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Prinsiri Public Company Limited



Prinsiri Public Company Limited  
Annual Report 2010

PRIN  
SIRI

รายงานประจำปี 2553  
บริษัท ประจักษ์ จำกัด (มหาชน)





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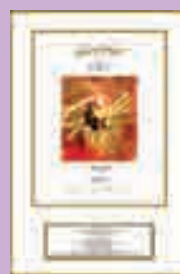




*Satisfied*

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๕๕ Award of Merit ๕๕



รางวัลแบบบ้านยอดเยี่ยมแห่งปีจาก PCBC ปี 2001 และ 2004  
ประเทศสหรัฐอเมริกา งานประกวดที่คัดสรรผลงานของสถาปนิก  
และบริษัทพัฒนาอสังหาริมทรัพย์ชั้นนำระดับโลก  
จากทุกประเทศในแถบมหาสมุทรแปซิฟิก

Award of Merit 2001 : Best Single Family Detached Home : under 1800 sf.

Award of Merit 2001 : Best Single Family Detached Home : 2601 - 3000 sf.

Award of Merit 2004 : Best Single Family Detached Home : 3300 - 3600 sf.

[www.prinsiri.com](http://www.prinsiri.com)

**ปริณสิริ....**ลึกซึ้งกับความหมายของคำว่า...บ้าน คำตอบที่ดีที่สุด  
ที่หล่อหลอมเป็นแรงบันดาลใจเชื่อมสายใยแห่งความรักความผูกพัน  
ระหว่างคุณกับบ้าน...สู่ความสุขในการพักผ่อน ด้วยโครงการคุณภาพ  
กว่า 30 โครงการ ครอบคลุมพื้นที่กรุงเทพฯ และปริมณฑล ภายใต้  
ตราสินค้า สิริทาวารา ปริณูดา ปริณลักษณะ บ้านปริณสิริ บ้านปริณ  
ดิ ยูโรเปียน ทาวน์ เดอะ นอร์ธเทิร์น ทาวน์ เดอะพัลซ์ เดอะคอมพลีท  
สมาร์ท คอนโด และเดอะไพรด์ พัทยา คอนโด



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## Message from the Board of Directors

**Dear shareholders,**

During 2010, the global economy recovered but was still in a fragile state. Volatility remained due to economic problems faced by European states. The US economy was in an early stage of recovery. By comparison, the Asian economies were more stable and had more favorable growth rates, thanks to the economic growth enjoyed by China and India, which can hopefully replace European countries and the US as drivers for economic growth. The prices of commodities, such as oil and gold, were on an increasing trend; so were those of agricultural produces, such as rubber and oil palm, which were rising along with the global economic recovery. As for Thailand, despite the problems of divisiveness and political violence during April and May, the economy still grew at a relatively high rate as a result of the government's economic policy implementation, and exports also increased at very high rates. It is expected that the Thai economy will continue to grow in 2011.

As for the property business, the government's decision to not extend the real estate tax measures after the termination in June 2010, the requirement imposed by the Bank of Thailand for a deposit of 10% of the value of the property to be bought or sold to prevent speculation in the property business, as well as the rising interest rate, all resulted in the slowdown of the property sector in the second half of 2010.

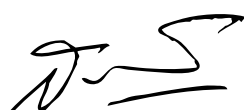
During the previous year, the Company launched five new projects – four townhome projects and one condominium project – with a combined value of over 2,600 MB. The Company is still rmly committed to its business objectives, being determined to conduct business in a transparent and fair manner. It adheres to good corporate governance, in order to be recognized as a company with good governance and success in its real estate development industry. The business has been conducted conservatively, with even greater emphasis placed on turning out good quality products so as to maintain the market share and sustainable growth.

During the previous year, the Company conducted studies of prefabrication, a construction technology which will be introduced for construction of single detached houses. The technology will shorten the construction time and reduce construction costs which will in turn result in better protability. The IT and internal management systems were also improved in order to enhance operation efficiency.

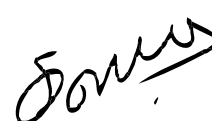
The Board of Directors would like to thank the shareholders, customers, trading partners, employees, financial institutions, the media, and securities analysts for their continued trust and support. We also hereby reafrm our pledge to continue strengthening our potential as we aim to take the leading position in the Thai real estate industry, having adopted a policy of doing business with transparency and accountability, and taking firm steps forward for maximum benets of all the stakeholders and society at large.



Prof. Dr. Warapatr Thodhanakasem  
Chairman of the Board of Directors



Ms. Siriluck Kovitchindachai  
President of the Executive Board



Mr. Veera Srichanachaichok  
Managing Director



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## Audit Committee Annual Report

### To The Shareholders

The Board of Audit Committee comprises of three independent directors:

1. Mrs. Anchalee Pipatanasern	Chairman of the Audit Committee
2. Mr. Witaya Danthamrongkul	Director of the Audit Committee
3. Miss Monpaka Vongsa	Director of the Audit Committee

None of these directors are employees of Prinsiri Public Company Limited.

In 2010, the Audit Committee called for the meeting four times to consider and precede the following major activities.

- Reviewing the financial report and adequacy disclosure of data. The Committee co-ordinate with auditor and responsible management who make quarter and annual financial reports.
- The Committee may suggest the auditor, review or inspect any transaction or important issue as needed during the audit process.
- Reviewing the efficiency of the internal control and internal audit by co-reviewing with the auditor and internal auditor. Discussing and considering scope of inspection and inspection plan of the internal auditors and auditor to relate and support each other for financial auditing.
- Reviewing the financial statements during the year with the internal auditors and auditor prior to submission to the regulators.
- Proposing the Board of Directors to appoint the auditor of the Company for the year 2011 By nominating Mrs. Suwimon Kotthayakiat or Miss Somjintana Polhirunra or Mrs. Pornsarun Rungcharoenkitkul, of DIA International Auditing and also considering the auditing remuneration for the approval from the Board.
- Reviewing compliance with guidelines for listed companies on the Securities Exchange of Thailand and relevant laws and regulations. Re-vi wing and giving recommendations for revision of internal audit charter to the Board of Directors to be up-to-date and respond to the Company's environment and business operation.
- Other business as assigned by the Board of Directors and the Committee agreed to do so.

The Committee is of the view that the Company's financial statements for the fiscal year 2010 are correctly formulated according to the generally accepted accounting principles with adequate disclosure of information. The internal control system for efficiency assessment is sufficient. All transactions comply with laws and regulations. The management has committed to run the Company's business within good moral framework. The Internal Audit team reports its inspection directly to the Audit Committee and monitors recommended corrective action progressively and regularly.



(Mrs. Anchalee Pipatanasern)  
Chairman of the Audit Committee

February , 2011



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## Report of the Board of Directors' responsibilities For Financial Statements

The Company board of Directors is responsible for financial statements of Prinsiri Public Company Limited including information in the annual report. The financial statements are prepared according to the generally accepted accounting principles. Appropriate accounting policy is care fully set and always has been implemented. The board does their best to consider consciously and prepare the most accurate report. Regarding transparent benefits of the shareholders and general investors, the board intends to disclose sufficient significant data on the notes to financial statements.

The board employs risk management to maintain appropriate and efficient internal control. This is to ensure that the accounting data is reasonable correct, complete and sufficient for assets maintenance and that there is significant prevention for any corruption or unusual action.

The Audit Committee reviewed the accounting policy and quality of the financial statements, internal control and internal inspection and risk management. The comments of the Committee is presented on the Audit Committee Annual Report, which is part of the Company's annual report.

The Company's financial statements were reviewed by the auditor, DIA International Auditing. For the purpose of transparently auditing, the Board supported all related information and documents. Therefore. The auditor could investigate and comment completely according to the accounting standards. On the statement from the auditor in the annual report, It is presented that the auditor had unqualified audit opinion.

The Board agrees that the overall internal control is satisfying and can assure that the financial statements of Prinsiri Public Company Limited for the year ended 31 December 2010 are reasonable as well as in compliance with generally accepted accounting principles and regulations related to the business.



(Professor Warapatr Thodhanakasem)  
Chairman of the Board



(Ms. Siriluck Kovitchindachai)  
Chief Executive Ofcer



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## Section 1

### Executive Summary

#### Overview of the business of the Company and its subsidiaries

Prinsiri Public Company Limited was incorporated as a limited company on February 23, 2000. As at the end of 2010, the Company had a registered capital of 1,105.5 MB and a paid-up capital of 1,105.49 MB (1,105.49 million ordinary shares with a par value of one Baht each). The Company is engaged in real estate development business, in the categories of housing estates and residential condominiums. In 2001 and 2004, the Company's housing design won Awards of Merit from the Pacific Coast Builders Conference (PCBC) held in the USA. The Company also received an honorable mention and a "Good" class award for "the Best Energy-saving Home Awards" In 2007 and 2008 respectively, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. The Company's real estate development business is based on the concept of "The Art of Family Living". In 2010, it generated 4,298.16 MB from sales of housing estates. It also had an extra earning of 97.67 MB from the sale of land which had not been developed. The Company now enjoys widespread recognition and trust from consumers as a leading real estate developer, with the brand name "Prinsiri". It holds shares in three subsidiaries, namely:

(1) Prin Venture Company Limited, which is engaged in the business of real estate development in the category of housing estates. The Company holds 100.00 percent of the paid-up registered capital.

(2) Grow Yotha Group Company Limited, which is a subsidiary engaged in construction and construction material distribution businesses, supplying materials mostly to the Company and its contractors. In 2010, 44.86 and 51.35 percent of its revenues came from sales of construction materials and construction, respectively. The Company holds 99.99 percent of its paid-up registered capital.

(3) CN SPR (Thailand) Company Limited, which is a subsidiary engaged in trading and leasing property, mostly in the category of land. It was incorporated on June 15, 2007. In 2010, The Company generated 97.67 MB from the sale of land which had not been developed. The Company holds 99.97 percent of the paid-up registered capital.

The Company's products are in the following categories:

(1) Housing Estates The Company's housing estate projects can be classified by product identity and target group and are developed under the following project names:

(1.1) Single detached house

(1.1.1) Single detached houses for middle and upper market, under project names "Siritawara" and "Baan Prinsiri", with prices from 7.00 MB and over, and the target market being high income earners.

(1.2) Townhouses and home offices

(1.2.1) Three-story townhouses under the project names "Six Nature", with prices about 1.50 — 4.00 MB and the target market being medium income earners.

(1.2.2) Two-story townhouses under the project names "City Sense", with prices about 1.00 — 2.50 MB and the target market being medium income earners.



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# "The Art of Family Living"

(2) Condominiums, which are classified by product identity and target group and developed under the following project names:

(2.1) Low rise condominiums (not higher than 23 Meters):

(2.1.1) Under the brand names "Bridge" and "The Pride", with a price range of 1.29 -3.60 MB and the target market being medium to relative high income earners.

(2.1.2) Under the brand names "SMART Condo", with a price range of 0.69 -1.00 MB and the target market being medium income earners.

(2.2) High rise condominiums (higher than 23 Meters), under the project name "The Complete", with a price range of 1.79 -12.00 MB and the target market being medium to relative high income earners.

The Company's business objectives are to be the leader among Thai real estate developers and for the brand "Prinsiri" to be recognized and trusted by consumers. The Company aims to continue its expansion of the business which will concentrate on development of housing estates and condominiums. The target is to procure land for development of 8-12 projects a year. Efforts will be intensified to increase public awareness of the brand "Prinsiri".

As at December 31, 2010, the Company and its subsidiaries had 22 projects available for sale, with a total value of 15,180.88 MB. The value of property sold in the year totaled approximately 4,007.47 MB. The revenue from real estate selling was recognized at 4,298.16 MB. For 2010, land has been purchased for 5 projects of which construction is underway and sales will begin during the year, with a total value of approximately 2,654.74 MB. The Company aims to buy another five to ten plots of land for project expansion in 2011.

## Summary of Financial positions and Operating Results

(Unit: MB)

Details	2008	2009	2010
Total revenues	4,372.88	4,917.46	4,468.15
Costs of sales	3,407.74	3,888.14	3,177.65
Net profit	315.56	483.89	572.50
Total assets	7,144.11	5,818.07	5,567.52
Total liabilities	4,615.91	2,810.44	2,185.99
Total shareholders' equity	2,528.19	3,007.62	3,381.52
Gross Profit Margin (%)	23.93	22.74	28.56
Net Profit margin (%)	7.22	9.79	12.67
Book value per Share (Baht per share)	2.51	2.99	3.05
Earning per share (Baht per share)	0.33	0.48	0.53

In 2010, the Company made net profit of 572.52 MB, a marked increase 18.31 percent from 2009. The increase was control of sales costs and administrative expenses included the company gain the income tax benefit from the Smart Condo rama2 (BOI Project) which was more effective than in 2009. The earning per share rose from 0.48 Baht in 2009 to 0.53 Baht in 2010.



The Debt/Equity ratio in 2010 dropped significantly to 0.64. The Company aims to keep the ratio not exceeding 1.2 in order to avoid recurrence of debt problems experienced in the past and also to prevent debt-related risks.

Total assets of the Company and the subsidiaries at the end of 2008, 2009 and 2010 decreased at 7,144.11 MB, 5,818.07 MB and 5,567.52 MB, respectively. As at December 31, 2010, current and non-current assets of the Company and the subsidiaries totaled 4,646.77 MB and 920.74 MB, or 83.46 and 16.54 percent of total assets, respectively. Most of the Company's assets were inventories. As at December 31, 2010, inventories of the Company and the subsidiaries totaled 3,992.33 MB or 71.70 percent of total assets.

#### Major risk factors

##### (1) Risks from fluctuation of construction cost

Construction materials are major raw materials for project development. Their prices, particularly those related to petroleum, vary with the rising prices of oil. Other material prices rose due to higher transportation costs. The Company cannot make sudden price increases; even if prices can be changed, the number of units sold may be affected. Therefore, the volatility of construction material prices could affect the cost structure and thus profitability of the Company. However, for materials provided by contractors, the contract value already includes the cost of construction and such materials. For materials procured by the Company, since the Company has high bargaining power in its negotiation with suppliers, it can still keep the costs of materials at appropriate levels by planning construction and estimating the quantity of each material for the whole project and placing orders according to the estimates through its subsidiaries.

##### (2) Risks from the policy regarding land procurement for future project development

The policy of the Company is to buy land with good potential for immediate project development. In other words, the Company does not have a policy to accumulate land (creation of a "land bank") for future development. This is because the Company does not want to bear the burden of cost. However, the increasing competition in the property business, as witnessed by the increasing numbers of projects launched, has led to competition for land in good locations among developers, which might expose the Company to risks resulting from land price increases or from the inability to procure land in such locations which will in turn result in higher costs of project development or in not having land with good development potential.

Nevertheless, the Company has a land procurement plan for project development in each year. As the plan is mapped out well in advance, the Company has ample time to procure land with good potential for development for future projects and can still keep land costs at appropriate levels. Besides, it has long relationships with a large number of land brokers who have done business with the Company continuously for an extended period of time. These land brokers have been selecting land in good locations at appropriate prices for offering to the Company.

(Investors are advised to study the details in Section 2 before making a decision to invest in the securities)



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## 1. Risk factors

### 1.1 Risks related to the Company and its business

#### 1.1.1 Risks from fluctuation of construction costs

Construction materials are major raw materials for project development. During the past year, the prices of several key materials rose due to increasing demands coupled with the rising prices of oil and major commodities such as iron ore and copper. Other material prices also increased due to higher transportation costs. When construction costs increase, the Company cannot make sudden price increases; even if prices can be changed, the number of units sold may be affected. Therefore, the volatility of construction material prices could affect the cost structure and thus profitability of the Company.

However, for materials provided by contractors, the contract value already includes the cost of construction and such materials. For materials procured by the Company, since the Company has high bargaining power in its negotiation with suppliers, it can still keep the costs of materials at appropriate levels by planning construction and estimating the quantity of each material for the whole project and by placing orders according to the estimates through its subsidiary.

#### 1.1.2 Risks form the policy regarding land procurement for future project development

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Nevertheless, the Company has a land procurement plan for project development in each year. As the plan is mapped out well in advance, the Company has ample time to procure land with good potential for development for future projects and can still keep land costs at appropriate levels. Besides, it has long relationships with a large number of land brokers who have done business with the Company continuously for an extended period of time. These land brokers have been selecting land in good locations at appropriate prices for offering to the Company.

#### 1.1.3 Risks form commercial banks' credit extension policy

In general, commercial banks have a relatively strict policy with regard to credit extension in order to prevent bad debts in the financial sector. In particular, the Bank of Thailand took a measure requiring home buyers to make a deposit of 10% of the value of the house to prevent speculation. Such policy reflects their prudence in managing the business amidst the risks induced by the global financial crisis. Their concern over the quality of loans and the rising trend of interest rates forecast for 2011 increased the possibility of the customers' failure to take out a housing loan from a commercial bank to settle the outstanding amount due on the ownership transfer date, which might affect the total amount of ownership transfers and thus the Company's profitability.

