT LIABILITIES					
Trade Accounts Payable		18,105,633.07	13,482,609.41	16,873,866.76	12,517,152.09
Accrued Expenses		13,640,332.44	16,091,356.37	8,493,196.67	12,206,180.49
Advance Received from Customers		82,963,269.45	7,251,750.00	82,963,269.45	7,251,750.00
Installments not yet Recognized as Income	8	18,162,800.00	17,929,528.00	18,162,800.00	17,929,528.00
Other Accounts Payable		18,514,343.92	9,515,184.52	17,046,328.93	8,115,871.54
Other Current Liabilities		31,453,800.08	19,276,204.69	24,630,169.77	13,172,416.93
<b>TOTAL CURRENT LIABILITIES</b>		<b>182,840,178.96</b>	<b>83,546,632.99</b>	<b>168,169,631.58</b>	<b>71,192,899.05</b>
NON - CURRENT LIABILITIES					
Construction Retention		10,116,335.99	23,059,882.68	10,116,335.99	22,917,487.83
Advance Received from Land Lease	11.2	7,130,275.08	7,441,472.88	7,130,275.08	7,441,472.88
Other Non - Current Liabilities		4,199,647.28	4,627,685.48	2,174,446.00	2,392,446.00
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>21,446,258.35</b>	<b>35,129,041.04</b>	<b>19,421,057.07</b>	<b>32,751,406.71</b>
<b>TOTAL LIABILITIES</b>		<b>204,286,437.31</b>	<b>118,675,674.03</b>	<b>187,590,688.65</b>	<b>103,944,305.76</b>

Note to financial statements are an integral part of these statement.

# Balance Sheets

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
As at December 31, 2010 and 2009

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statement	
	Note	2010	2009	2010	2009
EQUITY					
Share Capital	17				
Authorized Share Capital					
10,818,493,916 Ordinary Shares @ Par Value of Baht 1.00 each		10,818,493,916.00	10,818,493,916.00	10,818,493,916.00	10,818,493,916.00
Issued and Paid – up Share Capital					
4,429,197,749 Ordinary Shares @ Par Value of Baht 1.00 each		4,429,197,749.00	4,429,197,749.00	4,429,197,749.00	4,429,197,749.00
Warrants	18	3,912,944.89	3,912,944.89	3,912,944.89	3,912,944.89
Discounts on Share Capital		(91,589,327.89)	(91,589,327.89)	(91,589,327.89)	(91,589,327.89)
Capital Surplus from Change in Shareholding Ratio in Subsidiary Company:					
Subsidiary Company's Premium on Ordinary Shares		112,874,046.48	112,874,046.48	-	-
Subsidiary Company's Deficit		(38,742,567.62)	(38,742,567.62)	-	-
Unrealized gain					
Difference on Change in Fair Value of Available – For – Sale Securities	6	720,850.32	-	720,850.32	-
Retained Earnings (Deficit)					
Appropriated					
Legal Reserve	19	11,812,043.85	11,812,043.85	11,812,043.85	11,812,043.85
Unappropriated (Deficit)		(329,111,880.51)	(375,727,071.84)	(106,616,153.38)	(168,957,193.75)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		4,099,073,858.52	4,051,737,816.87	4,247,438,106.79	4,184,376,216.10
MINORITY INTERESTS		125,342,434.06	126,662,762.32	-	-
TOTAL EQUITY		4,224,416,292.58	4,178,400,579.19	4,247,438,106.79	4,184,376,216.10
TOTAL LIABILITIES AND EQUITY		4,428,702,729.89	4,297,076,253.22	4,435,028,795.44	4,288,320,521.86

Note to financial statements are an integral part of these statement.

# INCOME STATEMENTS

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
For the Years ended December 31, 2010 and 2009

(Unit : Baht)

	Note	Consolidated Financial Statements		Separate Financial Statement	
		2010	2009	2010	2009
Revenues from Sales and Services		643,557,963.03	665,005,336.65	562,585,800.67	590,330,426.33
Cost of Sales and Services		(452,139,711.81)	(493,249,139.62)	(393,185,593.47)	(434,944,534.70)
GROSS PROFIT		191,418,251.22	171,756,197.03	169,400,207.20	155,385,891.63
Interest Income		9,564,329.94	8,877,557.79	9,564,329.94	8,513,316.96
Reversal of Loss from Asset Impairment	12 13 and 14	50,544,879.41	35,478,434.40	61,714,834.60	21,427,948.23
Other Incomes		16,688,592.86	14,470,778.03	29,360,036.25	22,403,614.10
PROFIT BEFORE EXPENSE		268,216,053.43	230,582,967.25	270,039,407.99	207,730,770.92
Selling Expenses		(84,339,724.18)	(55,223,724.25)	(80,590,528.91)	(51,943,495.47)
Administrative Expenses		(108,024,555.18)	(126,308,343.32)	(102,641,838.71)	(111,789,340.13)
Executives' remuneration	22	(30,556,911.00)	(29,833,158.00)	(24,466,000.00)	(24,646,232.00)
TOTAL EXPENSES		(222,921,190.36)	(211,365,225.57)	(207,698,367.62)	(188,379,067.60)
PROFIT BEFORE FINANCIAL COSTS		45,294,863.07	19,217,741.68	62,341,040.37	19,351,703.32
Financial Costs		-	(20,016.33)	-	(20,016.33)
PROFIT FOR THE YEAR		45,294,863.07	19,197,725.35	62,341,040.37	19,331,686.99
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO					
EQUITY HOLDERS OF THE COMPANY		46,615,191.33	21,640,051.82	62,341,040.37	19,331,686.99
MINORITY INTERES		(1,320,328.26)	(2,442,326.47)	-	-
		45,294,863.07	19,197,725.35	62,341,040.37	19,331,686.99
THE COMPANY'S EARNINGS PER SHARE					
BASIC AND DILUTED EARNINGS PER SHARE	24	0.0105	0.0049	0.0141	0.0044
BASIC AND DILUTED EQUIVALENT NUMBER OF ORDINARY SHARES (Unit : Share)		4,429,197,749	4,429,197,749	4,429,197,749	4,429,197,749

Note to financial statements are an integral part of these statement.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
For the Years ended December 31, 2010 and 2009

(UNIT : BAHT)

## Consolidated Financial Statements

	Issued and Paid - up Share Capital	Warrants	Discounts on Share Capital	Capital Surplus from Change in Shareholding Ratio in Subsidiary Company	Difference on Change in Fair Value of Available-For - Sale Securities	Retained Earnings (Deficit)			Total Equity Attributable to Shareholders of the Company	Minority Interest	Total
						Appropriated Legal Reserve	Unappropriated (Deficit)				
Balance as at January 1, 2009	4,429,197,749.00	3,912,944.89	(91,589,327.89)	74,131,478.86	-	11,812,043.85	(397,367,123.66)	4,030,097,765.05	129,105,088.79	4,159,202,853.84	
Profit (Loss) for the Year	-	-	-	-	-	-	21,640,051.82	21,640,051.82	(2,442,326.47)	19,197,725.35	
Total Recognized Income (Expenses) for the Year	-	-	-	-	-	-	21,640,051.82	21,640,051.82	(2,442,326.47)	19,197,725.35	
Balance as at December 31, 2009	4,429,197,749.00	3,912,944.89	(91,589,327.89)	74,131,478.86	-	11,812,043.85	(375,727,071.84)	4,051,737,816.87	126,662,762.32	4,178,400,579.19	
Difference on Change in Fair Value of Available - For - Sale Securities	-	-	-	-	720,850.32	-	-	720,850.32	-	720,850.32	
Total Recognized Income in Shareholders' Equity	-	-	-	-	720,850.32	-	-	720,850.32	-	720,850.32	
Profit (Loss) for the Year	-	-	-	-	-	-	46,615,191.33	46,615,191.33	(1,320,328.26)	45,294,863.07	
Total Recognized Income (Expenses) for the Year	-	-	-	-	720,850.32	-	46,615,191.33	47,336,041.65	(1,320,328.26)	46,015,713.39	
Balance as at December 31, 2010	4,429,197,749.00	3,912,944.89	(91,589,327.89)	74,131,478.86	720,850.32	11,812,043.85	(329,111,880.51)	4,099,073,858.52	125,342,434.06	4,224,416,292.58	

Note to financial statements are an integral part of these statement.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies  
For the Years ended December 31, 2010 and 2009

	Separate Financial Statements						(UNIT : BAHT)
	Issued and Paid - up Share Capital	Warrants	Discounts on Share Capital	Difference on Change in Fair Value of Available - For - Sale Securities	Retained Earnings (Deficit) Appropriated Legal reserve	Unappropriated (Deficit)	
Balance as at January 1, 2009	4,429,197,749.00	3,912,944.89	(91,589,327.89)	-	11,812,043.85	(188,288,880.74)	4,165,044,529.11
Profit for the Year	-	-	-	-	-	19,331,686.99	19,331,686.99
Total Recognized Income for the Year	-	-	-	-	-	19,331,686.99	19,331,686.99
Balance as at December 31, 2009	4,429,197,749.00	3,912,944.89	(91,589,327.89)	-	11,812,043.85	(168,957,193.75)	4,184,376,216.10
Difference on Change in Fair Value of Available - For - Sale Securities	-	-	-	720,850.32	-	-	720,850.32
Total Recognized Income in Shareholders' Equity	-	-	-	720,850.32	-	-	720,850.32
Profit for the Year	-	-	-	-	-	62,341,040.37	62,341,040.37
Total Recognized Income for the Year	-	-	-	-	-	62,341,040.37	63,061,890.69
Balance as at December 31, 2010	4,429,197,749.00	3,912,944.89	(91,589,327.89)	720,850.32	11,812,043.85	(106,616,153.38)	4,247,438,106.79

Note to financial statements are an integral part of these statement.