Because of this particular issue, the Company has been monitoring the general economic situation and the credit extension policy of commercial banks which may affect its operation. Strategies are adjusted in accordance with the changes. Customers are also pre-screened before loan applications are made to commercial banks. In addition, the Company has sought cooperation from commercial banks in speeding up the process for its customers applying for a loan.



#### 1.1.4 Risks from intense competition and political problems

The Thai economy in the first half of 2010 was still under the effect of domestic politics (particularly the events during April and May, 2010), the instability of the coalition government due to the 2007 constitution amendment issues, instability in the three southern border provinces and the volatile oil prices which were on the rising trend in the last quarter of the year due to the unusual changes of the world climate. However, the recovery of the Thai economy which followed the recovery of the global economy induced developers to speed up their projects launched in the second half of 2010. A large number of new projects are expected to be launched in 2011. Such trend will continue to result in more intense competition in the real estate business and would likely affect consumers' buying decisions in 2011.

### 1.2 Other risks

#### Risks from the major shareholder holding more than 50% of the shares

As at December 31, 2010, the Kovitchindachai family was the major shareholder of the Company, holding 695,411,072 shares, or 62.91 % of the total number of paid-up registered shares. The holding which accounts for almost three quarters of the total shares gives the group the controlling power over the company and influence over the decision in all Company matters requiring a resolution of the shareholders' meeting. The other shareholders therefore have the risks from not being able to gather sufficient votes for examination and counterbalancing in matters proposed for consideration by the shareholders' meeting by the major shareholders. Such concentrated shareholding by this major shareholder also precludes a business takeover by other persons without the major shareholders' consent despite the prospects seen by the other shareholders for appreciation of the value of the business.

However, four Independent Directors have been appointed to the Board of Directors and an Audit Committee appointed. Counterbalancing therefore exists - to a certain degree.



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## 2. Nature of Business

### 2.1 Background and major developments

#### 2.1.1 Background

Prinsiri Public Company Limited was incorporated on February 23, 2000, with an initial registered capital of 5 MB to operate real estate development business in the categories of housing estates and condominiums. In 2001 and 2004, the Company won Awards of Merit from the Pacific Coast Builders Conference (PCBC) held in the USA. The Company also received an honorable mention and a “Good” class award for “the Best Energy-Saving Home Awards” in 2007 and 2008, respectively, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. As at December 31, 2010, the Company had a registered capital of 1,105.5 MB and paid-up capital of 1,105.49 MB.

#### 2.1.2 Major developments

- 2004 • The Company was converted from a limited company to a public company limited as a preparation for offering of ordinary shares for sale to the public and for listing on the Stock Exchange of Thailand.
- 2005 • The Company invested in Gro Yotha Group Company Limited, which operated construction business and sales of construction materials, holding 99.99% of the shares.
  - The Company entered into a joint venture with Univenture Public Company Limited in setting up Prin Venture Company Limited to operate real estate development business, holding 51.00% of the shares.
  - The Company offered for sale of 155 million new ordinary shares with a par value of one Baht per share to the public at 2.80 Baht per share, thus increasing the Company’s paid-up registered capital to 670 MB.
  - The Company was listed on the Stock Exchange of Thailand, with its shares starting to be traded on the main board on November 7, 2005.
- 2006 • The Company started its real estate development operation and launched its first condominium project under the name “The Pulse Condominium” on Soi Ladprao 44.
  - The Company and Univenture Public Company Limited increased investment in Prin Venture Company Limited twice to expand the business, resulting in Prin Venture Company having a paid-up registered capital of 76.25 MB, with the Company retaining its shareholding at 51.00 %.
  - The Company granted loans to Prin Venture Public Company Limited in proportion with its shareholding for use in business operation. As of December 31, 2006, the amount of loans which the Company extended to Prin Venture Company stood at 248.28 MB.
- 2007 • The Company entered the business of development and sales of property in the category of condominiums, creating more brands - “The Complete” and “Smart Condo”.
  - The Company started the development and sales of property in the categories of two-story semi-detached houses and townhouses by creating new brands, “Prinyada Light” and “Prinyaluck Light”.
  - The Company offered 335 million new ordinary shares to existing shareholders with a par value of one Baht each and a selling price of 1.50 Baht per share at the ratio of two existing shares to one new share, resulting in its registered capital rising to 1,005 MB.
  - The Company established CN SPR (Thailand) Company Limited to operate property lease business and to trade property pending development, holding 99.99% of the shares.



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# "The Art of Family Living"

- The Company granted loans to Prin Venture Company in proportion with the shareholding for use in its business operations. As of December 31, 2007, the Company's loans extended to Prin Venture totaled 255.00 MB.
  - The Company granted loans to CN SPR (Thailand) Company Limited for use in its business operations. As of December 31, 2007, the Company's total loans extended to CN SPR amounted to 56.00 MB.
- 2008
- Development and sale of property in the categories of two-story detached houses and townhouses under new brands: "Baan Prinsiri" and "Baan Prin"
  - Development and sale of property in the category of condominiums under a new brand: "The Pride Pattaya Second Road"
- 2009
- Rebranding by adopting a new company logo and celebrating its 10th anniversary under the theme "Prinsiri, Happiness to the Tenth Power" and changing the slogan to "The Art of Family Living"
  - Development and sales of property in the category of three-story townhomes under the brands: "Six Nature" and City Sense
  - Change of the Chairman of the Board of Directors from Mr. Mongkol Pao-in to Professor Warapatr Thodhanakasem
- 2010
- The Company's registered capital was increased from 1,005.00 MB to 1,105.5 MB by issuing stock dividends at the ratio of 10 existing shares to 1 newly issued share.
  - Five new projects were launched, with a total project value of over 2,654.74 MB. Four were horizontal projects, two under the brand "Six Nature" ("Viphawadee 60" and "Phetkasem 69") and two under the brand "City Sense" ("Songprapha" "Prachachuan"). The other project was a low-rise condominium "Watcharaphon", under the brand: "Smart Condo".
  - A resolution was passed for the Company to buy 4.9 million shares of Prin Venture Company Limited, resulting in The Company holding 100% of Prin Venture's shares.

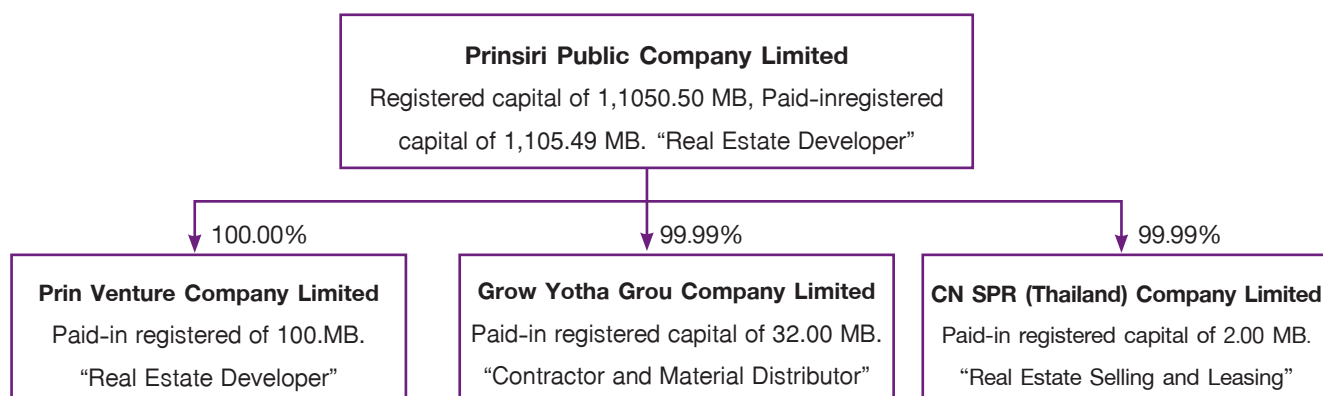
## 2.2 Overview of the business of the Company and its subsidiaries

Prinsiri Public Company Limited, the Company, and Prin Venture, a subsidiary, are engaged in real estate development business in the categories of housing estates and condominiums with the Company being the project developer and owner. In developing real estates, emphasis is placed on "The Art of Family Living" concept. 98.38 % of the Company's total revenue in 2010 came from the housing estate business. At present, the Company is a real estate developer well recognized and trusted by consumers, operating under the brand name of "Prinsiri". It is well known for good project locations, good quality, reasonable prices and good after-sales services. In order to meet consumers needs, the Company has continuously developed and improved its products in terms of project designs, project plans, house designs, usability, project locations, selection of suitable construction and decoration materials to suit the environment of each project. Employment of modern construction technologies such as the tunnel formwork and pre-fabrication has enhanced its construction efficiency, reducing the construction time and allowing for better quality control to better satisfy consumers' requirements.



## Structure of Shareholding of Prinsiri Public Company Limited

As at December 31, 2010



Prin Venture Company Limited is engaged in the business of real estate development in the category of housing estates. The Company holds 100% of the shares.

Grow Yotha Group Company Limited is engaged in construction and distribution of construction materials, such as cement, paint, steel and wood, providing service and supplying materials mostly to the Company and its contractors. In 2010, 44.87 and 51.35% of its revenues came from sales of construction materials and construction, respectively.

CN SPR (Thailand) Company Limited was incorporated in June 2007 to be engaged in trading and leasing property held for development; e.g., purchases of land and property for trading and investment in order to seek profit from the appreciation of their values, short-term and long-term leases and generation of revenues from provision of service or management of hotel, resorts and residences. It is meant to be a company generating revenues which are not from real estate development for sale (e.g., rent). As of 2010, it generated 97.67 MB from sales of land not yet developed.

## 2.3 Revenue Structure of the Company

Revenue structure of the Company and subsidiaries

Revenue	Operator	2008		2009		2010	
		Consolidated financial statement		Consolidated financial statement		Consolidated financial statement	
		MB	%	MB	%	MB	%
Detached house — upper market	Prinsiri	123.50	2.82	85.50	1.73	134.11	3.00
Detached house — middle market/ Semi detached house	Prinsiri/Prin Venture	1,238.29	28.32	1,280.62	26.04	769.86	17.23
Townhouse/Home Office	Prinsiri/Prin Venture	2,107.52	48.20	1,246.53	25.34	1,260.64	28.21
Condominium	Prinsiri	2.29	0.05	1,708.94	34.75	2,133.56	47.75
Land	Prinsiri	827	18.91	555.63	11.29	97.67	2.18
Total revenue from property sales	Prinsiri/Prin Venture	4,298.60	98.30	4,877.22	99.18	4,395.84	98.38
Revenue from goods sales	Grow Yotha Group	30.26	0.69	20.58	0.41	53.65	1.20
Other revenues	Company/Subsidiaries	43.95	1.00	19.63	0.4	18.66	0.42
Total revenue		4,372.81	100.00	4,917.43	100.00	4,468.15	100.00

**Notes** : Sales prices of detached houses — upper market, from 10 MB

Sales prices of detached houses — middle market, from 3 to 10 MB



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In 2008, 2009 and 2010, the Company and its subsidiaries had revenues from property sales in proportion to the total revenues at 98.39%, 99.18%, and 98.38%, respectively. In 2008, the largest portion of the Company's revenue was from sales of townhouses and home offices, representing 48.24% of the total revenue. For 2009, the revenues from the sales of single detached houses and townhomes represented 26.04% and 25.34% of the total revenue, respectively. In 2010, the Company's sales of single detached houses and townhomes took up 20.23% and 28.21%, respectively.

As regards the revenues from the sales of condominiums in 2008, 2.29 MB was generated from sales of the Pulse Project on Soi Ladprao 44, or 0.05 % of the 2008 total revenue. For 2009, the Company's revenue from condominium sales rose to 1,709 MB, or 34.75 %. During that year, the revenue from condominium sales was higher than those from sales of single detached houses, semi-detached houses and townhomes because the Company received sales revenues from The Complete Ratchaprarob project and The Pride Pattaya Second Road project, which had a combined revenue of over 1,700 MB. 2010 was another year when the revenues from condominiums were greater than single detached houses and townhomes due to ownership transfers under three projects; namely, the Complete Narathiwat, Bridge 37 and Smart Condo Rama 2. The values totaled 2,100 MB, or 47.75% of the total revenue.

The Company and its subsidiaries also had revenues from sales of construction materials, such as cement, paints, steel and wood. In 2008, 2009, and 2010, the revenues from such sales represented 0.59%, 0.41%, and 1.20% of the total revenues, respectively.

In 2010, the Company had extra revenues from sales of land which had no development plans in the near term, amounting to 97.67 MB or 2.18% of the total revenue. As for other revenues, most of them were deposits from customers who failed to enter into contracts with the Company as agreed, installments paid by customers who later stopped paying and lost contact with the Company, and fines for delays in construction collected from the contractors.

## **2.4 The Company's business goals**

With the firm focus on being a leader in real estate development in Thailand and the recognition and trust from consumers under "Prinsiri" brand, the Company places emphasis on the selection of land on prime locations, the development and improvement of projects, house designs, and the quality of construction work, including the selection of construction materials and equipment with quality suitable for each project as well as after-sales services. It has a goal to expand future projects, while focusing on projects in the categories of housing estates and residential condominiums in order to cover all the target consumer groups.

On the marketing front, the Company has a goal to enhance awareness of the "Prinsiri" brand, with a focus on awareness among consumers of houses built by Prinsiri which truly connote the meaning of "Baan" (home) - the center of the family and warmth under the concept "The Art of Family Living". Campaigns along this line were launched through various media such as television, radio, billboards, and brochures, to entice consumers and create demand for the Company's products.







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# "The Art of Family Living"

## 3. Products

### 3.1 Product characteristics

#### Prinsiri Public Company Limited ("the Company")

The Company is engaged in real estate development business in the categories of housing estates (pre-built houses) and residential condominiums for sale. Most of the project locations selected are in Bangkok and surrounding areas near communities, with complete public utilities (electricity, water supply, communication and transportation). The brand "Prinsiri" is used for all product types under the concept "The Art of Family Living".

Company logo



The Company attaches great importance to product quality, taking meticulous care of all the details and material selection and quality control at every stage of production. Products are constantly developed to best suit customers' requirements.

In selling the products, customers are required to make reservation, down and contract signing payments in the total amount of 10% of the sales price. Down payments are made in 3-12 months, depending on the construction time and the agreement between the customer and the Company. The schedule for delivery of the house and ownership transfer is stipulated on the contract signing date and in the purchase contract, which, of course, depends on the customer's readiness.

Details of each type of products are as follows:


#### 3.1.1 Housing estate

The Company's housing estates are horizontal development projects. Products in this type are houses or buildings not more than four stories high. The house and building style and project design of individual projects vary with the location and customers' needs. However, each project has complete infrastructure, facilities and security, such as a clubhouse, a swimming pool, a recreation park and security systems. The Company's housing estate projects can also be classified by product identity and target group and are developed under the following project names:





**(1) Single detached house**

**(1.1) Single detached house for upper market**


Logo of the Project	:	
Project Name	:	Siritawara
Price Range	:	15.0 MB and over
Target Market	:	High income customers

**(1.2) Single detached house for middle market**

Logo of the Project	:	 
Project Name	:	Baan Prinsiri
Price Range	:	5.00 — 10.00 MB

**(2) Townhouse and home ofce**

**(2.1) Three-story townhouse**

Logo of the Project	:	
Project Name	:	Six Nature
Price Range	:	2.00 — 3.00 MB
Target Market	:	Medium income customers

**(2.2) Two-story townhouse**

Logo of the Project	:	
Project Name	:	City Sense
Price Range	:	1.50 — 4.8 MB
Target Market	:	Medium income customers



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# "The Art of Family Living"


## 3.1.2 Condominium

The Company's condominium projects are vertical development for sale. Products of this category are condominium buildings at least eight-story high. The building design and project design of each project are unique, depending on the location and customers' needs. Each project under the Company's operation has complete common infrastructure, facilities and safety, such as a swimming pool with a beautiful garden, elevators, satellite television, and security systems. Condominium products are developed under three brands, categorized by market positioning and distinguished characteristics, for easy remembering. The Bridge The Pride and Smart Condo are used for low rise condominiums (maximum height of 23 meters), while The Complete is for high rise condominiums (more than 23 meters high).