# STATEMENT OF CASH FLOW

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies

For the year ended December 31, 2010 and 2009

(UNIT : BAHT)

	Consolidated Financial Statement		Separate Financial Statement	
	2010	2009	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit for the Year Before Income Tax	45,294,863.07	19,197,725.35	62,341,040.37	19,331,686.99
Adjustments to Reconcile Profit for the Year Before Income Tax for Cash Receipts (Payments) from Operations				
Reversal of Loss from Diminution in the Value of Inventories	(37,965,142.48)	(6,486,293.59)	(37,965,142.48)	(6,486,293.59)
Reversal of Loss from Asset Impairment	(50,544,879.41)	(35,478,434.40)	(61,714,834.60)	(21,427,948.23)
Recognized Income from Unearned Lease Income and Advance Land Lease Income	(1,257,668.63)	(1,262,030.87)	(1,257,668.63)	(1,262,030.87)
Depreciation	32,375,787.87	27,568,413.75	16,100,756.50	7,517,020.53
Amortized Expenses	648,674.57	470,379.47	519,068.45	470,379.47
(Profit) Loss from Sale and Written-Off of Property, Plant and Equipment	(194,509.33)	2,504,177.88	13,591.89	2,129,255.54
Profit from Sale of Land and Improvement for Development	(974,955.00)	-	(974,955.00)	-
Financial Costs	-	20,016.33	-	20,016.33
Profit (Loss) from Operations before Change in Operating Assets and Liabilities	(12,617,829.34)	6,533,953.92	(22,938,143.50)	292,086.17
Operating Assets (Increase) Decrease				
Trade Accounts Receivable	(33,464.11)	833,131.10	-	1,000,000.00
Unbilled Construction Work in Progress	3,219,771.33	(4,649,935.00)	3,219,771.33	(4,649,935.00)
Inventories	261,409,031.52	199,456,899.39	262,369,155.31	199,689,704.57
Other Current Assets	(34,676,824.79)	5,289,146.36	(35,650,063.86)	5,355,769.73
Finance Lease Contract Receivable and Advance Land Lease Income	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00
Other Non - Current Assets	706,643.80	(863,628.58)	714,710.90	(326,560.57)
Operating Liabilities Increase (Decrease)				
Trade Accounts Payable	4,623,023.66	3,568,483.56	4,356,714.67	3,732,301.11
Accrued Expenses	(2,451,023.93)	440,319.84	(3,712,983.82)	7,993,617.96
Advance Received from Customers	75,711,519.45	3,459,000.00	75,711,519.45	3,459,000.00
Installments not yet Recognized as Income	233,272.00	8,179,911.00	233,272.00	8,179,911.00
Other Accounts Payable	418,107.99	985,190.51	1,117,140.99	(55,108.70)
Other Current Liabilities	12,177,595.39	5,826,738.40	11,457,752.84	(1,105,417.20)
Construction Retention	(12,943,546.69)	7,060,421.53	(12,801,151.84)	7,060,421.53
Other Non-Current Liabilities	(428,038.20)	2,399,639.32	(218,000.00)	214,500.00
Cash Received from Operating Activities	297,748,238.08	240,919,271.35	286,259,694.47	233,240,290.60
Cash Paid for Interest Expenses	-	(20,016.33)	-	(20,016.33)
Cash Paid for Income Tax	(6,239,522.79)	(13,918,647.47)	(5,814,090.95)	(13,539,519.36)
Net Cash Received from Operating Activities	291,508,715.29	226,980,607.55	280,445,603.52	219,680,754.91

Note to financial statements are an integral part of these statement.

# STATEMENT OF CASH FLOW

Eastern Star Real Estate Public Company Limited And Its Subsidiary Companies

For the year ended December 31, 2010 and 2009

(UNIT : BAHT)

	Consolidated Financial Statement		Separate Financial Statement	
	2010	2009	2010	2009
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Increase in Current Investment	(281,495,403.35)	(8,995,007.36)	(288,646,931.25)	(1,843,479.46)
Cash Received from Sale of Plant and Equipment	821,377.10	1,498,591.62	590,582.71	1,397,997.15
Purchase of Plant and Equipment	(67,127,538.00)	(31,121,007.78)	(59,608,851.08)	(16,952,494.29)
Cash Received from Land and Improvement for Development	1,575,000.00	-	1,575,000.00	-
Purchase of Land and Improvement for Development	(12,014,104.25)	(43,153,258.25)	(12,014,104.25)	(43,153,258.25)
Increase in Obligated Deposits	(1,428,550.00)	(67,440,720.00)	(1,428,550.00)	(67,440,720.00)
Net Cash used in Investing Activities	(359,669,218.50)	(149,211,401.77)	(359,532,853.87)	(127,991,954.85)
<b>CASH AND CASH EQUIVALENT ITEMS INCREASE (DECREASE) - NET</b>				
	(68,160,503.21)	77,769,205.78	(79,087,250.35)	91,688,800.06
<b>CASH AND CASH EQUIVALENT ITEMS AT THE BEGINNING OF THE YEAR</b>				
	722,424,048.80	644,654,843.02	703,543,804.28	611,855,004.22
<b>CASH AND CASH EQUIVALENT ITEMS AT THE END OF THE YEAR</b>				
	654,263,545.59	722,424,048.80	624,456,553.93	703,543,804.28

**Supplementary Disclosure to the Cash Flow Statements**

**1. Cash and cash equivalent items consist of**

Cash and Deposits at Financial Institutions	84,302,187.83	79,206,331.28	75,207,483.29	69,813,921.85
Fixed Deposit	3,720,163.39	128,565,187.18	3,720,163.39	128,565,187.18
Government Bonds	378,960,026.70	284,557,147.15	378,960,026.70	284,557,147.15
Negotiable Certificates of Deposit	187,281,167.67	230,095,383.19	166,568,880.55	220,607,548.10
Total	654,263,545.59	722,424,048.80	624,456,553.93	703,543,804.28

**2. Additional details in non - monetary transactions as follows**

- Transferred Advance for Construction to Real Estate Development Cost	5,158,318.56	3,123,353.29	5,158,318.56	3,123,353.29
- Transferred Advance for Construction to Property, Plant and Equipment	513,489.11	-	513,489.11	-
- Transferred Land and Improvement for Development to Real Estate Development Cost	219,019,151.41	85,489,347.49	219,019,151.41	85,489,347.49
- Transferred Property, Plant and Equipment to Real Estate Development Cost	-	1,783,026.13	-	1,783,026.13
- Transferred Property, Plant and Equipment to Non - Other Current Assets	223,328.00	-	23,328.00	-
- Transferred Property, Plant and Equipment to Other Current Assets	-	178,991.90	-	178,991.90
- Purchased of Property, Plant and Equipment Not Yet Paid	8,581,051.41	-	7,813,316.40	-
- Difference in Change in Fair Value of Available - For - Sale Securities	720,850.32	-	720,850.32	-

Note to financial statements are an integral part of these statement.

# NOTES TO FINANCIAL STATEMENTS

EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

December 31, 2010 and 2009

## 1. General Information

EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED (“the Company”) was registered for establishment on September 8, 1980 as a juristic entity under Civil and Commercial Code with the registration number 1581/2523 and converted to a limited public company on May 12, 1993 with the registration No. 0107536000307. Its office is situated at 898, Ploenchit Tower Building, 5th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok, Thailand.

The Company was registered with The Stock Exchange of Thailand on May 12, 1993.

The principal business of the Company is related to real estate Development for sale in Bangkok and Rayong Province.

Details of subsidiary companies as at December 31, 2010 and 2009 are as follows :-

<u>Company</u>	<u>Type of holding</u>	<u>Register in</u>	<u>Type of Business</u>	<u>Percentage of Shareholding</u>
Eastern Star Resort Co., Ltd.	Direct	Thailand	Golf Course	81.30
Seastar Properties Co., Ltd.	Direct	Thailand	Real Estate Rental and Development	99.13
Eastern Star – Lai San New World Co., Ltd.	Direct	Thailand	Real Estate Development	60.00

Furthermore, the Company have Sunrise Group which is major shareholder group holding 69.10% of all ordinary shares which Sunrise Group registration and located in Thailand consisted of Bangkok Broadcasting & Television Co., Ltd. hold 49.50%, BBTV Equity Co., Ltd. hold 11.58%, Sunrise Equity Co., Ltd. hold 7.89% and GL Assets Co., Ltd. hold 0.13%.

## 2. Basis of Financial Statements Preparation

2.1 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretations including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

These financial statements were prepared by using original cost basis except those disclosed otherwise in the accounting policies

2.2 The Federation of Accounting Professions (“FAP”) has issued the FAP’s Announcement No. 17/2553, and No. 50-55/2553, published in the Royal Gazette, mandating the use of accounting standards, financial reporting standards and interpretation for financial reporting standard as follows: -

<u>Details</u>	<u>Name</u>	<u>Effective Date</u>
<b>Accounting Framework (Revised 2009)</b>		<b>Immediately</b>
Accounting Standard No. 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
Accounting Standard No. 2 (Revised 2009)	Inventories	January 1, 2011
Accounting Standard No. 7 (Revised 2009)	Statement of Cash Flows	January 1, 2011
Accounting Standard No. 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
Accounting Standard No. 10 (Revised 2009)	Events after the Reporting Period	January 1, 2011
Accounting Standard No. 11 (Revised 2009)	Construction Contracts	January 1, 2011
Accounting Standard No. 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
Accounting Standard No. 17 (Revised 2009)	Leases	January 1, 2011
Accounting Standard No. 18 (Revised 2009)	Revenue	January 1, 2011
Accounting Standard No. 19	Employee Benefits	January 1, 2011
Accounting Standard No. 23 (Revised 2009)	Borrowing Costs	January 1, 2011
Accounting Standard No. 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
Accounting Standard No. 26	Accounting and Reporting by Retirement Benefit Plans	January 1, 2011
Accounting Standard No. 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
Accounting Standard No. 28 (Revised 2009)	Investments in Associates	January 1, 2011
Accounting Standard No. 29	Financial Reporting in Hyperinflationary Economics	January 1, 2011
Accounting Standard No. 31 (Revised 2009)	Interests in Joint Ventures	January 1, 2011
Accounting Standard No. 33 (Revised 2009)	Earnings per Share	January 1, 2011
Accounting Standard No. 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
Accounting Standard No. 36 (Revised 2009)	Impairment of Assets	January 1, 2011
Accounting Standard No. 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
Accounting Standard No. 38 (Revised 2009)	Intangible Assets	January 1, 2011
Accounting Standard No. 40 (Revised 2009)	Investment Property	January 1, 2011
Financial Reporting Standard No. 2	Share – based Payment	January 1, 2011
Financial Reporting Standard No. 3 (Revised 2009)	Business Combination	January 1, 2011
Financial Reporting Standard No. 5 (Revised 2009)	Non – current Assets Held for Sale and Discontinued Operations	January 1, 2011
Financial Reporting Standard No. 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011
Interpretation for Financial Reporting Standard No. 15	Agreements for the Construction of Real Estate	January 1, 2011
Accounting Standard No. 12	Income Taxes	January 1, 2013
Accounting Standard No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
Accounting Standard No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates	January 1, 2013

The management of the Company has evaluated and thought the said accounting standards, financial reporting standards and interpretation for financial reporting standard would not have significant effects on the financial statements for the year that the said standards are effective, except the following accounting standards and interpretation for financial reporting standard which the Company's management have assessed the possible effect arisen from the implementation of those standards to the financial statements for the year those standards become effective as follows: -

#### **Accounting Standard No. 19 on Employee Benefits**

This accounting standard require for a company to gradually recognise as expense and estimate for liability of employee benefits in accordance to time frame commencing from the first date that employee start to give his or her service. By doing so, assumptions will be made for the use of actuarial calculation to assess obligation and long-term employee benefits together with the use of discount rate as the actual payment of such benefits will occur after long period of service made by employees. For the transitional period during the changeover of accounting standard No. 19, recognition of liability estimated from the service of employees prior the effective date can be made on selection of four allowable methods. The Company chose the method that allows adjustment to retained earnings as at the date when the first implementation of that accounting standard is made.

The management have assessed the estimated amount of liability of employee benefits for the transitional period as at January 1, 2011 that such amount will cause liabilities and deficit of consolidated financial statements and the separate financial statements to be increased approximately Bah 4.79 million and Baht 3.78 million respectively.

#### **Interpretation for Financial Reporting Standard No. 15 on Agreements for the Construction of Real Estate**

Interpretation for Financial Reporting Standard No. 15 provides the basis for the consideration of the terms and conditions of agreements for the construction of real estate under the Accounting Standard No. 11 on Construction Contracts or Accounting Standard No. 18 on Revenue. For the effect of the difference, the revenue from the construction agreement under the Accounting Standard No. 11, in certain situations, will be recognised on the percentage of completion whereas the revenue under the Accounting Standard No. 18 will be recognised when the contractual term is expired.

Currently, the Group Companies recognize the revenue from the sales of unit in the condominium by applying the percentage of completion method under the Interpretation for Financial Reporting Standard No. 15. However, as the agreements for sales of unit in the condominium is more likely to be the agreement to sales and purchase merchandise than the agreement for the construction of real estate and the Group Companies shall comply with the Accounting Standard No. 18; therefore, from January 1, 2011 onward, when the Interpretation for Financial Reporting Standard No. 15 becomes effective, the Group Companies shall change the accounting policy regarding the recognition of the revenue from sales of unit in the condominium from the percentage of completion method to recognition of revenue when the contractual term is expired. The effect of this change will be recognised retrospectively in the financial statements. The effect incurred from the changes made by the Group Companies to the financial statements for the year ended December 31, 2010 would be retrospectively adjust to the retained earnings as at December 31, 2010 and 2009 and the profit for the year ended December 31, 2010 is shown as follows:-



(Unit : Million Baht)

	<u>Consolidated</u> <u>Financial Statements</u>	<u>Separate</u> <u>Financial Statements</u>
Balance Sheet		
Deficit as at December 31, 2009 and January 1, 2010		
- Previously Reported	(363.92)	(157.15)
- Adjustment of the Profit Previously Recognised from Agreements with Contractual Term Not Yet Expired as at December 31, 2009	(0.77)	(0.77)
- After Adjustment	(364.69)	(157.92)
Deficit as at December 31, 2010 and January 1, 2011		
- Previously Reported	(317.30)	(94.81)
- Adjustment of the Profit Previously Recognised from Agreements with Contractual Term Not Yet Expired as at December 31, 2010	(5.01)	(5.01)
- After Adjustment	(322.31)	(99.82)

(Unit : Million Baht)

	<u>Consolidated</u> <u>Financial Statements</u>	<u>Separate</u> <u>Financial Statements</u>
Income Statement for the Year Ended December 31, 2010		
Profit Before Income Tax		
- Previously Reported	45.29	62.34
- Adjustment of the Profit Previously Recognised from Agreements with Contractual Term Not Yet Expired as at December 31, 2010	(4.24)	(4.24)
- After Adjustment	41.05	58.10

#### Accounting Standard No. 12 on Income Tax

This accounting standard determine the company to state the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes so the taxation effect can be recognise as deferred tax under assets or liabilities under the determined basis.

Currently, the management is considering the effects which may incur to the financial statements for the year the application of this accounting standard is commencing.

- 2.3 Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the policy determination and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are results from various experiences and matters which the management has reasonably rely on under the circumstances. Actual results afterwards may, however, differ from these estimates.

The estimates and underlying assumptions so used in preparation of the financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. . The areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Group Companies' financial statements include the recognition of the revenue from real estate sales under the percentage of completion method, the estimate cost of sale for real estate, the allowance for diminution in value of inventories, the allowance for diminution in value of investment, estimates for useful live and scrap value of plant and equipment, and the allowance for impairment of assets.

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

### **3. Basis of the Consolidated Financial Statements Preparation**

- 3.1 The consolidated financial statements consist of the financial statements of the Company and its subsidiaries (together called "Group Companies").
- 3.2 A subsidiary company is an enterprise under the control of the Group Company. This control occurs when the Group Companies has a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from that subsidiary company. Also the financial statements of the subsidiary company will be combined into the consolidated financial statements of the Group Companies commencing from the date of control until the cessation date of such control.
- 3.3 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.
- 3.4 The accounting period of the subsidiary companies ends on the same date as that of EASTERN STAR REAL ESTATE PUBLIC COMPANY LIMITED.
- 3.5 The consolidated financial statements combine the accounts of the Company and its subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

### **4. Accounting Policies**

The group companies significant accounting policies can be summarized as follows: -

- 4.1 Cash and cash equivalent items include cash, bank deposits in type of savings, current account and current investment not more than 3 months, all with no obligation commitment. Current investment in form of negotiable certificates of deposit, promissory note and government bond are recorded at cost of investment acquisition at purchased date.
- 4.2 Valuation of current investment in the negotiable certificates of deposit is shown at cost value.
- 4.3 Trade and other accounts receivable are stated at their invoice valued less allowance for doubtful accounts (if any), which allowance for doubtful accounts is made by assessing each uncollectible account receivable, the said assessment is made from the past debt collection together with consideration of the debtors' financial positions.
- 4.4 Inventories are stated at the lower of cost and net realizable value.

4.4.1 Real estate development costs including real estate during development are those real estates which are held with the intention of development and sale in the ordinary course of business is valued at specific identification cost method which cost being consisted of land cost, expenses directly related to the project (design expense, public utilities expense, construction cost) and borrowing cost payable on loans funding a development property are capitalized, on a specific identification basis, as part of the cost of the development property until the completion of development

4.4.2 Other inventories are valued at first-in first-out cost method which cost being consisted of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition and location.

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

The Group Companies records the allowance for the inventory for dilapidated, damaged and out-of-date goods which are made by assessing of the management and consideration actually out-of-date goods.

4.5 Borrowing costs for use in construction of the projects are capitalized as part of the cost of those projects and capitalization will ceased when the projects are ready for its intend use or ready for sale when the construction is completed or when the construction is suspended, until active development resumes. For the loan borrowed with the specific purpose to be used in project development, the borrowing costs consisted of the actual interest expense paid less the revenue earned from investing the said loan in short – term investment. For the loan borrowed for the general purpose, the borrowing cost is calculated by multiply the expense of the said project with the capitalization rate. The capitalization rates are calculated based on the weighted average of the borrowing cost during the year excluding the borrowing cost of the loan borrowed with the specific purpose.

4.6 Financial lease contract receivable is stated at the contractual amount less unearned interest income.

#### 4.7 Investments

4.7.1 Investment in subsidiary companies in the separated financial statements are recorded by the cost method less accumulated allowance for impairment and recorded the recognition of the change of the investments value in income statement when the investments has been disposed or impaired.

4.7.2 Investment in other company is general investment with recorded by the cost method less allowance for impairment.

4.7.3 Investment in marketable debt and equity instruments which are recorded as securities for sale are those held for an unspecified period which might be sold in need of liquidity and shown in total under of non – current assets except the management has intention to hold them less than 12 months from the balance sheet date or the management want to sell them to increase the working capital. In the latter case, they will be classified as current asset. Normally, the management will fix the appropriate classification at the time of investing and will review the classification regularly. These investments are valued at fair values which are calculated from the latest quote of purchase price as of the accounting year end date and recognised the change in value as a separate item in the shareholders' equity when these investments are sold or impaired in value, the recognition will be made through the statements of income.

4.8 Land initially recorded at cost net from allowance for impairment. Building and equipment shown at cost net from accumulated depreciation and allowance for impairment. Depreciation is calculated by the straight-line method over the following estimated useful life :

- Buildings and construction	40-50	years
- Club house	5	years
- Machinery and equipment	5	years
- Furniture	5	years
- Office equipment and tools	5	years
- Vehicles	5	years

The Group Companies made no depreciation on land and assets under construction.

4.9 Land and plaza center for rent is recorded at cost net allowance for impairment (if any).

4.10 Land and improvement-development are consisted of land and improvement including design expense of the future project which initially recorded at cost that is composed of cost of land and improvement acquisition and expenses directly related to the future project and shown at cost net from allowance for impairment.

4.11 Intangible assets and amortized expense, intangible asset is shown at cost less by accumulated amortization and allowance for impairment (if any) of that asset. The amortization of intangible asset with certain useful life is amortized by systematically throughout the useful life of such asset which is 5 years. The Group Companies will review the period and method for amortization of intangible assets with certainty in useful life at least every end of the year. Amortized expense is recognized in income statement.

4.12 Impairment of assets, the Group Companies assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Group Companies make an estimate of the asset's recoverable amount. When 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 recognized in income statement.

The recoverable amount of assets is the greater of fair value less costs to sell the asset and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.13 Trade and other accounts payable are shown at cost.

4.14 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the period.

4.15 Employee benefits: The Group Companies recognizes salaries, wages, bonuses, other welfare, contribution towards Social Security Fund and provident fund as expenses when occurred.