### Low Rise Condominiums (less than 23 meters high)

Logo of the Project	:	
Project Name	:	Bridge
Price Range	:	Starting from 1.80 MB
Target Market	:	Medium to relatively high income

Logo of the Project	:	
Project Name	:	Smart Condo
Price Range	:	0.69 - 1.00 MB
Target Market	:	Medium income customers

Logo of the Project	:	
Project Name	:	The Pride Pattaya (Second Road)
Price Range	:	2.00 - 5.00 MB
Target Market	:	Medium to high income

### High Rise Condominiums (more than 23 meters high)

Logo of the Project	:	
Project Name	:	The Complete
Price Range	:	1.79 — 12.00 MB
Target Market	:	Medium to relatively high income





# "The Art of Family Living"

Table showing details of projects available for sale as at December 31, 2010

Unit: MB (except the numbers of units)

Project/ Price per units	Type of Project/ area(rai)	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress	
			Units	Project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value		Project Investment value	% of complete
SDH																
Prinsiri Nawamin ( 4.30-17.80 m.b)	SDH 35-0-88.30 rai	Nawamin road	88	726.32	86	697.32	96.01	86	697.32	96.01	2	29.00	3.99	306.67	306.67	100.00
Siritawara Oriental ( 13.00-40.00 m.b)	SDH 30-2-44 rai	Praditmanoon road	63	1,129.68	56	1,001.26	86.63	56	1,001.26	86.63	7	128.42	11.37	490.00	481.42	98.25
Prinyada Chamchan ( 4.30-9.90 m.b)	SDH 9-1-66 rai	Soi Chamchan	27	174.67	24	148.64	85.10	24	148.64	85.10	3	26.03	14.90	70.21	70.21	100.00
Prinyada Teparak Phase 1 ( 3.50-7.00 m.b)	SDH 22-1-16 rai	Bangtamru road	83	661.40	79	640.21	94.12	79	640.21	94.12	4	21.19	5.87	383.84	383.84	100.00
Prinyada light Rama 5 ( 2.99-5.50 m.b)	SDH 27-3-40.10 rai	Ratchaphruk Road	156	611.35	131	484.02	79.17	129	476.58	77.95	25	127.33	20.82	498.81	469.52	94.13
Prinyada Bangbon Ring Road (5.57 – 10.00 m.b)	SDH 44-2-74.80 rai	Kanchanapisek Road	188	1,315.73	140	985.92	74.93	124	857.50	65.17	64	458.23	34.83	513.77	480.32	93.49



# "The Art of Family Living"

Project/ Price per units	Type of Project/ area(rai)	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress	
			Units	Project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value		Project Investment value	% of complete
Northern Prime (Prinventure)	SDH and Land	Klonglung Phatumthani	20	104.87	0	0.00	0.00	0	0.00	0.00	20	104.87	100.00	65.24	18.78	28.79
<b>Total SDH</b>			<b>625</b>	<b>4,716.09</b>	<b>541</b>	<b>4,076.77</b>	<b>86.44</b>	<b>524</b>	<b>3,940.36</b>	<b>83.56</b>	<b>101</b>	<b>775.73</b>	<b>16.44</b>	<b>2,171.44</b>	<b>2,082.95</b>	<b>95.92</b>
Baanprin Watcharaphon (2.75 – 3.59 m.b)	TH 2 Story 8-3-27.00 rai	Watcharaphon Road	115	278.07	114	275.08	98.92	112	269.14	96.79	3	8.93	3.21	150.19	140.54	93.57
Six Nature Kallapaphruk (2.89-6.29 m.b)	TH 3 Story 30-1-6.20 rai	Kallapaphruk Road	337	1,326.86	186	682.65	51.42	119	420.59	31.70	218	906.27	68.30	471.41	344.95	73.17
Six Nature Watcharaphon Zone C1 (TH) (2.99-3.35 m.b)	TH 3 Story 6-2-27.0 rai	Watcharaphon road	88	297.15	56	195.14	65.67	33	104.26	35.09	55	192.89	64.91	130.02	97.95	75.33
Six Nature Watcharaphon Zone C (2.99-3.55 m.b)	Shop House 3-3-18.00 rai	Watcharaphon road	46	235.27	44	223.99	95.21	37	187.76	79.81	9	47.51	20.19	77.48	66.10	85.31
City Sense Prachachuen (2.79-3.9 m.b)	TH 2 Story 5-0-0 rai	Samakki Road	55	158.94	55	158.94	100.00	54	156.05	98.18	1	2.89	1.82	75.13	75.13	100.00
City Sense Songprapa ( 2.14-3.15 m.b)	TH 2 Story 17-1-0 rai	Songprapa Road	188	472.42	71	176.77	37.42	4	9.64	2.04	184	462.78	97.96	220.66	69.96	31.70



# "The Art of Family Living"

Project/ Price per units	Type of Project/ area(rai)	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress	
			Units	Project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value		Project Investment value	% of complete
Six Nature Phetkasem 69 (2.49-4.29 m.b)	TH 3 Story 15-3-5.0 rai	Phetkasem 69 Road	191	638.97	29	95.37	14.93	0	0.00	0.00	191	638.97	100.00	260.54	51.16	19.64
Six Nature Viphawadee 60 ( 3.39-4.09 m.b)	TH 3 Story 16-2-0	Viphawadee 60 Road	171	642.08	63	239.95	37.37	0	0.00	0.00	171	642.08	100.00	247.16	69.69	28.20
<b>Total TH</b>			<b>1,191</b>	<b>4,049.76</b>	<b>621</b>	<b>2,047.45</b>	<b>50.56</b>	<b>359</b>	<b>1,147.44</b>	<b>28.33</b>	<b>832</b>	<b>2,902.32</b>	<b>71.67</b>	<b>1,632.59</b>	<b>915.48</b>	<b>56.08</b>
The Pluse Ladpral 44 ( 1.29-3.80 m.b)	Condo 1-2-0 rai	Ladpral road	202	324.64	201	320.85	98.83	201	320.85	98.83	1	3.79	1.17	163.72	163.72	100.00
The Complete ratchaprurup ( 1.79-12.08 m.b)	Condo 3-3-0 rai	Ratchaprurub road	555	1,667.69	551	1,620.38	97.16	551	1,620.38	97.16	4	47.31	2.84	1,084.65	1,084.65	100.00
The Complete Narathiwat (2.38-6.97 m.b)	Condo 1-0-80 rai	Narathiwat road	185	859.90	128	529.49	61.58	126	518.09	60.25	59	341.81	39.75	463.46	463.46	100.00
Bridge Phahon 37 ( 1.44-3.40 m.b)	Condo 3-3-0 rai	Phahonyothin road	264	592.03	260	576.07	97.30	259	571.48	96.53	5	20.55	3.47	322.43	322.43	100.00
Smart Condo rama 2 ( 0.69-1.10 m.b)	Condo 17-1-63.70 rai	Rama 2 road	2,062	1,947.89	1,268	1,135.00	58.27	1,133	1,006.85	51.69	929	941.04	48.31	1,326.14	1,137.21	85.75
The Pride Pattaya (1.80-5.0 m.b)	Condo 1-17.00 rai	Pattaya sai 2 road	79	280.55	49	145.86	51.99	44	125.71	44.81	35	154.84	55.19	134.72	129.16	95.87





# "The Art of Family Living"

Project/ Price per units	Type of Project/ area(rai)	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress	
			Units	Project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value	Units	Value (M.B)	%of project value		Project Investment value	% of complete
Smart Condo Watcharaphon (0.8-1 m.b)	Condo 7-3-10 rai	Watchraphon Road	724	742.33	313	337.99	45.53	0	0.00	0.00	724	742.33	100.00	423.85	19.8	4.67
Total Prinventure			4,071	6,415.03	2,770	4,665.64	72.73	2,314	4,163.36	64.90	1,757	2,251.67	35.10	3,918.97	3,320.43	84.73
Grandtotal (Prinsiri and Prinventure)			5,887	15,180.88	3,932	10,789.88	71.07	3,197	9,251.16	60.90	2,690	5,929.72	39.91	7,723.00	6,316.86	81.81

Note : \* The project investment value of the Company and Prin Venture does not include the cost of land to be developed.





## 3.2 Marketing and competition situation

### 3.2.1 Marketing

#### Competition Strategy

Based on the Company's business strategy of product and service differentiation, with emphasis on building consumers confidence in the Company and its products, the competition strategies employed are as follows:

#### (1) Products

The Company attaches considerable importance to the product strategy, which focuses on differentiating the products under the slogan "The Art of Family Living" to cater to various types of target customers who have different requirements (e.g., project locations, project design, house design and usable area). Products are separated by project names to allow consumers to choose residences which are directly responsive to their requirements, in order to maximize their satisfaction. The project work is meticulously controlled at all stages, from selection of the project site where land is to be bought, house designing, project and landscape designing, to material quality selection and construction, including continual product development. The Company's products therefore enjoy customers' acceptance and confidence as the houses are beautifully designed, with appropriate usability and the project's green and pleasant environment.

#### (2) Pricing

The Company's policy is to price the products at levels which are in line with market prices and competitive, comparable to other projects in the same or nearby locations. Relevant factors, such as the product quality and project costs (e.g., land, design, construction and marketing costs) are also taken into consideration. The emphasis is on giving higher value for money than products offered by other companies (for example, furnished houses ready for moving in).

#### (3) Marketing promotion

Another strategy to which the Company attaches importance is marketing promotion. It is used for competition purposes, mainly to create brand awareness, to induce demand for the products, to remind consumers of the products and to build confidence in the products as well as to enhance the Company's good image. Marketing tools mainly used are advertising, sales by salespersons, sales promotion, direct marketing and indirect marketing.

In 2010, the Company conducted advertising/public relations activities through various channels to reach target customers. Details are as follows:

#### Above-the-line strategy

- Advertisement through magazines and newspapers
- Sending SMS with information and details of new projects to customers' mobile phones
- Advertisement through the Company website [www.prinsiri.com](http://www.prinsiri.com)
- Advertisement through social networks; e.g., facebook and MSN

#### Below-the-line strategy

- Advertisement on billboards on selected main roads around the project sites to induce target customers to visit the projects
- Advertisement through the website [www.prinsiri.com](http://www.prinsiri.com)
- Organizing activities for customers living in the project, and inviting target customers to join the program in order to build up relationships and to create a good image for the Company
- Organizing booths at events such as the House and Condo Shows, and ones organized at department stores and offices, in order to publicize the Company's projects





In 2009, the Company launched a new brand: “Six Nature” for three-story townhouses. And in 2010, another brand, “City Sense”, was created and promoted on a continuous basis.

#### (4) Product costs

The Company focuses on keeping the costs of project development at appropriate levels in order to maintain gross profit margins and to keep its prices competitive. This cost control starts from selection of land and buying land at appropriate prices, research and development regarding selection of construction materials and fixtures and fittings which are of good quality and standard, with costs within the specified limits, development of construction techniques and technologies aimed at controlling construction costs, increasing efficiency and raising product standards.

#### (5) After-sales services

To build up customers’ confidence in the Company’s products and to help them in making their buying decision, the Company offers the following after-sales services to customers who have bought its products:

- One-year guarantee of the quality of the house, from the date of ownership transfer for defects of the construction, materials and fixtures and fittings
- Provision of one-year theft insurance

### **Characteristics of customers and target customer groups**

Based on the types of products offered by the Company (housing estates and condominiums), its customers are those looking for a new residence. Different customers require different types of residences; e.g., detached houses, semi-detached houses, townhouses, home offices and residential condominiums, depending on their own preference, condition and limitations. Such customers are treated as end users.

In order to enable customers to select a residence which is most responsive to their requirements, the Company offers diverse products to maximize their satisfaction and to cater to their specific requirements. The diverse customers are grouped by their income levels as follows:

- (1) High income group Products which the Company aims to sell to this group are detached houses for upper market, under the project name “Siritawara”
- (2) Relatively high income group Products which the Company aims to sell to this group are detached houses for middle market under the project names “Prinsiri” and “Zerene”, and residential condominiums under the project names “Bridge”, “The pride” and “The Complete”.
- (3) Medium income group Products which the Company aims to sell to this group are townhouses and home offices under the project names “Six Nature” and “City Sense” and residential condominiums under the project names “Bridge”, “The Pride”, “The Complete” and “Smart Condo”.

### **Sales and distribution channels**

The Company sells its products through its direct channel and through salespersons posted at project sites. In addition, the Company also dispatches salespersons to booths at events on an occasional basis.



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## 3.2.2 Industry and competition situations

### 3.2.2.1 Industry situation

In 2010 despite the violent political conflicts resulting in the April and May incidents, the real estate market situation had a good rate of growth compared to 2009, thanks to the global economic recovery. The negative factors during the year included termination of the tax exemption measures in June 2010, the highly volatile oil prices, the upward trend of interest rates, the tight credit extension policy adopted by commercial banks as well as the LTV (Loan-To-Value) ratio measure. The rising trend of interest rates caused real estate developers to be alert to the changing circumstance and potentially affected the smaller ones. The purchasing power of consumers was dropping as a result of the inflation. At the end of 2010, 1,382 residential units were offered for sale. If only projects with over 20 units available for sale are counted, there were a total of 936 sites. During the year, 444 projects were launched, with units totaling 116,791 and values totaling 302,140 MB. The average price was 2.58 MB. A total of 59,187 residential units were launched for sale in the year, increasing from 2009, when 57,604 units were launched for sale, or an increase of approximately 103%. Most of the projects were launched by major developers. The number of units launched rose considerably, particularly those under BOI-promoted condominium projects and townhomes in areas surrounding Bangkok. The two categories accounted for 52% and 29% of the units launched for sale in 2010. Focus of the development was on low to middle income groups, with the price range of 1-4 MB, as the demands for these categories (including speculative demands) were still strong.

**Development Projects launched in 2010 (by units)**

Price Range (mil.baht)	Detached	Duplex	Townhouse	Shophouse	Condo	Land	Total Res.
<0.501					2		2
0.501-1.00		25	7,026		12,346		19,397
1.01-2.00	424	1,224	18,475	185	24,540		44,848
2.01-3.00	4,249	1,702	3,719	363	9,659	80	19,772
3.01-5.00	8,754	705	3,045	456	9,734	20	22,714
5.01-10.00	3,473	124	1,105	144	4,068	17	8,931
10.00-20.00	149	14	37		505		705
>20.00	304				118		422
Overall	17,353	3,794	33,407	1,148	60,972	117	116,791
Proportion	15%	3%	29%	1%	52%	0%	100%

Source: Agency for Real Estate Affairs (AREA)

The values of new projects launched in 2010 totaled 302,139 MB, an increase from 182,944 MB in 2009 by 64 %. The average sales price in 2009 was 3.17 MB and that of 2010 was 2.58 MB, which represented a drop of 19% mainly because developers focused more on low and medium income groups looking for a residence in a price range of 1-4 MB during 2010.



### Development Projects launched in 2010 (by project value)

Price Range (mil.baht)	Detached	Duplex	Townhouse	Shophouse	Condo	Land	Total Res.
<0.501					1		1
0.501-1.00		25	6,327		10,963		17,315
1.01-2.00	829	1,961	26,979	299	37,586		67,654
2.01-3.00	11,681	4,359	9,167	974	23,692	192	50,065
3.01-5.00	34,016	2,573	11,773	1,894	36,097	90	86,443
5.01-10.00	21,006	668	6,485	955	26,662	170	55,946
10.00-20.00	1,909	155	499		6,522		9,085
>20.00	10,192				5,438		15,630
Overall	79,633	9,741	61,230	4,122	146,961	452	302,139
Proportion	26%	3%	20%	1%	49%	0%	100%

Source: Agency for Real Estate Affairs (AREA)

In 2010, in terms of units sold, condominiums ranked first, with 38,711 units sold, or 69 % of the total units offered for sale in the year, followed by townhouses, as 12,358 units were sold, accounting for 22% of the total units sold.

### Units Sold in 2010

Price Range (mil.baht)	Detached	Duplex	Townhouse	Shophouse	Condo	Land	Total Res.
<0.501					2		2
0.501-1.00		25	2,999		7,410		10,434
1.01-2.00	230	220	6,528	104	15,289		22,371
2.01-3.00	923	580	1,060	233	6,756	3	9,555
3.01-5.00	1,738	208	1,499	252	6,297	20	10,014
5.01-10.00	637	19	240	118	2,540	7	3,561
10.00-20.00	44	5	32		352		433
>20.00	27				65		92
Overall	3,599	1,057	12,358	707	38,711	30	56,462
Proportion	6%	2%	22%	1%	69%	0%	100%

Source: Agency for Real Estate Affairs (AREA)



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Sales of residential units of listed companies in 2010 totaled 62,022, or 65% of total sales, with the value totaling 169,338 MB or 65% of the total value of sales. The figures indicate that the development projects of listed companies took up a greater market share, with more projects launched and a greater number of units per project. Apart from having prime locations, another reason for public companies to have bigger sales figures than limited companies was because most of them turned to developing condominiums in the heart of the city along the electric train routes, with moderate prices, thus enjoying good sales figures.