4.16 Estimation of liabilities: the Group Companies will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group Companies will recorded the recovered payment as asset separately but the amount so recorded must not be more than the amount of

related liability estimate and the related expense with the liability estimate will be shown in the income statement in the net amount after recovered expense already recognized.

- 4.17 Capital Surplus from change in shareholding ratio in subsidiary company is the variance between the money paid to purchase the increase in the shareholding ratio in the subsidiary company and the book value of the subsidiary company, incurred from the increase in the shareholding ratio of the subsidiary company. The said additional paid – in capital is shown under the caption equity and will be written off when the investment is disposed.
- 4.18 Minority interest meant the net book value of the assets of the subsidiary companies under the shareholding ratio of the minority interest or the equity participation not owned by the group companies. The minority interest is shown separately under the equity in the consolidated balance sheet and the profit (loss) for the year of the minority interest is shown separately in the consolidated income statement.
- 4.19 Recognized revenue excludes value added taxes or other sale taxes and is arrived at after deduction of trade discounts are as follows:–
- 4.19.1 Revenue from the sale of land development for sale is accounted as revenue in accordance with the percentage of completion method. The ratio is computed by the actual cost of the work performed over the entire cost estimated to use in the development. The Company commences to recognize the revenue when the sales and purchase agreement has been entered into and the primary payment already received from the purchaser at the minimum rate of 20% of the selling price and the development is at least 10% completed.
- 4.19.2 Revenue from the sale of houses together with land is recognized as revenue in accordance with the percentage of completion method. The ratio is computed by the actual cost of the work performed over the entire cost estimated to use in the construction in accordance with the contract exclusive of cost of land. The Company will recognize revenue when the down payment is placed and the installments paid by the purchaser already constitute the minimum rate of 20% of the selling price pursuant to the contract and the development is at least 10% completed. In addition, the revenue recognition is consequently ceased whenever the purchaser misses payment for more than 3 consecutive installments and the percentage of developed work completed in excess of the installment due for payment. The installment due for payment in accordance with the contract but not yet received is accounted in “Installment Receivables”. The revenue which is recognized pursuant to the percentage basis of developed work completed in excess of installment due for payment in accordance with the contract is reflected as “Unbilled Construction Work in Progress”.
- 4.19.3 Revenue from sale of condominium unit is recognized as revenue in accordance with the percentage of completion method. The ratio is computed by the actual cost of the work performed over the entire cost estimated to use in the construction in accordance with the contract exclusive of cost of land. The Company will recognize revenue when the intention to purchase–sell agreements have been made for not less than 40% of the saleable area and the down payment is made and the installments paid by the purchaser already constitute the minimum rate of 20% of the selling price pursuant to the agreement and the development is at least 10% completed.
- 4.19.4 Revenue from life–time golf membership is gradually recognized over the period of 10 years.



- 4.19.5 Revenue from sale is recognised in income statement when the significant risks and rewards of ownership have been transferred to the buyer. Service income is recognised as services are provided. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.
- 4.19.6 Revenue from finance lease agreement is recognized by effective interest rate method in over the terms of financial lease contract. The Company ceases recognizing income from finance lease contract of the accounts receivable that are over due for more than 4 consecutive periods except where there is an indication of inability to repay, which the income recognition is ceased immediately.
- 4.19.7 Lease income is recognized in income statement on a straight – line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total lease income. Contingent leases are recognized as income in the accounting period in which they are earned.
- 4.19.8 Interest income and other income are recognized in income statement by accrual basis. Dividend income is recognized in income statement on the date that has right to receive payments is established.
- 4.20 Cost of Sales and Expenses Recognition
  - 4.20.1 Cost of sales of house together with land and condominium units is computed by appropriation of the entire development cost anticipated to incur (based on actual costs) to house together with land and condominium units in accordance with basis of saleable area and consequently recorded in the income statement in proportion to the revenue recognition.
  - 4.20.2 Payments made under operating leases are recognized in the statement of income on a straight line basis over the term of the lease. Benefits received under the lease agreement is recognise in the statement of income as a part of the total rental fee under the lease agreement. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.
  - 4.20.3 Financial costs from interest expenses and similar expense are charged of income statement for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in income statement using the effective interest rate method.
  - 4.20.4 Other expenses are recognized in income statement by accrual basis.
- 4.21 Income tax will be recognized as expense item whenever the Group Companies are liable to pay tax and calculate the tax from the taxable profit for the year under the Revenue Code.
- 4.22 Basic earnings or loss per share is calculated by dividing profit or loss for the year by the weighted averaged number of already issued and fully paid shares during the accounting year, and diluted earnings or loss per share is calculated by dividing annual profit or loss for the year after adjustment with the effect of item related to diluted ordinary shares by the weighted average number of already issued and fully paid shares during the year plus number of ordinary shares which may be issued in order to convert all diluted ordinary shares to ordinary shares.

- 4.23 The related parties and related companies with the Group Companies meant individuals or enterprises which have the controlling power over the Group Companies or are controlled by the Group Companies either directly or indirectly, or under the same control with the Group Companies. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group Companies, important managers, directors or the employees of the Group Companies who have the power to plan and control the operations of the Company and its subsidiary companies including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 4.24 The sectoral business operation is disclosed under the separate business sectors of the Group Companies. the business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.
- 4.25 Financial instruments consist of financial assets and liabilities shows on the balance sheets are comprised of cash equivalent items, trade accounts receivable and payable, other accounts receivable and payable, investment. The significant accounting policies and the value measurement basis for the said financial assets and liabilities for each item are respectively disclosed in the accounting policy of each related caption.

## 5. Inter-Related Transactions with Related Entities and Parties

The Company and its subsidiaries incurred accounting transactions with related parties which have the same group of shareholders or common directors. The significantly inter-remaining balances and related transactions between the Company, its subsidiaries and related parties are as follows:-

### 5.1 Inter – Assets and Liabilities

(Unit : Baht)

<u>Description/Company's Name</u>	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
- Other Accounts Receivable				
Eastern Star Resort Co., Ltd.	-	-	1,323,808.34	475,912.38
Seastar Properties Co., Ltd.	-	-	215,765.06	246,364.42
Eastern Star – Lai San New World Co., Ltd.	-	-	854,806.35	790,205.47
Total	-	-	2,394,379.75	1,512,482.27
- Administration Fund				
The Star Estate @Narathiwat Juristic Person	2,074,890.00	3,197,685.00	2,074,890.00	3,197,685.00
- Other Accounts Payable				
Eastern Star Resort Co., Ltd.	-	-	-	75,000.00
Seastar Properties Co., Ltd.	-	-	72,222.68	-
Eastern Star – Lai San New World Co., Ltd.	-	-	324,643.79	324,643.79
Total	-	-	396,866.47	399,643.79
- Accrued Interest Payable				
Eastern Star – Lai San New World Co., Ltd.	-	-	63,100.23	63,100.23

## 5.2 Inter – Revenues and Expenses

(Unit : Baht)

<u>Description/Company's Name</u>	<u>Consolidated</u> <u>Financial Statements</u> <u>For the year ended</u> <u>December 31,</u>		<u>Separate</u> <u>Financial Statements</u> <u>For the year ended</u> <u>December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
- Revenues from Sale of Condominium Units Mahalap Capital Co., Ltd.	-	110,012,690.70	-	110,012,690.70
- Income of Central Service Management				
Seastar Properties Co., Ltd.	-	-	1,682,242.80	1,682,242.80
Eastern Star Resort Co., Ltd.	-	-	906,056.04	906,056.04
Total	-	-	2,588,298.84	2,588,298.84
- Other Income				
Seastar Properties Co., Ltd.	-	-	1,058,840.71	1,086,002.62
Eastern Star Resort Co., Ltd.	-	-	5,240,762.42	5,149,233.84
Total	-	-	6,299,603.13	6,235,236.46
- Other Expenses				
Seastar Properties Co., Ltd.	-	-	-	5,000.00
Eastern Star Resort Co., Ltd.	-	-	426,527.03	1,146,300.00
Total	-	-	426,527.03	1,151,300.00
- Office Rent and Service Expenses				
Related Person of Bangkok				
Broadcasting & Television Co., Ltd.	4,276,951.92	3,984,932.42	4,276,951.92	3,984,932.42
- Central Area Expenses				
The Star Estate @ Rama III Juristic Person	-	719,893.52	-	719,893.52
The Star Estate @ Narathiwat Juristic Person	2,109,653.23	3,618,793.11	2,109,778.42	3,618,793.11
Total	2,109,653.23	4,338,686.63	2,109,778.42	4,338,686.63

Inter – transactions between the Company with its related parties have the policies of pricing as follows:-

- Revenue from sale of condominium units is based on the fundamental information of the reports of two independent professional appraisers.
- Central service management, office rental and service charges are based on mutually agreed upon basis.
- Central area expenses are based on the arm's length basis, which is at the same basis that the juristic persons charge to outside parties.

5.3 Nature of Relationship

<u>Company's Name</u>	<u>Relationship</u>	<u>Connection</u>
Eastern Star Resort Co., Ltd.	Subsidiary Company	Direct Shareholding and Mutual Directors
Seastar Properties Co., Ltd.	Subsidiary Company	Direct Shareholding and Mutual Directors
Eastern Star – Lai San New World Co., Ltd.	Subsidiary Company	Direct Shareholding and Mutual Directors
Mahalap Capital Co., Ltd	Related Company	Mutual Major Shareholder Group
Related Person of Bangkok Broadcasting & Television Co., Ltd.	Related Person	Direct and Indirect Shareholding
The Star Estate @ Rama III Juristic Person	Related Juristic Person	Mutual Directors
The Star Estate @ Narathiwat Juristic Person	Related Juristic Person	Mutual Directors

6. Current Investment

Consisted of :-

(Unit : Baht)

<u>Consolidated Financial Statements</u> <u>As at December 31,</u>				
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>Interest Rate</u> <u>% Per Annum</u>	<u>Amount</u>	<u>Interest Rate</u> <u>% Per Annum</u>
Fixed Deposit 6-12 months	1,861,729.91	0.75% - 1.00%	8,995,007.36	0.75% - 1.25%
Government Bond 6 months	178,628,680.80	1.64% - 1.78%	-	-
Total	180,490,410.71		8,995,007.36	
Available – for – Sale Securities Debt Instrument				
- General Fixed Income Fund	110,000,000.00		-	-
Add Difference on Change in Fair Value of Available – for – Sale Securities	720,850.32		-	-
Available – for – Sale Securities Debt Instrument – Net	110,720,850.32		-	
Total	291,211,261.03		8,995,007.36	

(Unit : Baht)

<b>Separate Financial Statements</b>				
<b>As at December 31,</b>				
	<b>2010</b>		<b>2009</b>	
	<b>Amount</b>	<b>Interest Rate</b>	<b>Amount</b>	<b>Interest Rate</b>
		<b>% Per Annum</b>		<b>% Per Annum</b>
Fixed Deposit 6-12 months	1,861,729.91	0.75% - 1.00%	1,843,479.46	0.75% - 1.00%
Government Bond with 6 months	178,628,680.80	1.64% - 1.78%	-	-
Total	180,490,410.71		1,843,479.46	
Available-for-Sale Securities Debt Instrument				
- General Fixed Income Fund	110,000,000.00		-	-
Add Difference on Change in Fair Value of Available-for-Sale Securities	720,850.32		-	-
Available-for-Sale Securities Debt Instrument-Net	110,720,850.32		-	
Total	291,211,261.03		1,843,479.46	

## 7. Trade Accounts Receivable

Consisted of:-

(Unit : Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>Financial Statements</b>		<b>Financial Statements</b>	
	<b>As at December 31,</b>		<b>As at December 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Trade Accounts Receivable				
- Within credit term	758,140.61	25,120.00	-	-
- Over credit term less than 3 months	177,154.30	1,005,291.48	-	-
- Over credit term more than 3 months to 6 months	169,187.25	40,606.57	-	-
Total	1,104,482.16	1,071,018.05	-	-
The Sale Amount Under Sale and Purchase Contracts				
(59.48% and 65.99% of the total sale value of the project at the end of 2010 and 2009 respectively)	4,276,604,643.49	2,821,273,875.49	4,276,604,643.49	2,821,273,875.49
Already Dued Installments	3,111,189,592.94	2,575,468,445.00	3,111,189,592.94	2,575,468,445.00
Less Amount Already Received	(3,111,189,592.94)	(2,575,468,445.00)	(3,111,189,592.94)	(2,575,468,445.00)
Installment Accounts Receivables	-	-	-	-

## 8. Unbilled Construction Work in Progress/Installments not yet Recognized as Income

Consisted of: -

(Unit : Baht)

	<u>Consolidated Financial Statements/ Separate Financial Statements</u> <u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>
Work already Recognized as Income up to Present	3,020,042,217.67	2,570,015,217.00
<u>Less</u> Already Dued Installments	(3,028,948,489.00)	(2,575,468,445.00)
Unbilled Construction Work in Progress (Installments not yet Recognized as Income) - Net	(8,906,271.33)	(5,453,228.00)
The Remaining Amount Consisted of :-		
Unbilled Construction Work in Progress	9,256,528.67	12,476,300.00
Installments not yet Recognized as Income	(18,162,800.00)	(17,929,528.00)
Net	(8,906,271.33)	(5,453,228.00)

## 9. Inventories - Net

Consisted of: -

(Unit : Baht)

	<u>Consolidated Financial Statements</u> <u>As at December 31,</u>		<u>Separate Financial Statements</u> <u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Real Estate Development Cost				
- Real Estate during Development	648,615,400.97	533,078,633.14	655,866,668.54	541,299,080.95
- Real Estate Ready-for-Sale	379,221,731.12	531,312,401.63	374,740,548.35	526,831,218.86
<u>Less</u> Allowance for Diminution in the Value of Inventories	(7,652,923.99)	(44,949,464.05)	(7,652,923.99)	(44,949,464.05)
Net	1,020,184,208.10	1,019,441,570.72	1,022,954,292.90	1,023,180,835.76
Other Inventories	441,273.65	450,330.10	-	-
Total	1,020,625,481.75	1,019,891,900.82	1,022,954,292.90	1,023,180,835.76

For the years ended December 31, 2010 and 2009, the detail of the real estate development cost which was recognized as an expense and included in "Cost of Sales" are as follow:-



(Unit : Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Ended December 31,</u>		<u>Ended December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Real estate development cost which was recognized as an expense and included in "Cost of Sales"				
- Cost of sale	490,104,854.29	499,738,433.21	431,150,735.95	441,430,828.29
- Reversal of Loss from Diminution in the value of Inventories	(37,965,142.48)	(6,489,293.59)	(37,965,142.48)	(6,486,293.59)
Net	452,139,711.81	493,249,139.62	393,185,593.47	434,944,534.70

As at December 31, 2010 and 2009, the part of real estate ready-for-sale in the consolidated financial statements at Baht 5.72 million and in the separate financial statements at Baht 3.37 million for both years are land ready-for-sale which the ownership is jointly hold by the Company and a subsidiary company. The Company and the subsidiary company recorded the cost of land allocated by their ownership ratio at 50% each.

## 10. Other Current Assets-Net

Consisted of:-

(Unit : Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other Accounts Receivable – Related Companies	-	-	2,394,379.75	1,512,482.27
Accrued Income	10,914,130.34	11,780,150.07	10,914,130.34	11,780,150.07
Administration Fund	2,074,890.00	3,197,685.00	2,074,890.00	3,197,685.00
Advance from Construction and Prepaid Expenses	33,132,380.29	2,375,267.66	32,861,765.37	2,058,109.28
Advance Paid to Employees	375,390.55	1,012,138.98	297,070.77	743,126.28
Supplies	1,289,073.64	1,200,057.75	-	-
Accrued Interest Income from Financial Institutions	1,630,808.50	919,532.16	1,584,215.23	861,382.95
Others	386,431.42	313,256.00	175,082.30	170,341.72
Total	49,803,104.74	20,798,087.62	50,301,533.76	20,323,277.57
Less Allowance for doubtful accounts-Accrued Income	(8,513,566.37)	(8,513,566.37)	(8,513,566.37)	(8,513,566.37)
Net	41,289,538.37	12,284,521.25	41,787,967.39	11,809,711.20

## 11. Finance Lease Contract Receivable-Net/Advance Received from Land Lease

On August 23, 2007, the Company entered into a contract to lease a land and plaza center building to a company. The lease tenor is for 25 years 5 months commencing from August 23, 2007 and the total contractual value of the lease is Baht 97.26 million, which the Company received the contractual lease fee on the lease registration date at Baht 24.00 million and for the remaining amount the Company received the 1st monthly lease fee out of the total leasing period of 17 months at Baht 2.40 million. After which, the lease fee is payable annually. The lease fee for the 2nd – 5th year is Baht 2.40 million per year and afterwards the lease fee will be increased by 10% every 5 years. The Company recognizes the land and building leasing fee by apportioning all leasing fee under the lease contract to the fair value of the land and the plaza center building as follows:-

- 11.1 From the total building lease fee of Baht 64.19 million, the advance of Baht 15.84 million was received on the lease registration date and the remaining amount will be receivable at 66% of annual lease fee as mentioned in above contract. The Company will gradually recognize as income from the building lease fee under financial lease contract. As at December 31, 2010 and 2009, the remaining account receivable under the finance lease agreement is as follows:-

(Unit : Baht)

<u>Consolidated Financial Statements/ Separate Financial Statements</u>			
<u>As at December 31, 2010</u>			
	<u>Original investment in lease agreement</u>	<u>Unearned financial income</u>	<u>Present value of the minimum payment the debtor has to pay under lease agreement</u>
Within 1 year	1,584,000.00	(126,110.24)	1,457,889.76
Over 1 year but not over 5 years	6,811,200.00	(459,145.84)	6,352,054.16
Over 5 years	35,205,192.00	(978,387.93)	34,226,804.07
Total	43,600,392.00	(1,563,644.01)	42,036,747.99

(Unit : Baht)

<u>Consolidated Financial Statements/ Separate Financial Statements</u>			
<u>As at December 31, 2009</u>			
	<u>Original investment in lease agreement</u>	<u>Unearned financial income</u>	<u>Present value of the minimum payment the debtor has to pay under lease agreement</u>
Within 1 year	1,584,000.00	(130,470.83)	1,453,529.17
Over 1 year but not over 5 years	6,652,800.00	(477,671.22)	6,175,128.78
Over 5 years	36,947,592.00	(1,085,972.79)	35,861,619.21
Total	45,184,392.00	(1,694,114.84)	43,490,277.16

- 11.2 From total land lease fee of Baht 33.07 million, the advance of Baht 8.16 million was received on the lease registration date and the remaining amount will be receivable at 34% of annual lease fee as mentioned in above contract. The Company will gradually recognize as income from the land lease fee under the operating lease contract throughout the lease tenor. The outstanding balance as at December 31, 2010 and 2009 are as follow:-

(Unit : Baht)

<u>Consolidated Financial Statements/ Separate Financial Statements</u>		
<u>As at December 31,</u>		
	<u>2010</u>	<u>2009</u>
Total minimum amount which the debtor has to pay under the outstanding operating lease		
Within 1 year	816,000.00	816,000.00
Over 1 year but not over 5 years	3,508,800.00	3,427,200.00
Over 5 years	18,136,008.00	19,033,608.00
Total	22,460,808.00	23,276,808.00
Plus Advance received for land lease (net from recognized income)	7,130,275.08	7,441,472.88
Land lease income to be recognized in future	29,591,083.08	30,718,280.88

## 12. Investments in Subsidiary Companies-Net

Consisted of:-

Separate Financial Statements										(Unit : Baht)
As at December 31,										
Company's Name	Paid-up Capital (Unit : Thousand Baht)	%	2010			2009			Net	
			Cost Method	Allowance for impairment	Net	Cost Method	Allowance for impairment	Net		
Eastern Star Resort Co., Ltd.	500,000	81.30	409,374,400.00	(23,423,512.86)	385,950,887.14	409,374,400.00	(32,063,330.64)	377,311,069.36		
Seastar Properties Co., Ltd.	1,150,000	99.13	934,680,000.00	(509,214,017.12)	425,465,982.88	934,680,000.00	(518,554,828.97)	416,125,171.03		
Eastern Star - Lai San New World Co., Ltd.	160,000	60.00	96,000,000.00	-	96,000,000.00	96,000,000.00	(1,074,624.01)	94,925,375.99		
Total			1,440,054,400.00	(532,637,529.98)	907,416,870.02	1,440,054,400.00	(551,692,783.62)	888,361,616.38		

As at December 31, 2010 and 2009, the Company has reviewed the recoverable amount of the investment to be suitable with the present business value of the subsidiary companies, which considered from the results of operation and recoverable amount of the subsidiary companies' assets. Therefore, the Company has to reverse the loss from impairment of assets and recognized such reversed loss in the income statement at Baht 19.06 million and Baht 31.30 million respectively.