## Comparisons of total units sold and the values between public companies and limited companies

House Type	Total of Unit				Value			
	Public companies and subsidiaries	Limited companies and small operators	Total	%	Public companies and subsidiaries	Limited companies and small operators	Total	%
Detached house	8,368	5,501	13,869	14%	38,942	21,239	60,180	23%
Semi-detached	1,813	2,167	3,980	4%	4,768	5,442	10,210	4%
Townhouse	15,773	11,189	26,962	28%	30,449	18,686	49,135	19%
Shophouse	194	1,163	1,357	1%	927	3,899	4,827	2%
Condominium	35,822	13,620	49,442	52%	94,011	39,173	133,184	51%
Land subdivision	55	178	230	0.2%	291	888	1,179	0%
Total	62,022	33,818	95,480	100%	169,388	89,326	285,714	100%
% proportion	65%	35%	100%		65%	35%	100%	

Source: Agency for Real Estate Affairs (AREA)

## Table showing the top ten public companies with the highest values of development projects in 2010

Rank	Company name	Number of projects	Project value (MB)	Number of residential units
1	Preuksa Real Estate Public Company Limited	71	49,899	28,381
2	Asian Property Development Public Company Limited	18	30,406	5,990
3	Land and Houses Public Company Limited	14	20,189	5,912
4	Sansiri Public Company Limited	16	16,967	5,447
5	Supalai Public Company Limited	13	14,954	5,207
6	L.P.N. Development Public Company Limited	6	13,561	7,744
7	SC Asset Corporation Public Company Limited	10	9,877	894
8	Raimon Land Public Company Limited	2	7,950	420
9	Property Perfect Public Company Limited	5	6,794	1,553
10	Quality Houses Public Company Limited	1	5,418	210

Source: Agency for Real Estate Affairs (AREA)





### 3.2.2.3 Potential for competition

With knowledge and skills, competence and experience which the Company has accumulated over an extended period of time, it is now a real estate developer well known among consumers. Its focus on the excellence of its products and services under the slogan “The Art of Family Living” ensures that its products are of good quality, all the details are dealt with meticulously and in perfect harmony, and all the materials are carefully selected for every single component of the house. With acceptance and confidence from the customers which it enjoys, it has high potential for competition. Its competition potential is also supplemented by the following factors:

(1) The Company has been continuously conducting product research and development in order to improve the quality of its products, with emphasis on designs which fulfill customers’ requirements in terms of usability and modernity.

(2) The Company won the “Awards of Merit” for house designs in 2001 and 2004 presented at Pacific Coast Builders Conference (PCBC) in the USA. It was also awarded an honorable mention for “the 2007 Best Energy-Saving Home Awards” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

(3) The Company has a policy to differentiate its products and services for competitive advantage.

(4) The Company can effectively control construction costs through several measures; e.g., development of construction techniques and technologies, having a subsidiary (Grow Yotha Group Company Limited) engaged in supplying construction materials to the Company and the contractors.

(5) The Company has launched marketing promotion activities continuously to create brand awareness in order to induce the demand for its products, to remind consumers of the products, to build up confidence in the products and to create a good image.

(6) The Company places emphasis on after-sales services to enhance customers’ confidence in its products, which is considered a key factor for their buying decision.

### 3.2.2.4 Industry trends and future competition

The tough competition among real estate developers and the credit control measures taken to prevent bubbles in the property sector, as well as the global economic recovery, led the Company to review all the factors affecting the business and made some adjustments to its strategies, as follows:

(1) The requirement for customers to pay a deposit of 10% of the value of the property to be bought in order to prevent speculation in the property sector became effective on January 1, 2011. The measure was taken with effect on condominiums first and, in 2012, buyers of single detached houses and townhomes will be required to pay a deposit of 5% of the value of the property.

(2) Investments in mega projects, particularly the mass transit railways, are definitely a positive factor and contribute to expansion of communities. In 2010, construction contracts were signed by the government for the purple line (Bangsue-Bangyai), stimulating competition along the railway route and in Nonthaburi Province.

(3) Interest rates had a rising trend in the second half of the year as a result of the global economic recovery following financial injections around the globe. This was considered a risk factor for people wishing to buy a house. Developers’ costs also tended to rise along with the inflation rate as a result of the increases of the prices of oil and construction materials.

(4) The outstanding supplies of housing units started to rise in 2010, causing developers to be more cautious, particularly for the category of condominiums and townhouses, for which developers had to pay special attention to locations and prices.

(5) The locations of condominium projects are still in inner Bangkok and along the train routes. BOI-promoted condominiums are likely to experience tougher competition.



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## 3.3 Sourcing of products and services

For all construction projects, the Company is the project developer and owner, from the stages of land purchase, house and project designing, application for a land allotment permit, and a construction permit, execution of the construction, quality control and quality checking, sales, to after-sales services.

The construction time varies from project to project, depending on the category, size and model. Time required for construction of different types of residences is as follows: 4-6 months for a detached house, 3-4 months for each row of townhouses or home offices, and 8-12 months for a condominium building.

### Production policy

The Company's policy is to increase or decrease its capacity in proportion with consumers' demand in each project. As the Company hires contractors to execute the production, capacity can be increased by hiring more contractors if the demand increases. In order to control the quality and standard of the construction, the Company has adopted the following measures:

- (1) Specification of construction and material standards for contractors.
- (2) Holding a meeting with contractors to agree on the construction schedule before the work begins.
- (3) Having in place a project engineer and a foreman at each project site to oversee the construction execution and inspect the work of contractors.
- (4) Having in place a quality control team to inspect the quality of all the construction work to ensure that it is up to specified standards.

### Land purchases

Land is obviously a very important component of a development project, representing 20 % of the total production cost.

In purchasing, land, the Company's policy is to select land with potential for immediate development. Factors taken into consideration when selecting land are the location, the price, the town plan, legal restrictions, the direction of residential area expansion, the direction of the urban area expansion, and the competition, etc. The Company purchases land through such channels as land brokers, land owners and the Company's own staff.

In order to ensure success of the land purchase, a feasibility study is always conducted before the purchase is made. The feasibility study report is presented to the Executive Board for approval of the purchase.

### Selection and hiring of contractors

The Company hires contractors to execute the construction. A project manager, a project engineer and a foreman who are Company employees are posted at the project site to control the work of the contractors to ensure that it is on schedule and meets the specified standards.

Selection of new contractors is based on experience, past performance and quality and the financial position, etc. Records of contractors who have been contracted in the past are kept as databases (e.g., information about their work and the results of the performance appraisal). The information is used when hiring them for new projects. Presently, the Company has about 80 contractors, which makes it confident in the capacity to handle construction work and to accommodate the increasing volume of construction work in the future.



**Table showing the proportion of construction values to the total value of construction and material purchases**

Item	2008	2009	2010
Proportion of construction value of major contractors (percent)	12.66	35.29	27.37
Number of major contractors	1	1	1

Note: Major contractors are ones whose construction value is greater than 10 percent of the total value of construction and material purchases

In 2007 and 2008, the Company paid for construction work and construction materials in an amount exceeding 10 % of the total value of construction work and construction materials to one company. Construction materials were purchased from Grow Yotha Group Company Limited, which is a subsidiary of the Company, for use in the construction of condominium projects. As such projects had high project values, the proportion of the value of the construction work and materials paid to this subsidiary exceeded 10 % of the total value of construction work and construction materials.

In 2009 and 2010, the Company paid for construction work and goods purchases from one company, Italian Thai Development Public Company Limited, in an amount exceeding 10 % of the total value of construction work and goods purchases because the latter was the main contractor of the Smart Condo Rama 2 Project, of which value was about 1,800 MB.

#### Purchases of construction materials and fixtures and fittings

The Company attaches great importance to the quality of the products. Therefore, construction materials and fixtures and fittings are selected carefully to ensure that they are appropriate and are of good quality and standards. Prices are supplementary factors for consideration. Major construction materials are driven piles, steel, concrete wire meshes, roof trusses, roof tiles, floor and wall tiles, and sanitary ware.

Procurement of construction materials and fixtures and fittings are in two categories, as follows:

- (1) Construction materials procured by the contractors

As the Company hires the contractors to execute the construction, they are required to procure some items of the materials used. The qualities and details of the materials must meet the Company's specifications.

- (2) Construction materials and fixtures and fittings procured by the Company

Most of the construction materials and fixtures and fittings procured by the Company are items which have to be used in large volumes or have to be purchased from specific suppliers, requiring a long period for order placement. Procurement by the Company enables the Company to keep construction costs at appropriate levels. It also lessens the burden of the contractors as they do not have to handle the procurement themselves. Presently, the Company orders construction materials and fixtures and fittings from about 200 domestic suppliers.

Prior to placing an order, the Company estimates the volumes required and an order is then placed in accordance with the estimate. The Company has the supplier deliver the goods in progressive amounts and bill the Company in accordance with the actual requirements.

In 2008, there was one major supplier whose billings for construction materials and fixtures and fittings exceeded 10 % of the total value of the Company's construction work as the Company purchased construction materials from this company, Grow Yotha Group Company Limited, which is its subsidiary as cited under the item Selection and hiring of contractors.



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In 2010, there was one major supplier, Modern Form Group Pcl., whose billing for construction materials and fixtures and fittings exceeded 10% of the total value of the Company's construction work. This company was contracted for furnishing jobs under the Smart Condo Project Rama 2, of which value was over 1,800 MB.

## 3.4 Impact on the environment

None of the housing estate projects carried out by the Company was on an area exceeding 100 rai. The projects were therefore not subject to the requirements of the environment laws. However, in order to promote conservation of the environment, the Company provides a wastewater treatment tank for each house and at the clubhouse of each project so that water is properly treated before being drained into a public sewer.

Tall and moderate size residential condominium buildings with 80 units or more are governed by the environment law. The Company applies for construction permit from the Office of Natural Resources and Environmental Policy and Planning and is required to submit an Environmental Impact Assessment Report to the Office. If the Office is of the opinion that the project for which a permit is sought has no environmental impact, a permit is then issued. The Company had no disputes in environmental matters in the past.

## 3.5 Houses not yet delivered

The following are details of units reserved but ownership has not been transferred, as at December 31, 2010.

**Table showing the number of units reserved but ownership has not been transferred and their values**

Product type	Number of projects	Number of units	Value (MB)
Housing estates	10	279	1,036.86
Residential condominiums	5	456	502.03
Total	15	753	1,539.16

Note: Major contractors are ones whose construction value is greater than 10 percent of the total value of construction and material purchases

As at the end of 2010, there were 15 projects under which the values of undelivered houses were greater than 10% of the revenues from sales of property as follows:

(1) Ten housing estates projects (279 units with a total value of 1,036.86 MB) as the Company has now adopted a semi pre-built house policy, building and selling houses at the same time.

(2) Five residential condominiums (456 units with a total value of 502.03 MB).





## 4. Research and development

As competition in the real estate industry becomes more intense and the consumer behavior is changing, research and development now plays important roles in marketing products. The Company places more and more importance to research and development in order to respond directly to customers' demands in various areas; e.g., the project design, the project plan, the house design, usability, the location, and selection of construction materials and fixtures and fittings which are suitable for each project.

The Company's research and development are in the following areas:

1. Development of the product designs and quality control in order to satisfy consumers' requirements, with emphasis placed on models which provides greater usability, modernity and quality, and better standards in harmony with the environment for better living.
2. Selection of construction materials and fixtures and fittings from both the engineering and architectural perspectives. Emphasis is placed on modernity, suitability, harmony, good quality and good standards. In addition, the Company cooperates with manufacturers of construction materials in developing materials for use in its projects.
3. Development of construction techniques and technologies in order to enhance construction efficiency and raise product standards as well as control costs. In 2009, the Company adopted the tunnel formwork technology for use in construction of town homes in the Baan Prin Watcharaphon and Six Nature Kallaprapluk Projects. This will be the main construction technique in all town home projects to be launched, and pre-fabrication will be used in the Smart Condo Project. In 2010, the Company studied the Prefabrication technology for use in construction of SDH. This technology will be replacing conventional construction method in 2011.

In addition, the Company conducted research on customers' requirements to obtain information for use in product development and selection of construction materials and fixtures and fittings. The research was designed to suit each focus group. It also constantly monitors the market condition and movements of other operators.

The Company has experienced staff to conduct product research and development. Information gathered by the staff, coupled with information supplied by outside sources, helps make its products stand out and fit for the different locations, project sites and customers' requirements.

Research and development expenses borne by the Company are the salaries of employees in departments related to research and development (e.g., Product Development and Marketing Departments).



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## 5. Future projects

As at December 31, 2010, the Company and the subsidiaries had 22 projects on sale, with a total value of approximately 15,180.88.01 MB (the total value of units sold was 10,789.86 MB and the total value of units for sale was 5,824.85 MB). Five new projects were launched in 2010 along with the sign of economic recovery. There are nine other projects of which land has been purchased and model houses are being constructed. The projects will be launched in 2011, with a total value of 6,900.00 MB. Details are provided below:

### 5.1 Projects to be launched by the Company

Project	Project type/ Area(rai)	Location	Number of units	Estimated project value (MB)	Estimated launch date
City Sense Zone E1,E2	Townhome	Watcharaphon Road	130	500	Q1
Zerene Thakam	SDH	Thakam Road	305	1,300	Q1
Zerene Phuthamonthon Sai 3	SDH	Phuthamonthon Sai 3	121	621	Q1
City Sense Eakachai	Townhome	Eakachai Road	80	200	Q2
City Sense Rawadee	Townhome	Rawadee Road	200	550	Q2
Zerene Bangkuntien	SDH	Bangkuntien Road	250	1,000	Q3
Zerene Ratchaphruk	SDH	Ratchaphruk Road	130	1,500	Q3
Six Nature Taling-chan	Townhome	Taling Chan Road	200	650	Q4
Zerene Taling Chan	SDH	Taling Chan Road	100	500	Q4
Total			1,516	6,821.00	

In 2011, the Company plans to buy 5 to 10 plots of land for development of detached houses and town homes.

There is also vacant land held for development, belonging to the Company and the subsidiaries. Consideration is being made to develop the land in the future. Details are as follows:

As at December 31, 2010, there were 7 vacant plots of land held for development:

1. Land on Liabchaihard Road, Pranburi District, Prachuap Khiri Khan Province, with an area of 18-3-3 rai, a book value of 69.53 MB and an appraisal value as at March 28, 2008 of 172.00 MB

2. Land on Narathiwasrachanakarin Road, adjacent to the Complete Narathiwas Project, with an area of 0-3-60.3 rai, a book value of 129.55 MB and an appraisal value as at June 17, 2009 of 115.28 MB



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3. Land near Bangsue Canal, Kampaengphet Road, with an area of 3-2-21.2 rai, a book value of 67.29 MB and an appraisal value as at January 28, 2010 of 68.22 MB

4. Land in Thakham area, Kwaeng Thakham, Bangkhuntian District, with an area of 51-3-26.6 rai, a book value of 130.91 MB and an appraisal value as at November 23, 2010 of 118.38 MB

5. Land in Pattaya-Ban Amphur area, with an area of 26-1-26.6 rai, a book value of 339.48 MB and an appraisal value as at May 17, 2008 of 338.0054 MB

6. Land on Bangna-Trat Highway, with an area of 10-0-60 rai, a book value of 33.99 MB and an appraisal value as at October 14, 2008 of 31.23 MB

7. Land in European Project, Onnut area, with an area of 10-0-60 rai, a book value of 41.37 MB and an appraisal value as at October 6, 2010 of 65.20 MB

The Company has no policy to accumulate land for an extended period of time for future development (or a "land bank") in order to avoid business risks.







## 6. Legal disputes

As of December 2009, the Company had legal cases under court procedure as follows:

### 11.1 Case No.202/2547

Court	: Minburi Provincial Court
Black Case No.	: 20/2547
Case start date	: January 9, 2004
Plaintiff:	Mr Wisit Laohapunrangsri
Defendants	: Miss Sirilak Kovitchaindachai as first defendant and Prinsiri PLC as second defendant
Cause of action	: The plaintiff sued the defendants for defrauding the debtor. This case was caused by a dispute on the right over land in title deed Nos. 1083 and 1084 in Bung Kum district, Bangkok (presently Prinsiri Nuanchan Project). The plaintiff was the buyer who was entitled to register his right first, but later the defendant entered into a contract of compromise with the land owner and the Court ruled in favor of the land owner for registering the transfer of land ownership to the defendant. The case was final and the first defendant took the court ruling to register the transfer of land ownership on June 27, 2002. Later, the plaintiff sued the land owner at the Civil Court asking the Court to force the land owner to comply with the agreement to sell by transferring the disputed land to the plaintiff. In the court proceedings, it was found that the land owner had not terminated the contract with the first buyer, while the plaintiff as the second buyer had not paid the money due to the land owner and had not complied with other obligations of the contract. The Court therefore dismissed the case on April 18, 2003. Later, on January 9, 2004, the plaintiff brought the case to the Court for a criminal action
Case progress	: Minburi Provincial Court dismissed the case on June 19, 2006 and the plaintiff appealed. The Court of Appeals affirmed the ruling of the Court of First Instance by acquitting the case on August 5, 2009.
Management's opinion	: In this case, land ownership was transferred to the first defendant according to final decision of the Court. Besides, in other cases of litigation with the same cause of action cited by the plaintiff, the Court has dismissed all such cases and, considering the plaintiff's points of argument, it is unlikely that the case will have a significant effect with legal liability on Prinsiri Public Company Limited and its management with Miss Sirilak Kovitchaindachai as the Company's Chief Executive Officer. In addition, the Court of Appeals has affirmed the decision of the Court of First Instance.