In the year 2010 and 2009, the subsidiary companies paid no dividends.

### 13. Property, Plant and Equipment-Net

#### 13.1 Consolidated Financial Statements

	(Unit : Baht)										
	Land and Improvement		Buildings and Construction		Machinery and Equipment		Office Equipment and Tools		Assets under Construction		Total
	Cost:		Cost:		Cost:		Cost:		Cost:		
As at January 1, 2009	356,507,098.17	976,392,998.78	1,664,055.39	45,224,269.19	213,719,168.39	25,468,466.16	18,276,827.64	724,550.00	1,637,977,433.72		
Purchase	-	5,626,949.33	-	628,528.25	6,924,544.88	1,708,680.33	1,425,442.62	14,806,862.37	31,121,007.78		
Sale/Write off	-	(12,531,785.23)	-	(8,002,999.78)	(3,453,603.28)	(4,834,522.91)	(1,652,362.15)	(128,000.00)	(30,603,273.35)		
Transfer in/out	-	(1,231,557.04)	-	(127,842.31)	(333,037.40)	(364,724.39)	-	(3,091,933.58)	(5,149,094.72)		
As at December 31, 2009	356,507,098.17	968,256,605.84	1,664,055.39	37,721,955.35	216,857,072.59	21,977,899.19	18,049,908.11	12,311,478.79	1,633,346,073.43		
Purchase	-	10,316,907.34	-	1,908,871.16	3,957,748.31	2,088,167.73	2,664,745.87	54,772,149.00	75,708,589.41		
Sale/Write off	-	(489,642.06)	-	(5,781,527.21)	(5,783,057.72)	(965,680.05)	(1,341,849.00)	-	(14,361,756.04)		
Transfer in/out	-	41,937,119.95	-	135,765.30	11,272,197.66	(447,135.30)	-	(52,933,064.50)	(35,116.89)		
As at December 31, 2010	356,507,098.17	1,020,020,991.07	1,664,055.39	33,985,064.60	226,303,960.84	22,653,251.57	19,372,804.98	14,150,563.29	1,694,657,789.91		
Accumulated Depreciation:											
As at January 1, 2009	(803,356.71)	(514,949,411.71)	(1,664,054.39)	(39,914,878.70)	(203,289,057.48)	(18,807,853.48)	(12,052,390.09)	-	(791,481,002.56)		
Depreciation for the Year	-	(18,443,601.38)	-	(1,483,231.12)	(3,685,643.88)	(2,070,169.03)	(1,885,768.34)	-	(27,568,413.75)		
Sale/Write off	-	9,549,855.76	-	7,953,966.80	3,446,502.80	4,487,193.05	1,162,985.44	-	26,600,503.85		
Transfer in/out	-	2,882,511.84	-	-	304,564.85	-	-	-	3,187,076.69		
As at December 31, 2009	(803,356.71)	(520,960,645.49)	(1,664,054.39)	(33,444,143.02)	(203,223,633.71)	(16,390,829.46)	(12,775,172.99)	-	(789,261,835.77)		
Depreciation for the Year	-	(20,300,976.36)	-	(1,827,151.54)	(6,290,158.01)	(2,090,042.58)	(1,867,459.38)	-	(32,375,787.87)		
Sale/Write off	-	193,262.82	-	5,769,589.73	5,533,259.34	898,667.75	1,340,108.63	-	13,734,888.27		
Transfer in/out	-	-	-	(78,188.07)	-	403,466.07	-	-	325,278.00		
As at December 31, 2010	(803,356.71)	(541,068,359.03)	(1,664,054.39)	(29,579,892.90)	(203,980,532.38)	(17,178,738.22)	(13,302,523.74)	-	(807,577,457.37)		
Allowance for Impairment of Assets											
As at January 1, 2009	(70,972,460.00)	(84,665,371.39)	-	-	-	-	-	-	(155,637,831.39)		
Reversal of Loss from Impairment Asset	-	45,352,392.39	-	-	-	-	-	-	45,352,392.39		
As at December 31, 2009	(70,972,460.00)	(39,312,979.00)	-	-	-	-	-	-	(110,285,439.00)		
Reversal of Loss from Impairment Asset	3,200,000.00	4,685,298.45	-	-	-	-	-	-	7,885,298.45		
As at December 31, 2010	(67,772,460.00)	(34,627,680.55)	-	-	-	-	-	-	(102,400,140.55)		
Book Value – Net :											
As at December 31, 2009	284,731,281.46	407,982,981.35	1.00	4,277,812.33	13,633,438.88	5,587,069.73	5,274,735.12	12,311,478.79	733,798,798.66		
As at December 31, 2010	287,931,281.46	444,324,951.49	1.00	4,405,171.70	22,323,428.46	5,474,513.35	6,070,281.24	14,150,563.29	784,680,191.99		

13.2 Separate Financial Statements

(Unit : Baht)											
	Land and Improvement		Buildings and Construction		Machinery and Equipment		Office Equipment and Tools		Assets under Construction		Total
Cost:											
As at January 1, 2009	4,386,450.65	39,438,928.76	1,664,055.39	1,646,932.72	4,201,662.01	13,876,100.61	15,359,749.28	724,550.00	81,298,429.42		
Purchase	-	1,629,750.00	-	104,626.47	295,152.09	503,347.94	688,990.00	13,730,627.79	16,952,494.29		
Sale/Write off	-	(12,531,513.73)	-	(42,719.63)	(188,280.00)	(3,190,733.91)	(1,643,762.15)	-	(17,597,009.42)		
Transfer in/out	-	(2,423,739.77)	-	-	(381,655.95)	-	-	(2,343,699.00)	(5,149,094.72)		
As at December 31, 2009	4,386,450.65	26,113,425.26	1,664,055.39	1,708,839.56	3,926,878.15	11,188,714.64	14,404,977.13	12,111,478.79	75,504,819.57		
Purchase	-	8,904,584.87	-	258,694.16	522,015.40	1,645,634.20	2,497,231.85	53,594,007.00	67,422,167.48		
Sale/Write off	-	(330,480.06)	-	(387,483.85)	(1,656,608.27)	(128,001.30)	(987,949.00)	-	(3,490,522.48)		
Transfer in/out	-	41,777,957.95	-	135,765.30	11,272,197.66	(447,135.30)	-	(52,573,902.50)	164,883.11		
As at December 31, 2010	4,386,450.65	76,465,488.02	1,664,055.39	1,715,815.17	14,064,482.94	12,259,212.24	15,914,259.98	13,131,583.29	139,601,347.68		
Accumulated Depreciation:											
As at January 1, 2009	(803,356.71)	(20,066,076.40)	(1,664,054.39)	(1,079,991.82)	(3,315,290.52)	(11,252,098.17)	(9,734,413.36)	-	(47,915,281.37)		
Depreciation for the Year	-	(4,146,667.70)	-	(240,070.09)	(459,246.92)	(1,071,732.14)	(1,599,303.68)	-	(7,517,020.53)		
Sale/Write off	-	9,510,038.94	-	27,098.24	188,274.00	3,189,958.11	1,154,387.44	-	14,069,756.73		
Transfer in/out	-	2,882,511.84	-	-	304,564.85	-	-	-	3,187,076.69		
As at December 31, 2009	(803,356.71)	(11,820,193.32)	(1,664,054.39)	(1,292,963.67)	(3,281,698.59)	(9,133,872.20)	(10,179,329.60)	-	(38,175,468.48)		
Depreciation for the Year	-	(11,325,421.40)	-	(252,876.97)	(2,079,320.55)	(912,582.20)	(1,530,555.38)	-	(16,100,756.50)		
Sale/Write off	-	34,100.82	-	376,703.47	1,409,895.14	79,435.82	986,212.63	-	2,886,347.88		
Transfer in/out	-	-	-	(78,188.07)	-	403,466.07	-	-	325,278.00		
As at December 31, 2010	(803,356.71)	(23,111,513.90)	(1,664,054.39)	(1,247,325.24)	(3,951,124.00)	(9,563,552.51)	(10,723,672.35)	-	(51,064,599.10)		
Book Value – Net:											
As at December 31, 2009	3,583,093.94	14,293,231.94	1.00	415,875.89	645,179.56	2,054,842.44	4,225,647.53	12,111,478.79	37,329,351.09		
As at December 31, 2010	3,583,093.94	53,353,974.12	1.00	468,489.93	10,113,358.94	2,695,659.73	5,190,587.63	13,131,583.29	88,536,748.58		

During the year 2009, the two subsidiary companies have changed the estimated useful life of buildings and constructions from the previous estimate of 20 years, which have the remaining useful life of approximately 4-19 years, to the new estimate of 40-50 remaining useful years. This is to better suite with the assets in their current condition basing on the appraisal report of the independent professional appraiser, who has been approved by the Securities and Exchange Commission in order to determine the remaining useful life. The subsidiary companies recognized the effect of the change immediately in the statement of income for the year 2009 and the next periods, thus the consolidated income statement for the year ended December 31, 2009 showed the profit for the year increased by Baht 30.00 million compared with the previous estimate of useful life. In every following year, the effect showed the profit for the year increased estimate by Baht 36.30 million. The said change has been applied from January 1, 2009 and July 1, 2009 onwards.

As at December 31, 2010 and 2009, a subsidiary company has reviewed the recoverable amount of land and buildings which were estimated from the recoverable amount from sale price based on an appraisal report of an independent professional appraiser, who has been approved by the Securities and Exchange Commission, therefore, resulted in the subsidiary company had to reversed the loss from impairment of asset at Baht 7.89 million and Baht 45.35 million respectively and recognized in the income statement.

As at December 31, 2010 and 2009, building improvement in the consolidated and the separate financial statements at book value of Baht 2.40 million and Baht 3.07 million respectively were assets stated on lease office building as mentioned in the notes to financial statements No. 27.1.

As at December 31, 2010 and 2009, office equipment and vehicles as appeared in the consolidated financial statements in amount of Baht 253.87 million and Baht 281.69 million respectively and in the separate financial statements in amount of Baht 28.90 million and Baht 27.71 million respectively were fully depreciated by estimate useful life but still in use.

## 14. Land and Improvement for Development - Net

### 14.1 Consolidated Financial Statements

	(Unit : Baht)		
	<u>Land and Improvement for Development</u>	<u>Other Development Cost</u>	<u>Total</u>
<b>Cost:</b>			
As at January 1, 2009	2,001,886,245.09	18,307,521.84	2,020,193,766.93
Purchase	30,554,700.00	12,598,558.25	43,153,258.25
Transfer in/out	(107,521,429.66)	(301,300.00)	(107,822,729.66)
As at December 31, 2009	1,924,919,515.43	30,604,780.09	1,955,524,295.52
Purchase	-	12,014,104.25	12,014,104.25
Transfer in/out	(190,415,036.60)	(29,272,717.23)	(219,687,753.83)
Sale	(600,045.00)	-	(600,045.00)
As at December 31, 2010	1,733,904,433.83	13,346,167.11	1,747,250,600.94
<b>Allowance for Impairment of Assets:</b>			
As at January 1, 2009	(331,997,928.15)	-	(331,997,928.15)
Loss from Impairment Asset for the year	-	(9,873,957.99)	(9,873,957.99)
Transfer out	22,333,382.17	-	22,333,382.17
As at December 31, 2009	(309,664,545.98)	(9,873,957.99)	(319,538,503.97)
Transfer in/out	668,602.42	-	668,602.42
Reversal of Loss from Asset Impairment	42,659,580.96	-	42,659,580.96
As at December 31, 2010	(266,336,362.60)	(9,873,957.99)	(276,210,320.59)
<b>Book Value - Net:</b>			
As at December 31, 2009	1,615,254,969.45	20,730,822.10	1,635,985,791.55
As at December 31, 2010	1,467,568,071.23	3,472,209.12	1,471,040,280.35



## 14.2 Separate Financial Statements

(Unit : Baht)

	<u>Land and Improvement for Development</u>	<u>Other Development Cost</u>	<u>Total</u>
<b>Cost:</b>			
As at January 1, 2009	1,832,894,979.36	18,307,521.84	1,851,202,501.20
Purchase	30,554,700.00	12,598,558.25	43,153,258.25
Transfer out	(107,521,429.66)	(301,300.00)	(107,822,729.66)
As at December 31, 2009	1,755,928,249.70	30,604,780.09	1,786,533,029.79
Purchase	-	12,014,104.25	12,014,104.25
Transfer in/out	(190,415,036.60)	(29,272,717.23)	(219,687,753.83)
Sale	(600,045.00)	-	(600,045.00)
As at December 31, 2010	1,564,913,168.10	13,346,167.11	1,578,259,335.21
<b>Allowance for Impairment of Assets:</b>			
As at January 1, 2009	(331,997,928.15)	-	(331,997,928.15)
Loss from Impairment Asset for the year	-	(9,873,957.99)	(9,873,957.99)
Transfer in/out	22,333,382.17	-	22,333,382.17
As at December 31, 2009	(309,664,545.98)	(9,873,957.99)	(319,538,503.97)
Transfer in/out	668,602.42	-	668,602.42
Reversal of Loss from Asset Impairment	42,659,580.96	-	42,659,580.96
As at December 31, 2010	(266,336,362.60)	(9,873,957.99)	(276,210,320.59)
<b>Book Value – Net :</b>			
As at December 31, 2009	1,446,263,703.72	20,730,822.10	1,466,994,525.82
As at December 31, 2010	1,298,576,805.50	3,472,209.12	1,302,049,014.62

As at December 31, 2010 and 2009, the part of land for development-net in the consolidated financial statements at Baht 21.04 million and in the separate financial statements at Baht 10.52 million for both years are land which the ownership is jointly hold by the Company and a subsidiary company. The Company and the subsidiary company recorded the cost of land allocated by their ownership ratio at 50% each.

## 15. Obligated Deposits

As at December 31, 2010 and 2009, the whole amount of obligated deposits was fixed deposits with maturity period of 3 - month to one year which were pledged as collateral the land allocation and utility usage as mentioned in the notes to the financial statements No. 27.3.

## 16. Other Non - Current Assets - Net

Consisted of: -

(Unit : Baht)

	<u>Consolidated</u> <u>Financial Statements</u> <u>As at December 31,</u>		<u>Separate</u> <u>Financial Statements</u> <u>As at December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deposits	3,410,411.65	4,159,007.53	3,243,131.58	4,015,761.58
Withholding Tax	17,262,919.77	11,023,396.98	12,438,472.49	6,624,381.54
Golf-membership Right	3,465,000.00	3,465,000.00	-	-
Investments in Other Company	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00
Program Computer	3,821,251.31	3,184,151.06	3,132,201.31	2,428,126.06
Other	272,865.00	745,505.47	-	315,740.15
Total	29,432,447.73	23,777,061.04	20,013,805.38	14,584,009.33
Less Allowance for Impairment				
- Withholding Tax	(1,198,380.19)	(1,198,380.19)	-	-
- Investments in Other Company	(1,200,000.00)	(1,200,000.00)	(1,200,000.00)	(1,200,000.00)
Accumulated amortization - Program Computer	(2,031,241.07)	(1,483,386.80)	(1,682,840.59)	(856,684.14)
Net	25,002,826.47	19,895,294.05	17,130,964.79	12,527,325.19

## 17. Share Capital

- 17.1 In accordance with the minute of extraordinary shareholders' meeting No. 1/2546 held on January 15, 2003, it was resolved for the Company to increase its share capital from formerly Baht 2,147,963,165.60, the share value of Baht 5.60 each for 383,564,851 shares, to Baht 15,145,891,482.40, for the share value of Baht 5.60 each 2,704,623,479 shares, by issuing addition ordinary share at 2,321,058,628 shares at Baht 5.60 per share. The Company registered its increased capital on March 2003.
- 17.2 In accordance with the minute of extraordinary shareholders' meeting No. 3/2546 held on December 16, 2003, it was resolved for the Company to reduce its registered paid-up capital, after registering the change in the Company's paid-up capital to Baht 6,196,653,551.20. The share value of Baht 5.60 each for 1,106,545,277 shares amounting to Baht 6,196,653,551.20 has to be reduced to share value of Baht 4.00 each for 1,106,545,277 shares amounting to Baht 4,426,181,108.00. The reduction amount of Baht 1,770,472,443.20 would be used to write-off against discounts on shares so issued. The Company registered its reduced capital on February 25, 2004. Another resolution by the shareholders' meeting is for the Company to change the par-value of shares, after registering the reduction of registered capital as said above, by splitting the par value of Baht 4.00 each for 2,704,623,479 shares amounting to Baht 10,818,493,916.00 to par value of Baht 1.00 each for 10,818,493,916 shares amounting to Baht 10,818,493,916.00. The issued and paid-up share capital from the former capital of 1,106,545,277 shares, par value of Baht 4.00 per shares, amounting to Baht 4,426,181,108.00 to 4,426,181,108 shares, par value of Baht 1.00 per share, amounting to Baht 4,426,181,108.00. The Company registered the change of share value on March 3, 2004.

In the year 2004, the Company received capital subscription from the exercise of warrants at 2,993,045 shares, totaling Baht 1,269,051.08 and in the year 2005, the Company has increased share capital subscription from the exercised warrants at 23,596 shares, totaling Baht 10,005.00. The Company, therefore, had discounts on share capital to increase of Baht 1,737,584.92 and authorized share capital issued and paid-up shares capital at 4,429,197,749 shares, totaling Baht 4,429,197,749.00.

- 17.3 The Company has reserved the ordinary shares for the exercise of the ESTAR – W1 and ESTAR – W2 warrants holders as mentioned in the notes to the financial statements No. 18.

## 18. Warrants

In accordance with the minute of extraordinary shareholders' meeting No. 3/2546 held on December 16, 2003, it was resolved for the Company to change par value of share by splitting par value of Baht 4.00 each to par value of Baht 1.00 each and to adjust the amount of those warrants in type of specified holders "ESTAR – W1" and "ESTAR – W2" so that one unit of warrants is entitled to purchase one ordinary share. In the latter resolution, the Company has to adjust the ratio of conversion right, price of purchase right and the amount of warrants to purchase ordinary shares "ESTAR – W1" and "ESTAR – W2" to be in accordance with the change in the par value of ordinary shares as follows:-

- 18.1 Adjusting right as a result of changing the said par value of ordinary share and to adjust the ratio of the exercise right to 1 warrant for the purchase of 1 ordinary share; therefore, the number of warrants "ESTAR – W1" has to be increased by 554,197,444 units. Accordingly, the number of warrants "ESTAR – W1" not yet exercised for conversion after the change in the par value and the adjusted right of exercise ratio totaling 703,210,502 units. By increasing the number of warrants and with the exercise ratio of one warrant to one ordinary share, the exercise price will be at Baht 0.424 per share.

As at December 31, 2010 and 2009, the outstanding warrants "ESTAR – W1" not yet exercised remain at 700,193,820 units.

- 18.2 Adjusting right as a result of changing the par value of ordinary share and to adjust the ratio of the exercise right to 1 warrant for the purchase of 1 ordinary share; therefore, the number of warrants "ESTAR – W2" has to be increased by 940,024,608 units. Accordingly, the number of warrants "ESTAR – W2" not yet exercised for conversion after the change in the par value and the adjusted right of exercise ratio totaling 1,253,366,144 units. By increasing the number of warrants and with the exercise ratio of one warrant to one ordinary share, the exercise price will be at Baht 1.00 per share.

As at December 31, 2010 and 2009, the outstanding warrants "ESTAR – W2" not yet exercised remain at 1,253,366,144 units.

Warrants "ESTAR – W1" will be matured on December 29, 2011 and "ESTAR – W2" will be matured on December 30, 2011. The warrant holders are entitled to exercise the warrant every last working day of March, June, September and December.

## 19. Legal Reserve

For the appropriation of net profit for legal reserve under the Public Company Limited Act B.E. 2535 (A.D. 1992), The Company shall appropriate a legal reserve fund of not less than 5.00% of annual net profit less any retained loss (if applicable) carried forward has to be made until such time as the reserve fund accumulates to not less than 10.00% of the Company's registered capital.