### 11.2 Case No.1149/2550 and Red Case No.1605/2551

Case of Court	: Central Administrative Court
Black Case No.	: 1149/2550
Red Case No.	: 1605/2551
Case start date	: June 7, 2007
Complainant	: Prinsiri Public Company Limited
Defendants	: Bangkok Metropolitan Administration as first defendant, Bangkok Governor as second defendant, and Committee of Appeals in Districts of Bangkok and Areas of Provincial Administration under the Building Control Act B.E.2522 as third defendant



- Cause of action : The complainant brought the case against the three defendants to the Central Administrative Court on June 7, 2007, citing that the first defendant and the second defendant had delayed the issuance of a receipt of the Application Form Kor Thor Mor 6 under Section 39 bis of the Building Control Act B.E.2522 to the complainant. The complainant submitted the Application Form on May 15, 2006 but received a receipt of the Application Form on May 16, 2006, causing the complainant's application for condominium construction to fall under the force of the new city planning law as announced in the Government Gazette of May 16, 2006, with the second defendant ordering an amendment to the receipt to match the new city planning law. The complainant made an appeal to the third defendant who delivered a ruling for the complainant to make amendment and comply with the new city planning law. The complainant therefore brought the case to the Central Administrative Court for a ruling that the first defendant and the second defendant issue a receipt of application form effective May 15, 2006 to the complainant and revoke the order of the second defendant and the ruling of the third defendant.
- Case progress : The Central Administrative Court ruled on November 25, 2008 that the notice of objection by the second defendant and the ruling on the appeal of the third defendant were unlawful and that the second defendant's notice of objection and the third defendant's ruling be revoked with retrospective effect from the date of issuing the notice of objection and the date of the ruling on the appeal, as the case may be. The Committee on the Appeals, the third defendant, then appealed to the Supreme Administrative Court on December 25, 2008 and the Court accepted the appeal.
- Management's opinion : According to the points considered by the Central Administrative Court and the facts of the case, it was clear that the Company had used the land before the Ministerial Regulation on the new city planning law took effect. Therefore, the enforcement should be as stipulated in the old city planning law. Although the case has been brought to the higher court, its ruling should be in favor of the Company as in the Court of First Instance.

### 11.3 Case No.862/2551

- Case of Court : Central Administrative Court
- Black Case No : 862/2551
- Case start date : June 2, 2008
- Complainant : Prinsiri Public Company Limited
- Defendants : Bangkok Governor as first defendant and the Committee of Appeals in Districts of Bangkok and Areas of Provincial Administration under the Building Control Act B.E.2522 as second defendant



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Cause of action	: The complainant brought the case against the two defendants to the Central Administrative Court on June 2, 2007, citing that the first defendant as the local competent official under the Building Control Act B.E.2522 issued a receipt of an Application Form Kor Thor Mor 6 under Section 39 bis of the Building Control Act B.E.2522 as requested for the receipt of the application Form on May 10, 2006 prior to the enforcement of the new city planning law which was announced in the Government Gazette on May 16, 2006. Later, officials of the first defendant sent a notice of objection to the complainant to amend the receipt of the application of the complainant to match the new city planning law. The complainant then appealed the order to the second defendant and the second defendant ruled that the complainant make an amendment and comply with the new city planning law. The complainant then brought the case to the Central Administrative Court for revocation of the first defendant and the ruling of the second defendant.
Case progress	: The Central Administrative Court accepted the case on June 2, 2006 for consideration, pending its ruling.
Management's opinion	: Facts and legal points of this case are the same as those of Narathiwat Ratchanakharin Project case, which the Company won. The management is of the opinion that the Company is likely to win this case and, according to legal principles, there should not be negative retroactive effects. The case was therefore brought to the Central Administrative Court. However, it is unlikely to have any significant effect on the Company's administration.

## 11.4 Case No. Sor 697/2551

Case of Court	: Nonthaburi Provincial Court
Black Case No	: Sor 697/2551
Case start date	: May 29, 2008
Plaintiff	: (Special) Colonel Dr. Sawek Tharanat as first plaintiff and party, totaling 21 persons
Defendant	: Prinsiri Public Company Limited as first defendant
Cause of action	: The plaintiffs sued the defendant at Nonthaburi Provincial Court on May 29, 2008 for tort, demanding compensation. The first plaintiff and the others, who reside in Pracha Nives 2 Village, accused the defendant of removing the walls built by the plaintiffs as fence in the area of Soi Samakkhee 58/10 without authority although the walls were built on public land and Nonthaburi Municipality had already issued an order for removal of the structure. The first plaintiff and the others demanded that the defendant rebuild and recondition the walls, prohibiting the defendant from doing anything to remove, destroy or cause any damage to the walls, roads, and utilities within Pracha Nives 2 Village, prohibiting the first defendant from connecting the roads or other utilities of the first defendant with the roads or other utilities in Pracha Nives 2 Village and demanding compensation for the plaintiff at the amount of 403,000 Baht and a fine of 1,000 Baht per person per day from the day following the date of litigation until the walls are rebuilt to the original condition, including court fees and lawyer's fees for the plaintiffs.





- Case progress : The plaintiff and the defendant had a negotiation but could not reach an agreement. The first defendant filed a request for all the disputes to be considered under Civil Black Case No. Sor 1277/2551 of Nonthaburi Provincial Court, since the litigants of the two cases were the same persons, while the points thereof were connected and the evidence was the same. Considering that the two cases were the same and the litigants were practically the same persons, the Court allowed the cases to be considered together under Black Case No. Sor 1277/2551 of this court and the issues of dispute were determined on the day of settlement of issue. The Court fixed the date for examination of witnesses of the plaintiffs and the defendant on March 9, 2010.
- Management's opinion : In this case, from the facts used by the plaintiffs to sue the first defendant, it is apparent that the lawsuit was made without any right for reference under law since the structures demanded by the plaintiffs for the first defendant to rebuild and pay for the damage thereof were on public land and Nonthaburi Municipality had already issued an order to remove them. The management is of the opinion that this case has no grounds for the plaintiff to take legal action and reason to win the case. Therefore, this case is unlikely to have any effect on the Company's administration.

## 11.5 Case No. Sor 1277/2551

- Case of Court : Nonthaburi Provincial Court
- Black Case No. : Sor1277/2551
- Case start date : September 23, 2008
- Plaintiff : Prinsiri Public Company Limited
- Defendant : (Special) Colonel Dr. Sawek Tharanat, Mrs. Nonglak Sattrra, Mr. Pornthem Phalang, Mrs. Sudaporn Chanlertf, defendants 1-4
- Cause of action : The plaintiff sued the four defendants at Nonthaburi Provincial Court on September 23, 2008 for tort, obstruction to the installation of electric poles and water pipes on the roads in Soi Samakkhee 58/10 into the plaintiff's project, demanding damages from the four defendants because they had unlawfully built walls and barriers on public roads in Soi Samakkhee 58/10, obstructing the installation of electric poles and water pipes in Soi Samakkhee 58/10, constituting tort against the plaintiff, disenabling the plaintiff to use public roads in Soi Samakkhee 58/10 and disenabling the installation of electricity poles and water pipes into the housing estate project of the plaintiff, blocking the customers who were buyers of houses in the project from entering the village, causing the buyers to delay the registration of the ownership transfer until the plaintiff could clear the case, causing damage to the plaintiff.
- Case progress : The plaintiff asked the Court for injunction prohibiting the four defendants from obstructing the installation of electric poles and water pipes and the Court issued an injunction as requested by the plaintiff. Later, the Court issued an order allowing the case to be considered under Civil Black Case No. Sor 697/2551 of Nonthaburi Provincial Court and fixed the date for examination of witnesses from the plaintiff and defendants on March 9, 2009.
- Management's opinion : In this case, it is apparent that the legal action was not based on any right under law for reference, because the structures that the plaintiff demanded that the first defendant rebuild and pay for the damage thereof were on public land and Nonthaburi Municipality had issued an order to remove them. The management is of the opinion that this case has no grounds for the plaintiff to sue and there is no reason for the plaintiff to win the case. This case is unlikely to have an effect on the Company's administration.



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## 11.6 Case No.218/2552

Case of Court	: Civil Court
Black Case No.	: 218/2552
Case start date	: January 28, 2009
Plaintiff :	18 Design Company Limited
Defendant	: Prinsiri Public Company Limited
Cause of action	: The plaintiff sued the defendant at the Civil Court under a service agreement, demanding damages amounting to 9,161,589.37 Baht plus interest. In this case, the defendant hired the plaintiff to conduct architectural, engineering, and landscape designs for the defendant in five projects and the plaintiff claimed that the defendant had fail to fully pay professional fees according to the amounts of work that the plaintiff had completed and delivered to the defendant. The defendant did not pay the professional fees to the plaintiff as invoiced. The plaintiff therefore sued the defendant to demand payment from the defendant for the unpaid fees and the said damage.
Case progress	: On the date of mediation, the litigants were not able to reach an agreement and therefore asked for continuous consideration of the case. The Court then fixed the dates for examination of witnesses from the plaintiff and the defendant on 21 — 22 September 2009.
Management's opinion	: The plaintiff and the defendant had hired and provided service as agreed and the defendant had paid professional fees to the plaintiff. However, for the professional fees that the plaintiff claimed unpaid by the defendant, it appeared that the plaintiff failed to do the work completely and correctly at the amounts of work agreed , while the designs delivered for collection of fees in the last installation contained mistakes, not meeting the requirements and legal provisions; the defendant could not use the designs in construction at all. Considering all the facts with the points claimed by the plaintiff, if it can correctly prove the design work performed and delivered by the plaintiff and how much money the defendant owes the plaintiff for professional fees, the defendant would have to pay the amount, which would not be so high as the defendant had continuously paid the professional fees to the plaintiff according to the design work delivered.

## 11.7 Case No.Phor Bor 1172/2552

Case of Court	: Civil Court
Case No.	: Black No. Phor Bor 1172/2552
Case start date	: February 13, 2009
Plaintiff :	Thanyasiri Company Limited
Defendant	: Prinsiri Public Company Limited, Ms. Siriluck Kovitchindachai and Mr. Kwanchai Mongkolkittaveepol, as defendants 1- 3
Cause of action	: The plaintiff sued defendants 1- 3 at the Civil Court for breaching a contract and demanded damages amounting to 128,532,500 Baht plus interest. In this case, the plaintiff and the first defendant entered into a contract for sale of land with structures under an additional condition allowing the first defendant to build and add structures according to the design prescribed by the plaintiff. However, the plaintiff claimed that the first defendant had sold land with structures



with agreement to make additions under a condition that the project plan and development method be revised to result in the servitude road surface, an area for use by Prinsiri Privacy housing estate project as the entry road to the structures that the plaintiff agreed to buy from the first defendant, becoming part of the area sold the plaintiff. However, the first defendant did not amend the project design and development methods or transfer the ownership of the said servitude road surface to the plaintiff. The plaintiff therefore sued the first defendant, while the second and third defendants acted as directors and the plaintiff who, as claimed by the plaintiff, had known the facts and should be liable for the case together with the first defendant.

- Case's progress : On the day of mediation on October 7, 2009, the litigants were not able to reach an agreement and therefore asked for continuous consideration. The Court fixed the dates for taking evidence from the plaintiff from August 17 — 18, 2010 and from the defendants on August 19, and 24 — 26, 2010.
- Management's opinion : For this case, the first defendant had fully complied with the contract for sale, both on the transfer of the ownership of land with structures and additions under the plaintiff's design, except for the part of the revision of the project design and development method and the transfer of the ownership of the servitude road surface to the plaintiff, which the first defendant was fully aware that it was legally impossible to do and the first defendant had never said or agreed with the plaintiff, either verbally or in writing, to do such things for the plaintiff; the claims by the plaintiff were baseless, without any supporting evidence.

## 11.8 Case No.1905/2552

- Case of Court : Central Administrative Court
- Black Case No. : 1905/2552
- Case start date : November 24, 2009
- Complainant : Prinsiri Public Company Limited
- Defendant : Bangkok Metropolitan Administration as first defendant, and Ministry of Finance as second defendant
- Cause of action : The complainant sued the first defendant at the Central Administrative Court in Black Case No.1149/2550 on June 7, 2008 for revocation of an unlawful administrative order, where the Central Administrative Court ruled on November 25, 2008 as Red Case No.1605/551 that the notice of objection of the second defendant and the ruling of third defendant of the case were unlawful and that the said the notice of objection by the second defendant and the ruling by the third defendant be revoked with retrospective effects from the date of the notice of objection and the date of the ruling, as the case may be. The plaintiff cited the ruling of the Central Administrative Court to demand for damages from the first and second defendants for tort amounting to a total of 238,557,169.04.
- Management's opinion : For this case, the lawsuit was for tort under the ruling of the Central Administrative Court, in which the Company won the case, and the administrative order with which the defendants had ordered the Company to comply has caused monetary damage that can be proved, both in terms of the cost of the land which the Company paid to purchase additional land to enable the project to proceed, the fines for the delays that the Company had to pay the customers pending the transfer of ownership under the contract, and the additional burden of interest charged by the bank. Whatever ruling the Administrative Court may have on this case, there will be no negative effects on the Company.



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## 7. Capital Structure

### 7.1 The Company's securities

As at December 31, 2010, the registered paid-up capital of the Company was 1,105.50 MB, consisting of 1,105.49 million ordinary shares, with a par value of 1 Baht each. At the Annual General Meeting of Shareholders, Session 1/2007, convened on March 26, 2007, a resolution was passed for the issuing of 335,000,000 (three hundred and thirty five million) ordinary shares and offering them to the existing shareholders based on the proportion of their shareholding. The meeting also approved the issuing of 335,000,000 (three hundred and thirty five million) ordinary shares and offering them to the public as well. However, the resolution of the Annual General Meeting of Shareholders, Session 1/2009, held on April 22, 2009, approved the cancellation of the issuance of new shares for public offering and the offering of 335,000,000 units of share warrants to existing shareholders at no cost. The meeting also passed a resolution to decrease the Company's registered capital from 1,340 MB to 1,005 MB. At the Annual General Meeting of Shareholders, Session 1/2010, convened on April 23, 2010, a resolution was passed for an increase of the Company's registered capital by 100,500,000 Baht, by issuing 100,500,000 ordinary shares, with a par value of 1 Baht each. The registered capital of 1,005,000,000 Baht was therefore increased to 1,105,500,000 Baht, divided into 1,105,500,000 ordinary shares, with a par value of 1 Baht each. The capital increase was done through issuing of dividend stocks at the ratio of 10 existing shares to 1 dividend stock.

### 7.2 The Company's Shareholders

The following is a list of the ten largest shareholders according to the share register as at December 31, 2010:

No.	Shareholder	Number of Shares held	Percent of shares held
1.	Kovitchindachai family *	695,411,072	62.90
2	Mr. Somphong Chonkhadeedamrongkul	57,530,000	5.20
3	Miss Nipa Apirattananarungruang	41,780,000	3.78
4	Thai NDVR Co., Ltd.	37,330,660	3.38
5	Miss Siriphan Nonthasuti	32,172,105	2.91
6	Mrs. Supaporn Chanseriwithaya	7,700,000	0.70
7	Mr. Kwanchai Mongkolkittaveepol	6,770,000	0.61
8	Mr. Chaksawat Wimonmongkolrat	6,030,700	0.55
9	American International Assurance Company. Limited-Tiger	4,140,000	0.52
10	Other shareholders	214,974,919	19.45
Total		1,105,499,456	100.00



Note: \* The Kovitchindachai family consists of:

	<u>Name Last name</u>	<u>Number of shares held</u>	<u>Percent</u>
1.	Ms. Siriluck Kovitchidachai	256,951,415	23.24
2.	Mrs. Kimlang Kovitchindachai	109,450,000	9.90
3.	Mr. Prinya Kovitchindachai	84,376,004	7.63
4.	Ms. Patcharee Kovitchindachai	79,503,345	7.19
5.	Mr. Chaiyo Kovitchindachai	28,751,774	2.60
6.	Mr. Chaiwut Kovitchindachai	27,536,584	2.49
7.	Mr. Chaiwat Kovitchindachai	21,229,624	1.92
8.	Mr. Santi Kovitchindachai	9,982,500	0.90
9.	Mr. Wongwai Kovitchindachai	8,910,000	0.81
10.	Mr. Chawai Kovitchindachai	8,645,158	0.78
11.	Mr. Pisanu Kovitchindachai	8,587,334	0.78
12.	Miss Sudara Kovitchindachai	8,587,334	0.78
13.	Mr. Chairat Kovitchindachai	8,580,000	0.78
14.	Miss Supharat Kovitchindachai	8,580,000	0.78
15.	Mr. Thanin Kovitchindachai	8,580,000	0.78
16.	Miss Busayarat Kovitchindachai	8,580,000	0.78
17.	Miss Worarat Kovitchindachai	8,580,000	0.78

### 7.3 Dividend payment policy

The Company's policy is to pay dividends to the shareholders in the amount not more than 40 % of net profit after corporate income tax. The dividend payment rate each year is subject to change, depending on the operating results, the expansion plan, liquidity and other necessity and suitability factors. The Board of Directors is authorized to consider the matter in the best interest of the shareholders. The Company's subsidiaries have the same dividend payment policy and the matter is subject to the consideration of their Board of Directors.



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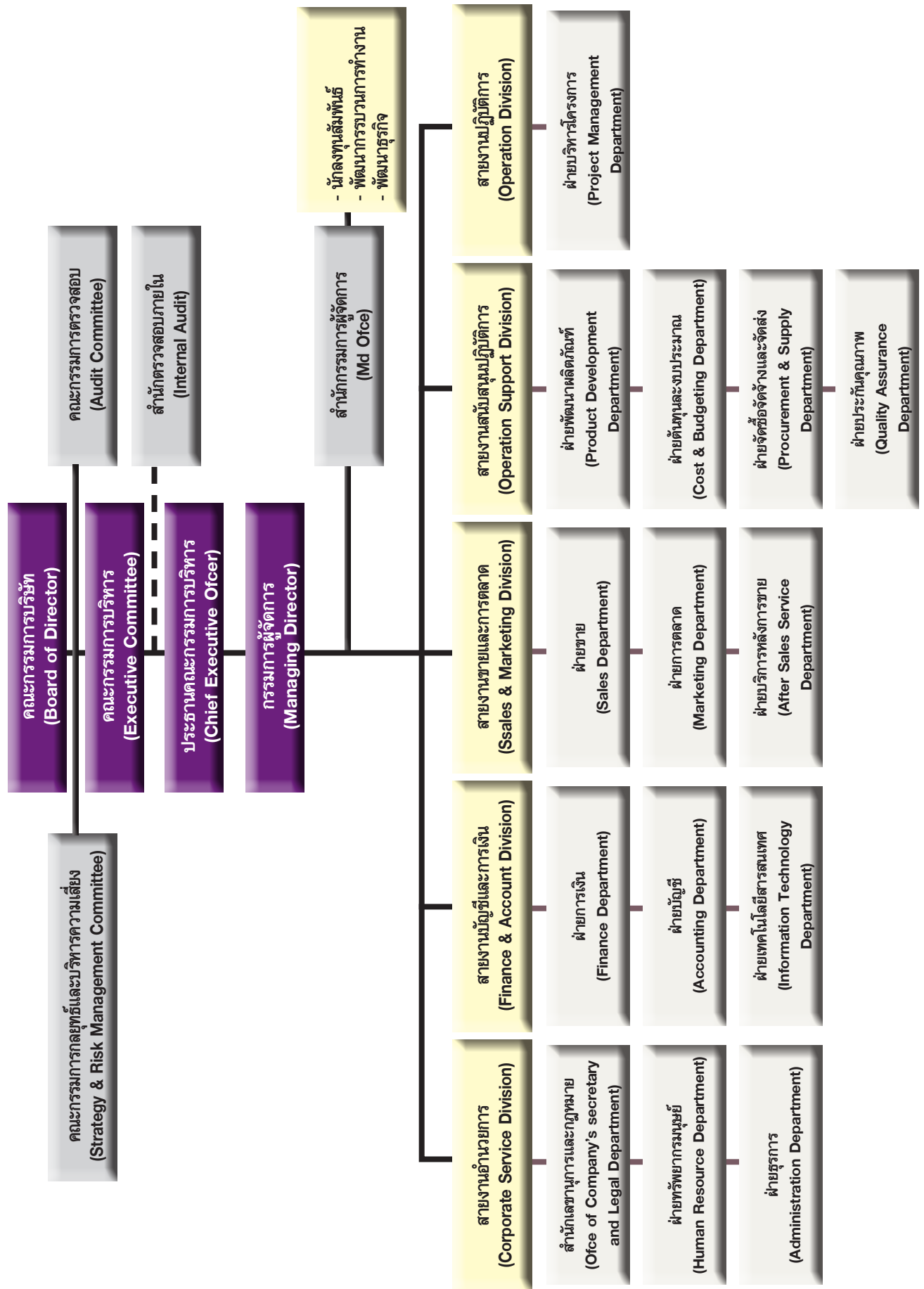


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## 8. Structure of management



## 8.1 Structure of the Board of Directors

The Company has appointed the Board of Directors and two other committees tasked with specific duties in overseeing important matters; namely, the Audit Committee and the Risk Management Committee. The Directors and executives of the Company are competent and have qualifications as required under Section 68 of the Public Limited Company Act, B.E. 2535 and the Notification of the Securities and Exchange Commission No. Kor Jor. 12/2543 re: Application and Approval for Offering of Newly-issued Shares, dated March 22, 2000. The following are details of the committees.

### 8.1.1 Board of Directors

As at December 31, 2010, the Company's Board of Directors consisted of 9 Directors; namely,

1. Prof. Dr. Warapatr Thodhanakasem, Chairman/Independent Director
2. Assoc.Prof. Anchalee Pipatanasern, Chairman of Audit Committee/Independent Director
3. Assistant Professor Monpaka Vongsa, Audit Committee Member /Independent Director
4. Associate Professor Witaya Danthamrongkul, Audit Committee Member/Independent Director
5. Ms. Siriluck Kovitchindachai, President of the Executive Board/Director
6. Mr. Veera Srichanachaichok, Managing Director/Director
7. Mr. Chaiwat Kovitchindachai, Director
8. Mr. Kwanchai Mongkolkittaveepol, Director
9. Mr. Sakol Pao-in, Director/ Secretary of the Board of Directors

### Authorized Directors

Authorized Directors who can sign to bind the Company are:

- (1) Either of the following two persons, Ms. Siriluck Kovitchindachai and Mr. Veera Srichanachaichok, co-signing with the Company seal affixed, or one of the two co-signing with Mr. Kwanchai Mongkolkittaveepol or Mr. Chaiwat Kovitchindachai, (two persons in total) with the Company seal affixed.
- (2) Any two of the following four persons, Mr. Veera Srichanachaichok, Mr. Kwanchai Mongkolkittaveepol, Mr. Chaiwat Kovitchindachai and Mr. Sakol Pao-in, co-signing with the company's seal affixed on documents used for an application for a land allocation permit, a land sale 0permit, and a building and structure construction permit of all categories, requests for inspection, consolidation or separation of land title deeds, permission to separate co-ownership, mortgage registration, clearance to mortgage, redemption of land plots or buildings, requests for a house number, applications for use and transfer of electricity and water supply, right lease, telephone line usage, general telephone requests, permission to connect with roads and sewage pipes, permission to cut a curb, requests for inspection of land position and area, requests for land plot measure and separation, condominium registration, applications to register a condominium juristic person, applications to register a housing estate juristic person, applications for usage of a building, giving consent to the use of premises for commercial purposes, making statements and submission and receipt of documents related to the Revenue Department, filing a law suit, submission of pleading in both civil suits and criminal cases, lodging complaints or accusations to the police or inquiry official instead of complaints, compromising, giving a statement, submission and retrieving any documents related to a court case, application for permission from government agencies or state enterprises, and certifying true copies of documents.

### Scope of authority and duties of the Board of Directors





1. Manage the Company in compliance with the laws, the Company's Objectives and Articles of Association, and legitimate resolutions of Shareholders' Meetings with integrity and care to protect the interest of the Company;
2. Set objectives, guidelines, policies, work plans and budgets of the Company and supervise the management of the Executive Board and executives to ensure full compliance with the assignments and the regulations of the Stock Exchange of Thailand;
3. The Board of Directors may appoint Directors and/or Management members in a number deemed appropriate as the Executive Board with authorities and responsibilities to manage the Company's business as assigned by the Board of Directors.

Exceptions are the following tasks which can be implemented only upon the resolutions of a Shareholders' Meeting and on a condition that any Director or person with potential conflict of interests, vested interest or any other interest conflicts with the Company shall not have the right to vote in that matter.

- Matters required by laws to obtain a prior resolution of a Shareholders' Meeting.
- Transactions in which any Directors have vested interest and are required by law or the Stock Exchange to obtain a prior resolution of a Shareholders' Meeting

In each of the years 2009 and 2010, the Company held 5 meetings of the Board of Directors. Attendance of each member is shown below:

No.	Name – Last name	2009	2010
1	Mr. Mongkol Pao-in *	3/5	-
2	Prof. Dr. Warapatr Thodhanakasem ****	2/5	5/5
3	Mr.Surabhon Kwunchaithunya **	3/5	-
4	Police Lt. Sivaraks Phinicharomna ***	3/5	-
5	Mrs. Moogda Arriyavat ***	3/5	-
6	Assoc.Prof. Anchalee Pipatanasern ****	2/5	5/5
7	Assistant Professor Monpaka Vongsa ****	2/5	5/5
8	Associate Professor Witaya Danthamrongkul ****	2/5	4/5
9	Ms. Siriluck Kovitchindachai	4/5	5/5
10	Mr. Chaiwat Kovitchindachai	3/5	3/5
11	Mr. Kwanchai Mongkolkittaveepol	5/5	5/5
12	Mr. Sakol Pao-in	4/5	5/5
13	Mr. Veera Srichanachaichok	4/5	5/5

Notes : Mr. Veera Srichanachaichok was appointed Director on September 1, 2008.

\* Mr. Mongkol Pao-in resigned on August 17, 2009.

\*\* Mr. Surabhon Kwunchaithunya resigned on October 16, 2009.

\*\*\* Mrs. Moogda Arriyavat and Police Lt. Sivaraks Phinicharomna resigned on October 20, 2009

\*\*\*\* Prof. Dr. Warapatr Thodhanakasem took up Chairmanship on October 20, 2009.

\*\*\*\*\* Assoc.Prof. Anchalee Pipatanasern, Assistant Professor Monpaka Vongsa and Associate Professor Witaya Danthamrongkul took up Directorship on October 20, 2009.

The term of Directorship is three years.



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## 8.1.2 The Audit Committee

As at December 31, 2010, the Company's Audit Committee consisted of three members as follows:

1. Assoc.Prof. Anchalee Pipatanasern, Chairman of the Audit Committee
2. Assistant Professor Monpaka Vongsa, Audit Committee Member
3. Associate Professor Witaya Danthamrongkul, Audit Committee Member

Mr. Sakol Pao-in is secretary of the Audit Committee.

Note: The three Directors were appointed on October 20, 2009.

### The scope of authority and duties of the Audit Committee

1. Review the Company's financial statements to ensure that they are accurate and that they have sufficient disclosure by coordinating with the Auditor and the executives in charge of preparation of quarterly and annual financial statements. The Audit Committee may advise the Auditor to review or examine any items deemed necessary and important during the auditing.
2. Review the appropriateness and effectiveness of the Company's Internal Control and Internal Audit by conducting a joint review with the External Auditor and Internal Audit.
3. Hold consultations on and consider the parameters for auditing and the internal audit and the auditor's plan to ensure that they are in agreement and support each other as regards financial auditing.
4. Review the interim financial statements with the Auditor and internal audit prior to submitting them to the regulators.
5. Select and nominate the Company's Auditor to the Board of Directors, and propose their remuneration for approval from the Shareholders' Meeting.
6. Review the Company's compliance with the laws related to securities and exchange, the regulations of the Stock Exchange of Thailand and other laws related to the Company's business.
7. Review the disclosure of the Company's information regarding related transactions and potential conflict of interest to ensure accuracy and completeness.
8. Prepare an Audit Committee Report signed by the Chairman of the Audit Committee and disclosed it in the Company's annual report.
9. Review and propose revisions to the Charter to the Board of Directors to ensure that it is up-to date and appropriate for the Company's business.
10. Perform other duties assigned by the Board of Directors and concurred upon by the Audit Committee.

In each of the years 2009 and 2010, the Company held 5 meetings of the Board of Directors. Attendance of each member is shown below:

No.	Name – Last name	2009	2010
1	Mr. Surabhon Kwunchaithunya *	3/4	-
2	Police Lt. Sivaraks Phinicharomna **	3/4	-
3	Mrs. Moogda Arriyawat **	3/4	-
4	Assoc.Prof. Anchalee Pipatanasern ***	1/4	4/4
5	Assistant Professor Monpaka Vongsa ***	1/4	4/4
6	Associate Professor Witaya Danthamrongkul ***	1/4	3/4

Notes: \* Mr. Surabhon Kwunchaithunya resigned on October 16, 2009.

\*\* Mrs. Moogda Arriyawat and Police Lt. Sivaraks Phinicharomna resigned on October 20, 2009.

\*\*\* Assoc.Prof. Anchalee Pipatanasern, Assistant Professor Monpaka Vongsa and Associate Professor Witaya Danthamrongkul became Audit Committee Members on October 20, 2009.





### 8.1.3 Strategy and Risk Management Committee

In 2009, as a restructuring move, a Strategy and Risk Management Committee was appointed, replacing the Risk Management Committee. One meeting was held during the year and was attended by all the Members.

In 2010, 17 meetings of this Committee were held.

As at December 31, 2010, the Strategy and Risk Management Committee consisted of five Members; namely,

- |                                     |  |
|-------------------------------------|--|
| 1. Prof. Dr. Warapatr Thodhanakasem | Chairman of the Strategy and Risk Management Committee |
| 2. Ms. Siriluck Kovitchindachai     | Member   |
| 3. Mr. Veera Srichanachaichok       | Member   |
| 4. Mr. Dhira Thongwilai             | Member   |
| 5. Mr. Somgamol Thongpun            | Member   |
| 6. Mr. Sakol Pao-in                 | Secretary  |

Mr. Sakol Pao-in is secretary of the Strategy and Risk Management Committee

#### Authority and duties of the Strategy and Risk Management Committee

1. Consider the policies, directions, strategies and risk management structure, as well as the Company's business principles as proposed by Management to ensure that they are aligned with and support the current economic and competition conditions.
2. Follow up on the development of strategies and the framework of risk management.
3. Follow up on the risk indicative process and assessment.
4. Evaluate and approve the risk management plan.
5. Report to the Board of Directors on risks and risk management.
6. Liaise with the Audit Committee in matters related to major risks.

### 8.1.4 Executive Board

As of December 31, 2010, the Company's Executive Board comprised 5 persons as follows:

- |                                    |                                 |
|------------------------------------|---------------------------------|
| 1. Ms. Siriluck Kovitchindachai    | Chairman of the Executive Board |
| 2. Mr. Veera Srichanachaichok      | Executive Director              |
| 3. Mr. Chaiwat Kovitchindachai     | Executive Director              |
| 4. Mr. Kwanchai Mongkolkittaveepol | Executive Director              |
| 5. Mr. Sakol Pao-in                | Executive Director              |

#### Authority and duties of the Executive Board

1. Consider the policies, directions, strategies and management structure, as well as the Company's business principles as proposed by Management to ensure that they are aligned with and support the current economic and competition conditions before presentation to the Board of Directors for approval.
2. Propose business plans, budgets and Management Authorities to the Board of Directors for approval. Consider approving annual budgets and revisions to the annual budgets in urgent cases which are to be reported to the Board of Directors for acknowledgement on a later occasion.
3. Follow up on implementation of policies and execution of management plans to ensure effectiveness and conduciveness to the business.
4. Follow up on the Company's implementation of the business plans approved by the Board of Directors.
5. Consider approving the Company's investment projects based on the business plans.



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6. Appoint and dismiss Company officials holding positions lower than Managing Director.
7. Enter into financial transactions with financial institutions (account opening, borrowing, pledging, mortgaging, guarantees and other transactions, including sales and purchases of land to serve the Company's business objectives) with the amount of each transaction not exceeding 750 MB or equivalent or as specified by the Board of Directors.
8. Consider allocating awards, bonuses, or compensation approved by the Board of Directors to the Company's employees or any other persons contributing to the Company's business.
9. Consider approving sales and purchases of office equipment and supplies, land, buildings, as well as the construction, repair and renovation of office buildings, provided that the amount of each transaction does not exceed 750 MB or equivalent or as specified by the Board of Directors.
10. Perform other duties assigned by the Board of Directors.

Delegation of the Board of Directors' authority to the Executive Board as cited above does not apply to authority delegation or sub-delegation which would empower the Executive Board or the person (s) to whom the authority is sub-delegated to approve transactions which they have with the Company or the subsidiaries where they may have conflict, vested interest or any conflict of interest (as required by the relevant SEC announcements), except for transactions made in accordance with the policy and criteria already approved by the Board of Directors which are a normal business practice with normal trade conditions.

## 8.1.5 Management

As of December 31, 2010, the Company's Management comprised 6 persons as follows:

- |                                    |   |
|------------------------------------|---|
| 1. Ms. Siriluck Kovitchindachai    | Chairman of the Executive Board                               |
| 2. Mr. Veera Srichanachaichok      | Managing Director   |
|                                    | Acting Senior Vice President, Accounting and Finance          |
|                                    | Acting Senior Vice President, Sales and Marketing             |
|                                    | Acting Senior Vice President, Operation                       |
| 3. Mr. Mr. Dhira Thongwilai        | Executive Vice President, Project Management                  |
| 4. Mr. Mr. Somgamol Thongpun       | Executive Vice President, Organization Capability Development |
| 5. Mr. Chaiwat Kovitchindachai     | Senior Vice President   |
| 6. Mr. Kwanchai Mongkolkittaveepol | Senior Vice President   |
| 7. Mr. Sakol Pao-in                | Senior Vice President, Administration                         |

### Scope of authority and duties of the Managing Director

1. Operate and manage the normal business of the Company.
2. Operate and manage the business of the Company in accordance with the business policies, plans and strategies approved by the Board of Directors.
3. Delegate authority to or empower other persons deemed suitable to lead in executing matters as necessary and appropriate, subject to endorsement by the Chairman and the relevant laws as well as Company rules and regulations.
4. Perform other duties as assigned by the Board of Directors from time to time.
5. Execute and approve entering into hiring contracts, work contracts and other normal business commitments, subject to an amount within the limit set forth by the Management Authorities which have been approved by the Board of Directors and which may be adjusted as appropriate by the Board of Directors.