## 20. Capital Management

The primary objectives of the Group Companies' capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure. However, the Company shall consider maintaining an appropriate capital structure at a certain level and restructuring of capital as deemed suitable.

## 21. Nature of Expenses

Consisted of :-

(Unit : Baht)

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Separate</u> <u>Financial Statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees Compensation	94,366,248.91	80,613,072.86	62,426,263.09	55,268,617.87
Depreciation	32,375,787.87	27,568,413.75	16,100,756.50	7,517,020.53
Marketing Expenses	60,493,668.77	48,168,431.11	60,002,691.69	45,513,193.80
Purchase of Land and Cost of Construction during the Year	221,946,338.60	238,811,823.72	221,946,338.60	238,811,823.72
Changes in Real Estate Development Cost	171,239,254.87	196,132,710.98	171,239,254.87	196,132,710.98
Cost of Other Goods Incurred and Recognized during the Year	6,376,562.75	6,329,316.16	-	-
Other Expenses	88,263,040.40	106,990,596.61	69,168,656.34	80,080,235.40
Total	675,060,902.17	704,614,365.19	600,883,961.09	623,323,602.30

## 22. Executives' Remuneration

The executives' remuneration included the compensation paid to directors of the Company as per section 90 of the Public Company Limited Act excluding salaries and related fringe benefits paid to directors of the Company with the following details:-

(Unit : Baht)

	<u>Consolidated Financial Statements/</u> <u>Separate Financial Statements</u>	
	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Director's Remuneration	5,520,000.00	5,450,000.00

## 23. Income Tax Expense

Income tax of the Company is calculated at 25% of profit before income tax not exceeding Baht 300 million and 30% of profit before income tax exceeding Baht 300 million but after adding back allowances and various expenses not allowable for income tax calculation purpose and deducting of income not to be included as taxable income and also expense allowed to be deducted by increased amount for the 3 consecutive accounting periods commencing from the first accounting period which commences on or after January 1, 2008. The tax rate is in accordance to the Royal Decree No. 475 (B.E. 2551) dated July 29, 2008. The majority of the deduction is as follows: -

(Unit : Baht)

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Separate</u> <u>Financial Statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deducting of Income				
- Reversal of Loss from Diminution in the Value of Inventories	37,965,142.48	6,486,293.59	37,965,142.48	6,486,293.59
- Reversal of Loss from Asset Impairment	50,544,879.41	35,478,434.40	61,714,834.60	21,427,948.23
Expense allowed to be deducted by increased amount				
- Depreciation	9,325,228.29	9,325,228.29	9,325,228.29	9,325,228.29
- Training Expense	396,022.50	279,791.66	396,022.50	279,791.66

The income tax of subsidiary companies are calculated at 30% of profit before income tax but after adding back allowances and various expenses not allowable for income tax calculation purpose and deducting of income not to be included as taxable income and also expenses allowed to be deducted by increased amount.

## 24. Basic and Diluted Earnings per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid up during the year.

For the diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid up is adjusted to assume conversion of all dilutive potential ordinary shares, which is the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of warrant would be considered to have been received from the issue of shares at fair value. The Company has not show diluted earnings per share for the years ended December 31, 2010 and 2009, because the average selling price of the Company's ordinary share in the period, is lower than the exercise price of the remaining warrant.

## 25. Provident Fund

The Group Companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group Companies and their employees contributed to the fund monthly at the rates determined by the Group Companies. The fund was managed by Ayudhya Fund Management Co., Ltd., and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2010 and 2009, in the consolidated financial statements, the Group Companies' contribution amounted to Baht 1.94 million and Baht 1.44 million respectively and in the separate financial statements, the Company's contribution amounted to Baht 1.53 million and Baht 1.29 million respectively.

## 26. Disclosure of Sectoral Business Operation

Financial information classified by sectoral business for the years ended December 31, 2010 and 2009 are as follows:-

(Unit : Thousand Baht)

<b>Consolidated Financial Statements</b>								
<b>For the years ended December 31, 2010 and 2009</b>								
	<u>Golf Course Services</u>		<u>Real Estate Development</u>		<u>Real Estate Rental</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues from Operation	47,101	43,847	561,027	590,330	35,430	30,828	643,558	665,005
Operating Result under Sectoral Business	12,898	3,705	167,841	155,525	10,679	12,526	191,418	171,756
Reversal of Loss from Impairment Asset							50,545	35,479
Other Income							26,253	23,348
Selling Expenses							(84,340)	(55,224)
Administrative Expenses							(108,024)	(126,308)
Executives' remuneration							(30,557)	(29,833)
Profit from Operation							45,295	19,218
Financial Cost							-	(20)
Profit for the year							45,295	19,198
Add Loss Attributable to Minority Interest							1,320	2,442
Profit Attributable to Equity Holders of the Company							46,615	21,640
<b>As at December 31, 2010 and 2009</b>								
Inventories - Net	4,922	4,932	1,015,703	1,014,960	-	-	1,020,625	1,019,892
Property, Plant and Equipment - Net	284,270	286,518	88,537	37,329	411,873	409,952	784,680	733,799
Land-Located Plaza Center for Rent	-	-	-	-	3,569	3,569	3,569	3,569
Land and Improvement for Development-Net	10,518	10,518	1,460,522	1,625,468	-	-	1,471,040	1,635,986
Central Assets							1,148,789	903,830
Total Assets							4,428,703	4,297,076

## 27. Obligation and Contingent Liabilities

- 27.1 The Company entered into a lease contract of area, equipments and service in an office building, from October 1, 2009 to September 30, 2012 with the lease fee in amount of Baht 0.36 million per month.
- 27.2 As at December 31, 2010 and 2009, the Company entered into agreements of property construction and real estate development with the total contractual value at Baht 867.76 million and Baht 278.95 million respectively which had obligations to pay in the future, apart from those already in the accounting book in the amount of Baht 684.30 million and Baht 104.37 million respectively.

27.3 As at December 31, 2010 and 2009, the Company has obligations for credit line from of banks by issuance the letter of guarantee for land allocation and utility usage in amount of Baht 84.62 million and Baht 83.19 million respectively, which the fixed deposits have been pledged as collateral as mentioned in the notes to financial statements No. 15.

27.4 A subsidiary company has obligations under golf car service contract with a company for a period of three years, starting from November 1, 2008 to October 31, 2011, which the monthly service fee is charged at 50% of the income from golf car service fee received from customers.

## 28. Other Information

As at December 31, 2010 and 2009, the Company possessed 343 remaining golf-membership rights for both years, which were not included in the financial statements, because the Company obtained such rights at no cost as a result of the investment in a subsidiary company.

## 29. Financial Instruments

### Policy to manage financial risk

The Group Companies possess risks regarding from nonperformance of contractual obligations by counter parties. The Group Companies will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Group Companies do not have any policy to hold or issue any financial instruments for speculation or for trading.

### Risk on Credit Provision

The Group Companies uphold risk on credit provision due to the fact that the Group Companies always consider the clients' financial positions and deposits are always asked for in advance. If clients are considered uncollectible, the Group Companies would consider setting the appropriated allowance for doubtful accounts.

### Risk on Interest Rate

The Group Companies have interest rate risk due to deposits with financial institutions and current investments. The Group Companies are therefore subject to risk in relation to floating interest rates which may be fluctuate with market rates in the future which may affect upon the operating results and cash flows of the Group Companies. As at December 31, 2010 and 2009, the financial instruments with interest rate risks can be shown as follows:-

(Unit : Million Baht)

Consolidated Financial Statements						
As at December 31, 2010						
	Fixed Interest Rate			Floating Interest rate	Total	Interest Rate (% per annum)
	Within 1 year	More than 1-5 years	Over 5 years			
Financial Assets						
Call Deposit	-	-	-	83.24	83.24	0.50
Fixed Deposit	-	-	-	5.58	5.58	0.75-1.00
Negotiable Certificates of Deposit	-	-	-	187.28	187.28	1.500-1.900
Government Bond	-	-	-	557.59	557.59	1.500-1.920
Obligated Deposits	84.62	-	-	-	84.62	0.750-1.125
Finance Lease Contract Receivable	1.46	6.35	34.23	-	42.04	0.30
Total	86.08	6.34	34.23	833.69	960.35	



(Unit : Million Baht)

Consolidated Financial Statements						
As at December 31, 2009						
	Fixed Interest Rate					Interest Rate
	Within 1 year	More than 1-5 years	Over 5 years	Floating Interest rate	Total	(% per annum)
Financial Assets						
Call Deposit	-	-	-	78.03	78.03	0.50
Fixed Deposit	-	-	-	130.41	130.41	0.50-1.00
Negotiable Certificates of Deposit	-	-	-	237.25	237.25	0.75-1.25
Government Bond	-	-	-	284.56	284.56	1.01-1.17
Obligated Deposits	83.19	-	-	-	83.19	0.50-1.00
Finance Lease Contract Receivable	1.45	6.18	35.86	-	43.49	0.30
Total	85.64	6.18	35.86	730.25	857.93	

#### Fair Value

Book values of financial assets and liabilities which are shown in the balance sheets are approximately comparable to their fair values.

### 30. Approval of Financial Statements

These financial statements have been approved for issuance by the Company's board of directors on February 22, 2011.

The Star Estate @ PATTANAKARN



The Star Estate @ NARATHIWAS





EASTERN STAR

Eastern Star Real Estate Public Company Limited  
บริษัท อีสเทอร์น สตาร์ เรียล เอสเตท จำกัด (มหาชน)

ชั้น 5 อาคารเพลินจิตทาวเวอร์ เลขที่ 898  
ถนนเพลินจิต แขวงลุมพินี  
เขตปทุมวัน กรุงเทพฯ 10330  
โทร. 0-2263-1010 แฟกซ์ 0-2263-1009

5 Fl. Ploenchit Tower No. 898 Ploenchit Rd.,  
Lumpini, Pathumwan, Bangkok 10330  
Tel 0-2263-1010 Fax 0-2263-1009  
E-mail : [eastar@easter.co.th](mailto:eastar@easter.co.th)  
Web site : [www.estarpcl.com](http://www.estarpcl.com)