The delegation of authority to the Managing Director described above is subject to legal requirements and Company regulations. In cases where there are or may be interest or vested interest on the part of the Managing Director, he has no authority to approve such transactions. He is required to forward the matter to the Board of Directors for consideration.

In addition, entering into related transactions or transactions related to acquisition or disposition of assets of the Company or the subsidiaries requires approval of the Shareholders' Meeting and/or other undertakings in accordance with the guidelines and methods prescribed for such matters in order to comply with SET requirements.

## 8.2 Nomination of Directors and executives

The Company does not have a nominating committee to select candidates to be appointed as Directors. However, the Company's Board of Directors shall consider candidates with knowledge, competence, experience and qualifications as required under Section 68 of the Public Limited Company Act, B.E. 2535, and relevant announcements of the Securities and Exchange Commission, for the Company's benefit and efficiency

### 8.2.1 Nomination of Directors

The Directors are nominated and elected at the Shareholders' Meeting using the following procedures and methods:

1. One share is entitled to one vote.
2. Each shareholder is to vote with all his/her entitlement: 1) voting is done to elect Directors individually or as a group at one time or 2) voting can be done in any other way deemed appropriate by the Shareholders' Meeting. However, shareholders may not allot their votes in any number to any particular persons or groups.
3. Election of Directors shall be by majority of votes. In the case of an equality of votes, the person presiding over the meeting shall have a casting vote.

The Company appoints at least five Directors to the Board with no less than half of the Directors having domicile in Thailand. The Board members must be qualified according to criteria specified by the laws related to public limited companies and securities and the Stock Exchange.

One-third of the Directors shall vacate their office at each Annual General Meeting. If the number of Directors cannot be divided into a multiple of three, the number nearest to one-third shall retire. The Directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, those longest-serving shall vacate their office. Directors who have retired by such rotation may be re-elected.

In the event a vacancy in Directorship occurs for reasons other than by rotation, the Board of Directors shall elect a qualified person with no characteristics prohibited under the public limited company law to serve as a Director at the next meeting of the Board of Directors unless the remaining term of office of the vacated Director is less than two months. The person so elected shall hold office only for the remaining term of the Director whom he/she replaces. The resolution of the Board of Directors to elect a replacement Director requires not less than three-fourths of the votes of the remaining Directors.

The Shareholders' Meeting may resolve to remove any Director from office before the conclusion of his/her term. Such a resolution requires not less than three-fourths of the votes of the shareholders present with voting right, whose combined number of the ordinary shares held is not less than half of the total number of shares held by the shareholders present with voting right.



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## 8.2.2 The Audit Committee

The Board of Directors appoints the Audit Committee with qualifications of the Members in accordance with the criteria set forth by the Securities and Exchange Commission with approval of the Shareholders' Meeting. The term of the Audit Committee is three years. After completing the term, the Members of the Committee may be reappointed.

## 8.2.3 The Strategy and Risk Management Committee

The Company's Executive Board appoints the Strategy and Risk Management Committee who have the authority and duties to formulate Company strategies and manage its risks as assigned by the Board of Directors.

## 8.2.4 The Executive Board

The Company's Board of Directors appoints the Executive Board who has the authority and duties to manage the business of the Company as assigned by the Board of Directors.

## 8.3 Management remuneration

### 8.3.1 Cash remuneration

#### 8.3.1.1 Remuneration for Directors

The Company's remuneration for Directors consists of meeting allowances and an annual bonus. In 2009 and 2010, the remunerations amounted to 1,143,000 and 3,208,000 Baht, respectively. Details are as shown in following table.

(Unit: Baht)

Name	2009		2010	
	Meeting Allowances	Bonus	Meeting Allowances	Director monthly compensation
1. Mr. Mongkol Pao-in *	85, 000	-		
2. Prof. Dr. Warapatr Thodhanakasem ****	0.00	288,000		1,728,000
3. Mr. Surabhon Kwunchaithunya **	160,000	-		
4. Police Lt. Sivaraks Phinicharomna ***	160,000	-		
5. Mrs. Moogda Ariyawat ***	160,000	-		
6. Ms. Siriluck Kovitchindachai	0.00	-		
7. Assoc.Prof. Anchalee Pipatanasern ****	30,000	80,000	100,000	480,000
8. Assistant Professor Monpaka Vongsa ****	30,000	60,000	100,000	360,000
9. Associate Professor Witaya Danthamrongkul ****	30,000	60,000	80,000	360,000
10. Mr. Chaiwat Kovitchindachai	0.00	-		
11. Mr. Kwanchai Mongkolkittaveepol	0.00	-		
12. Mr. Sakol Pao-in	0.00	-		
Total	655,000	488,000	280,000	2,928,000

**Notes :**

- \* Mr. Mongkol Pao-in resigned on August 17, 2009.
- \*\* Mr. Surabhon Kwunchaithunya resigned on October 16, 2009.
- \*\*\* Mrs. Moogda Arriyawat and Police Lt. Sivaraks Phinicharomna resigned on October 20, 2009.



- \*\*\*\* Prof. Dr. Warapats Thodhanakasem took up Chairmanship on October 20, 2009.
- \*\*\*\*\* Assoc.Prof. Anchalee Pipatanasern, Assistant Professor Monpaka Vongsa and Associate Professor Witaya Danthamrongkul took up Directorship on October 20, 2009.
- The executive Directors resolved in 2010 to not receive meeting allowances and monthly Director allowances

#### 8.3.1.2 Management remuneration

(Unit: Baht)

Remuneration	2009	2010
	Remuneration (Baht)	Remuneration (Baht)
Total salaries and bonuses	33,257,582.00	26,893,000.00
Petrol allowances	965,882.50	1,082,032.30
Car allowances	1,337,928.00	2,970,855.00
Total	35,561,338.50	30,945,887.30

#### 8.3.2 Other remuneration

-None-

### 8.4 Corporate governance

The Company is determined to conduct business with good corporate governance in accordance with the corporate governance guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission in order to enhance competitiveness, achieve growth and add long-term value for the shareholders, with the interest of other stakeholders in mind.

Good corporate governance is a value driver and a useful tool for achieving sustainable growth because it reflects effective management which is transparent and accountable. It can help bring about trust and confidence among shareholders, investors, stakeholders and all parties concerned. The Company has adopted a good corporate governance policy and has implemented it since April 3, 2004. Good corporate governance and the Code of Conduct manuals were prepared and distributed to all Company staff members.

The good corporate governance policy covers these five issues:

1. Rights of shareholders
2. Equitable treatment of shareholders
3. Roles of stakeholders
4. Information disclosure and transparency
5. Responsibilities of the Directors

The Company's good corporate governance practices can be summarized as follows:

#### 8.4.1 Objectives of the corporate governance policy

The Board of Directors attaches importance to good corporate governance. Two specific committees, the Audit Committee and the Strategy and Risk Management Committee, have been appointed to screen important matters in accordance with the principles of good corporate governance. The Members of both Committees meet the qualifications Office of the Securities and Exchange Commission. The Committees are clearly assigned responsibilities, with the Audit Committee also responsible for undertakings concerning good corporate governance. Their scope of work is as follows:



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1. Propose guidelines for good corporate governance to the Board of Directors.
2. Provide advice regarding good corporate governance to the Board of Directors.
3. Supervise the Directors and Management to ensure compliance with the Company's good corporate governance.
4. Review the procedures of the Company's good corporate governance by comparing them with international practices for improvement and make recommendations to the Board of Directors.

The Board of Directors has set the objectives of the Company's good corporate governance as follows: "The Company is committed to conducting its business in accordance with all applicable laws and regulations with transparency and fairness. We also place great importance on internal control, risk management, sufficient information disclosure, all of which will result in continuous and sustainable growth of the business and add maximum value within the legal and business ethical frameworks for the shareholders and stakeholders."

In addition, the Company has been actively conducting campaigns to promote performance of duties in accordance with good corporate governance. Information about the Company's policy and corporate governance is publicized in the good corporate governance and the Code of Conduct manuals. The information is also disseminated through the Intranet and Company website in both Thai and English for easy access by all the personnel and for use as references by the shareholders, investors, stakeholders, and all parties concerned.

## 8.4.2 Rights of shareholders

The Company recognizes and values the rights of shareholders, encouraging them to exercise their rights. In addition, it constantly sees to it that the shareholders are treated, and their fundamental rights protected, equitably.

An Annual General Meeting of Shareholders is held once a year within four months after the end of the fiscal year. In case of urgency requiring a resolution from the Shareholders' Meeting, the Company may arrange an Extraordinary Meeting. A Meeting notice is sent to the shareholders not less than 14 days in advance, together with detailed agenda and relevant documents. Announcements are made in one Thai newspaper and one English newspaper on three consecutive days at least three days before the Meeting date. The announcement provides information about the Meeting notice with details of the Meeting agenda and Meeting documents in advance before the documents are sent to the shareholders. Also, in order to allow sufficient time to study the information before receiving it in hard copies, the Company publishes the information on its website under the Section "Investor Relations" both in Thai and English at least 30 days before the Meeting. In addition, the shareholders can propose an agenda item to the Meeting via the website. On the day of the Meeting, the Company provides convenience to all shareholders equally. Attendance registration begins two hours before the Meeting time. The Meeting venue and time are chosen with the attendant's convenience in mind.

During the Meeting, the Company sees to it that all the shareholders have equal opportunities. Before the Meeting commences, the Chairman of the Meeting will clearly explain the Meeting rules, including the voting procedure. The Chairman also offers an opportunity for the attendants to express opinions, make recommendations and ask questions pertinent to the agenda item being considered, allowing adequate and appropriate time. He and the other members of Management treat all issues raised as important, answering all questions asked clearly and directly. Voting is carried out using a universally accepted method, with emphasis placed on transparency. The minutes are correctly and completely taken so that shareholders can review them. They are also systematically kept for easy and convenient review.

In addition, the Company has the Investor Relations Department to serve as the information center. This unit provides Company information disclosure to shareholders, investors, reporters and the general public who are interested in the Company's securities. Information disclosed is accurate, complete, consistent, timely, transparent and equitably given. It includes the Company profile, financial statements, annual reports, Meeting notices, notifications to the Stock Exchange and securities related activities. The Company also publishes those data on its website under the Section "Investor Relations" in both Thai and English. The shareholders can also contact Investor Relations directly or via the website.



### 8.4.3 Rights of Stakeholders

The Company recognizes and respects the rights of the stakeholders such as customers, employees, trading partners, competitors, creditors and communities. It has clearly adopted the policies of good corporate governance and business ethics, so that everyone in the organization can adhere to the guidelines. The following summarizes major points about the rights of all the stakeholders:

- Employees : The Company treats all employees equally and remunerates them fairly and appropriately
- Trading partners and creditors : The Company treats trading partners and creditors fairly and in accordance with business terms based on the agreements jointly made.
- Customers : The Company takes good care of, and bears its responsibility to, customers by turning out quality products which are up to standards and well responsive to customers' needs, with emphasis on quality, service and appropriate prices.
- Competitors : The Company strictly follows the rule of good competition in order to maintain good competition practices.
- Communities : The Company recognizes the importance of environment conservation, bearing the responsibility for ensuring that the communities, society and the environment are not affected.

### 8.4.4 Shareholders' Meetings

In 2010, there was an Annual General Meeting of Shareholders, Session 1/2010, for 2010 on April 23, 2010. For this Meeting, the Company sent a notice to the shareholders, together with details of the agenda, opinions of the Board of Directors, the minutes of the previous Meeting, the annual report, Meeting documents, and a proxy form with an explanation. (These documents were publicized on the Company website 30 days in advance of the Meeting). The documents were sent to the shareholders more than 7 days prior the date of the Meeting. The Company provided the documents to every shareholder listed in the shareholder register as at the closing date. It also announced the Meeting notices in a daily Thai newspaper and a daily English language newspaper not less than three days in advance, and for not less than three consecutive days. In addition, Independent Directors were appointed as proxy of shareholders who so desired. However, shareholders could appoint other people as their proxy at the Meeting as well.

To be in line with good corporate governance principles with regard to recognition of the importance of the shareholders, for the Shareholders' Meeting in 2010, the Company distributed information contained in the Meeting notice with details of the agenda and the Meeting documents to shareholders in advance before sending the documents to them by posting them on its website [www.prinsiri.com](http://www.prinsiri.com) under the Investor Relations Section, both in Thai and English, not less than 30 days prior to the date of the Meeting. Shareholders could also propose an agenda item and nominate persons for Directorship via the site or the email address [ir@prinsiri.com](mailto:ir@prinsiri.com). In 2010, no shareholders proposed any agenda item or nominate any person through either channel.



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At the Shareholders' Meeting of 2010, nine members of the Board of Directors were present. The Chairman of the Board chaired the Meeting. He explained the details of the quorum, the Meeting rules, the voting procedure, vote counting, and the use of voting ballots. The result of vote counting of each agenda item was announced clearly and transparently. The Meeting attendants were given sufficient and appropriate time to ask questions and express opinions. The questions were answered clearly and directly by the Directors and the Management members. The Meeting was conducted completely in accordance with the regal requirements. To provide convenience to the shareholders, attendance registration started two hours before the Meeting commencement and continued until the Meeting was adjourned. Refreshments and snacks were also served. The minutes of the 3.30 hour Meeting was properly and completely taken; shareholders can review the minutes which are kept in good order for convenient review.

After the Meeting, shareholders could access the minutes via the Company's website under the "Investor Relations" Section within 14 days.

## **8.4.5 Leadership and vision**

The Board of Directors consists of members who have knowledge, competence, skills and experience. The Board performs duties by adhering to relevant laws, regulations, and Shareholders' Meeting resolutions with integrity and ethics.

The Board of Directors plays a major role in formulating the Company's visions and mission and approving the business directions, policies, strategies, and goals for use as frameworks by Management in preparing annual business plans and budgets. The board shall then monitor the operation of Management to ensure that it is in line with the specified policies, goals and business plans in order to generate maximum benefits for the organization and the shareholders. During the previous year, the Executive Board proposed the annual business plans and the annual budgets to the Board of Directors. There was a joint discussion, after which the Board of Directors expressed further opinions for improvement and approved the proposals.

## **8.4.6 Conict of interest**

The Company recognized the necessity to have in place a policy concerning conflict of interest, having adopted a policy to prohibit the Directors, executives and employees from seeking personal gains in conflict with the Company's interest. This has been made part of the Code of Conduct to which they are required to adhere.

The Board of Directors carefully looks into matters with potential conflict of interest as well as the use of inside information. Details are as follows:

### **1. Transactions with potential conflict of interest**

The Board of Directors is informed of transactions with conflict of interest. In entering into transactions with potential conflict of interest, the Board of Directors will consider the suitability carefully, based on the Company's interest. Opinions of the Audit Committee will be sought in cases where conflict of interest may occur before they are proposed to the Board of Directors for consideration. The Company's procedure is strictly in accordance with the requirements of the Stock Exchange of Thailand.

### **2. Supervision of the use of inside information**

The Company's policy prohibits Directors and executives from using material inside information either directly or indirectly for their own or other people's benefit, including the trading of the Company's securities. The following measures are taken to prevent the use of inside information by Management and personnel of the Company:



- Informing the Directors and Management members of their duties to report their holding of Company securities as required under Section 59, in accordance with the Notification of the Office of the Securities and Exchange Commission No. Sor.Jor. 14/2540 on Preparation and Disclosure of the Securities Holding Report and the penalties under Section 275 of the Securities and Exchange Act, B.E. 2535.
- Forwarding a circular notice to inform executives that those who have access to material information which may affect the price of securities must not use the information before it is disclosed to the public. Executives are prohibited from trading Company securities within one month of public disclosure of the financial statements or material information and from disclosing the information to other people.
- Departments with access to such information are prohibited from disclosing it to other units or persons not concerned with the matter.

To ensure that the Directors and executives who are required to prepare a report on their securities holding and the change thereof under Section 59 follow the laws, they are also required to inform the Board of Directors on the same day as the day they submit the report to the Office of the Securities and Exchange Commission. Although the Company has not imposed a penalty for failure to submit a securities holding report, it has notified them of the penalties under Section 59 of the Securities and Exchange Act, B.E. 2535 for violation or failure to report securities holding.

The Company's policy is to prohibit the Directors and executives from using inside information for personal gains either directly or indirectly.

At each meeting of the Board of Directors, the Chairman advises the Directors to follow the policy regarding conflict of interest. For any item on the agenda with which any Directors are involved or in which they have vested interest, they are requested to inform the meeting in order to abstain and to express no opinions.

The Audit Committee carefully considers the appropriateness and reasonability of related transactions, transactions with conflict of interest, and the guidelines provided by the SET before presenting the transactions to the Board of Directors for approval. The transactions are required to be reported and disclosed on a quarterly basis, as well as disclosed in the annual report and the Annual Information Filing Form.

To emphasize the importance it attaches to the control of the use of inside information, the Company has made it part of the Code of Conduct to be strictly observed by the Directors, executives and employees.

#### 8.4.7 Business ethics

Recognizing the significance of instituting a system of moral and ethical principles in concrete terms, the Company has developed the Corporate Code of Conduct, which has been in effect since April 3, 2004, to be observed by the Directors, executives and employees in their conduct and in treating all groups of stakeholders fairly. The Code of Conduct, which is believed to be vital to the sustainable growth of the organization, is expected to be strictly adhered to by all the Directors, executives and employees. Furthermore, the Company is determined to promote widespread adoption of such principles among suppliers, contractors, advisors, business partners and other relevant parties.

In addition to making it available to all Directors, executives and employees, the Company has publicized the Corporate Code of Conduct on its Intranet and website under the Investor Relations Section. The following paragraphs summarize the Corporate Code of Conduct.



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## **8.4.7.1 Transparency and disclosure**

Corporate management, bookkeeping, and financial report preparation shall be correctly conducted in conformity with applicable laws, principles and acceptable international standards. Information disclosed must be accurate, clear, complete and up-to-date to maintain the confidence of investors, shareholders and debtors.

## **8.4.7.2 Equitable treatment**

The Company is determined to treat all parties involved, including shareholders, customers, debtors, employees and society at large, fairly and equitably. Shareholders, whether they be major or minor shareholders, shall be treated equally.

## **8.4.7.3 Risks management**

Management of risks where they concern effectiveness, efficiency, accuracy of financial reports, compliance with applicable laws, rules, regulations, and orders, shall be executed consistently with the good internal control framework. Business risks shall be analyzed and prioritized while control measures implemented to minimize them.

## **8.4.7.4 Corporate social responsibility**

In conducting business, due consideration shall be given to corporate social responsibility to ensure that the business is in line with public interests and beneficial to the environment. The Company shall make contributions to the development of the betterment of Thai society as a whole.

## **8.4.7.5 Organizational integrity and moral climate**

Integrity and moral constitute a key element of the Company's good governance and shall be upheld by personnel throughout the organization, from Directors, executives to employees of all levels. The Board of Directors is fully aware that an organization operating without these values will not survive in the long run.

## **8.4.8 Responsibilities of the Board of Directors**

### **8.4.8.1 Composition of the Board of Directors**

The Board of Directors of the Company consists of nine members — a size appropriate for the organization. The composition of the Board of Directors is as follows:

1. Five Executive Directors with vested interest
2. Four Independent Directors

Therefore, the number of non-executive Directors accounts for 44% of the total number of the Directors. The composition of the Directorship of the Company, to a reasonable degree, is well-balanced. Each of the four non-executive Directors has the qualifications required of an audit committee member as prescribed in the Notification of the Stock Exchange of Thailand Re Qualifications and Scope of Work of the Audit Committee.

### **8.4.8.2 The term of office of Directors and the number of companies in which each Director may serve**

The Board of Directors consists of nine members, four of whom are independent Directors. The ratio of Independent Directors to all Directors is therefore higher than one-third, as required by the SET. One-third of the Directors shall vacate their office at each Annual General Meeting. If the number of Directors cannot be divided into a multiple of three, the number nearest to one-third shall retire. The Directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, those longest-serving shall vacate their office. Directors who have retired by such rotation may be re-elected.

In the event a vacancy in Directorship occurs for reasons other than by rotation, the Board of Directors shall elect a qualified person with no characteristics prohibited under the public limited company law to serve as a Director at the next meeting of the Board of Directors unless the remaining term of office of the vacated Director is less than two months. The





person so elected shall hold office only for the remaining term of the Director whom he/she replaces. The resolution of the Board of Directors to elect a replacement Director requires not less than three-fourths of the votes of the remaining Directors.

The Shareholders' Meeting may resolve to remove any Director from office before the conclusion of his/her term. Such a resolution requires not less than three-fourths of the votes of the shareholders present with voting right, whose combined number of the ordinary shares held shall not be less than half of the total number of shares held by the shareholders present with voting right.

#### **8.4.8.3 Qualifications of Independent Directors**

The number of Independent Directors on the Board of Directors shall at all times constitute at least one-third of the total number of Directors, or not less than three. The qualifications of Independent Directors are prescribed in accordance with SEC regulations, as follows:

1. Holding shares representing not more than 5% of the total shares with voting right of the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest.
2. Not being an employee, staff member or salaried advisor or controlling person of the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest.
3. Not being a person who has a blood or legally registered relationship as father, mother, spouse, sibling, offspring, including spouses of an offspring of the executives, major shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Having no business relationship with the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest, which may impede his/her independent discretion and not having any characteristics that may obstruct his/her giving independent opinions on the Company's operations.

#### **8.4.8.4 Separation of Duties of the Chairman and the Managing Director**

The Chairman of the Board of Directors and the Managing Director shall in no event be the same person. The Chairman shall be elected by and from among the members of the Board of Directors while the Managing Director shall be recruited. The Chairman plays the leading role in policy decisions of the Company resulting from Board of Directors meetings, at which they consider and set business targets in conjunction with Management. He shall conduct meetings of the Board to ensure effectiveness and efficiency, by encouraging each Director to actively contribute to the meeting, for example, by raising relevant questions. He shall regularly meet with, and give advice to, Management members; oversee and support their operations through the Managing Director, but shall not interfere with day-to-day operations or routine work, which are under the responsibility of Management. The Managing Director shall be in charge of Management. The Board shall empower the Managing Director or acting Managing Director or a named authorized person and no one else to bind the Company within the scope of the powers designated. The Managing Director shall, for efficient operations, delegate authorities to Management to carry out clearly-defined duties and responsibilities. In this manner, it can be seen that the roles and duties of the Board and the Management have been clearly separated and do not overlap.

#### **8.4.8.5 Company Secretary**

The Company has appointed Mr. Sakol Pao-in Company Secretary with duties and responsibilities as follows;

1. Preparation and keeping of the following documents:
  - Register of Directors
  - Notices of meetings of the Board of Directors, minutes of Board of Directors' meetings, and the Company's annual reports
  - Notices and minutes of Annual General Meetings
  - Reports on vested interest transactions submitted by Directors and executives
2. Liaising with relevant regulating agencies

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## 8.4.9 Remuneration of Directors and Executives

The policy toward remuneration of Directors and executives has been transparently and clearly set with the remuneration fixed at an appropriate amount in line with the industry. The remuneration is at levels sufficient for attracting and retaining qualified Directors and requires approval by the Shareholders' Meeting.

The Company pays remuneration to executives in accordance with the policy and principles specified by the Board of Directors. The remuneration is linked with the Company performance and individual performance. Although the Company currently has not appointed a Remuneration Committee, it has in place an appropriate procedure for consideration of the remuneration based on information about remunerations paid by companies in the same industry of about the same size. The performance of the Company is also used in the consideration.

In 2010, the remunerations paid to the Directors, which had been approved by the Shareholders' Meeting (meeting allowances and bonuses), were in a maximum total amount of 3,208,000 Baht. Executive Directors agreed not to receive meeting allowances and monthly allowances. Details of the remunerations are in 9.3 Management remuneration.

## 8.4.10 Board of Directors meetings

The Board of Directors holds a meeting on a regular basis, at least four times a year. Each meeting must always have clear agenda and follow-up items. A notice is sent not less than seven days in advance of the meeting, together with the agenda and relevant documents, to allow sufficient time for the Directors to study the information. In cases of urgency, a notice may be sent in a different manner and the meeting may be scheduled for an earlier date, to protect the Company's right or interest.

Each meeting takes at least two hours. All the Directors are given an opportunity to express their views openly and freely. The Chairman of the Board of Directors makes a summary of the discussion and draws conclusions. Directors with vested interest in the matter being considered have to leave the meeting. Minutes are taken after each meeting and the minutes which have been adopted are kept in an orderly manner for convenient and easy retrieving.

In 2009 and 2010, the Board of Directors held four and five meetings respectively. Please see 9.1 Structure of the Board of Directors for details of the Directors meeting attendance.

## 8.4.11 Sub-committees

For the Company's effective performance, the Board of Directors has appointed two special committees to oversee important tasks — the Audit Committee and the Strategy and Risk Management Committee. Descriptions of the authority and duties of the committees are in 9.1.2: the Audit Committee and 9.1.3: the Strategy and Risk Management Committee.

The Board of Directors has assigned the Audit Committee to oversee the Company's good corporate governance, with the following duties and responsibilities:

1. Propose guidelines for good corporate governance to the Board of Directors.
2. Provide advice regarding good corporate governance to the Board of Directors.
3. Supervise the Directors and Management to ensure compliance with the Company's good corporate governance.
4. Review the procedures of the Company's good corporate governance by comparing them with international practices for improvement and make recommendations to the Board of Directors.



#### 8.4.12 Reports of the Board of Directors

The Board of Directors is responsible for the Company's financial statements and financial information which are contained in the annual report. The financial statements are prepared in accordance with accounting principles generally accepted in Thailand.

The financial statements are prepared under an appropriate and consistent policy with careful judgment. Material information is sufficiently disclosed in the Notes to the Financial Statements.

The Audit Committee has been appointed by the Board of Directors to audit the Company's financial statements to ensure their accuracy and adequacy. Appropriate and effective internal control and audit are in place. The Audit Committee consists of non-executive Directors who are responsible for the quality of financial reports and internal control.

The Board is of the opinion that, in general, the internal control of the Company is at a satisfactory level and can build reasonable confidence in the reliability of the Company's financial statements.

#### 8.4.13 Relationship with Investors

The Board of Directors realizes that the Company's information, financial or otherwise, may influence the process of decision making of investors and stakeholders. The Company therefore has instructed Management to disclose complete, truthful, reliable, consistent, and timely information in compliance with the laws, rules, and regulations related to information disclosure of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, which Management values and follows.

In addition to information disclosure according to the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, the Company has set up the Investor Relations Department which is responsible for information disclosure of the Company to shareholders, investors, analysts, reporters and the general public who are interested in the Company's securities.

In 2010, the Company conducted activities to provide information of the Company both directly and indirectly through four analysts meetings, four presentations to investors at the "Opportunity Day" events organized by the Stock Exchange of Thailand, eight presentations to fund managers, both domestic and overseas, and one site visit. In addition, Investor Relations provides information and responds to enquiries from investors and reporters by e-mail and telephone on a regular basis.

Furthermore, the Company also provides information including operating results, financial statements, Company news, securities information, securities activities, annual reports, Shareholders' Meeting notices, minutes of Meetings, and other information via its website: [www.prinsiri.com](http://www.prinsiri.com), under the Investor Relations Section. Investors may contact Investor Relations for information at 02 — 617 — 6900 extension 111 or to email address [ir@prinsiri.com](mailto:ir@prinsiri.com).

In 2009, the Company received the third prize of the IR Excellence Awards in the category of companies with less than 10 billion Baht market capitalization. **In 2010, the Company won the first prize for the second group of companies with less than 10 billion Baht market capitalization.** The Company will keep on strengthening its investor relations function to further facilitate investors' access to Company information.

### 8.5 Supervision of the use of inside information

The Company's policy prohibits Directors and executives from using material inside information which has not been disclosed to the public for their own or other people's benefit, including the trading of the Company's securities. The following measures are taken to prevent the use of inside information by Management and personnel of the Company:



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- Informing the Directors and Management members of their duties to report their holding of Company securities as required under Section 59, in accordance with the Notification of the Office of the Securities and Exchange Commission No. Sor.Jor. 14/2540 on Preparation and Disclosure of the Securities Holding Report and the penalties under Section 275 of the Securities and Exchange Act, B.E. 2535.
- Forwarding a circular notice to inform executives that those who have access to material information which may affect the price of securities must not use the information before it is disclosed to the public. Executives are prohibited from trading Company securities within one month of public disclosure of the financial statements or material information and from disclosing the information to other people.
- Departments with access to such information are prohibited from disclosing it to other units or persons not concerned with the matter.

To ensure that the Directors and executives who are required to prepare a report on their securities holding and the change thereof under Section 59 follow the laws, they are also required to inform the Board of Directors on the same day as the day they submit the report to the Office of the Securities and Exchange Commission. Although the Company has not imposed a penalty for failure to submit a securities holding report, it has notified them of the penalties under Section 59 of the Securities and Exchange Act, B.E. 2535 for violation or failure to report securities holding.

To emphasize the importance it attaches to the control of the use of inside information, the Company has made it part of the Code of Conduct to be strictly observed by the Directors, executives and employees.

## 8.6 Human resources

### 8.6.1 Number of employees

As at December 31, 2010, the Company has a total of 277 employees, excluding Directors and Management members. The number of employees can be classified by line as follows:

Line	Number (person)
Accounting and Finance	29
Administration	30
Managing Director's Office	19
Operation	90
Sales and Marketing	70
Operation Support	39
Total	227

Over the past three years, the Company had no labor deposes.

### 8.6.2 Remuneration for employees

The Company provides remuneration in the forms of salaries, wages, bonuses and provident fund contributions. Welfare and benefits are also provided to employees in excess of labor law requirements; e.g., the annual leave and personal business leave schemes on a sliding scale based on service years, which were revised in 2010, and provision of group insurance on top of the social security scheme. In 2008, there were



295 employees and the remuneration amounted to 107.75 MB. In 2008, the total 295 employees were paid 107.75 MB in 2009; 98.70 MB was paid to 205 employees. And in 2010, the 277 employees were paid 121.05 MB. The remuneration figures include payments to those employees who joined and left the Company during the year.

### 8.6.3 Human resources development policy

The Company's human resource development policy has an objective of developing the competencies of the employees and retaining competent personnel for a long term, giving them a good career path. Training, both in-house and off-premise, is offered on a regular basis, based on the annual training plan. Training needs were surveyed and identified for all levels of employees. Training is conducted in response to the needs of each line. Regular training is provided for general employees while special training projects are organized for executives. The Company has both the policy and determination to enhance the potential of the employees at all levels for the growth of the Company as a whole, and to prepare them for any change that may take place.

In 2010, the training and development budgets accounted for 13.4% of the Company's personnel expenses. From 2011 onward, the HRD activities will be based on the specified competency framework. Training will be conducted for three categories: fundamental skills, skills required for respective positions and skills required by respective professions. The objective is to allow employees at all levels and in all lines to have an opportunity to develop their knowledge, skills and competency in line with their job requirements, and to grow, along with the Company.



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## 9. Internal control

The Company attaches considerable importance to internal control. The Board of Directors assigned the Audit Committee to review and appraise the internal control system, with emphasis placed on having in place an internal control system which is adequate, suitable for the business, efficient and effective. Also covered in the internal control system are utilization of resources, property administration, prevention and reduction of errors, damages, leakages, waste, and fraud, accounting and financial reporting systems which are accurate and accountable as well as compliance with the laws, rules and regulations pertaining to the Company's business.

The Company has an Internal Control Consultant, Mrs. Sumon Limpichet, an independent internal auditor who has been hired to ensure that the internal audit department can perform their duties independently with proper checks and balances. The Board also requires the Internal Control Consultant to report directly to the Audit Committee.

During 2010, the Internal Control Consultant reviewed the internal control appraisal and came up with the following key points:

### 1. The organization and the environment

The executives and employees have an attitude which is favorable and conducive to internal control. The executives recognize the importance of adherence to moral principles, ethics and integrity. There is appropriate authority delegation and suitable numbers of staff members to perform the various functions. The human resources policy is appropriate for motivating and encouraging good performers. In general terms, the organization and the environment of the Company are appropriate and contribute to efficient and effective internal control.

### 2. Risk management

The Company has provided the direction and guidelines for risk management to ensure that risks are systematically managed. A Risk Management Committee oversees the management of Company risks in general terms, covering the entire organization, managerial, financial and operational risks, management of occupational health and safety, and other important risks related to the Company's business. The Risk Management Committee identified the risks at the organizational level in all major activities and prepared a risk management plan based on acceptable levels of risks in order to supervise risk management and to prevent potential damage or loss of business opportunities.

### 3. Operation control

The Company has suitable, adequate efficient and effective operation control and a written operation procedure governing operation in areas with major risks. A control mechanism has been established for prevention and reduction of errors. Performance is reviewed by management and Key Performance Indicators are specified for employees in the entire organization.

The Company has appropriate and adequate internal control in important areas, such as administration, finance, accounting, procurement and human resources management.

### 4. Information and communications systems

The Company has information and communications systems which are linked with operations, financial reporting and execution of policies and regulations. Outside information is also linked with executives and users inside the organization in formats which allow the information receivers to perform their duties efficiently and effectively. The information and communications systems are suitable for the business.



## 5. Follow-up and evaluation

The Company conducts evaluation of internal control and evaluates performance in this area on a continual basis. All lines are required to report the execution under the audit plan and to evaluate performance regularly as part of the normal practice of management, supervisors and others concerned. There is also evaluation conducted by the Internal Control Office under the quarterly and annual audit plans. Advice is also provided by the Company's Auditor as a result of the financial auditing in case deficiencies are found. Procedures for execution and follow-up have been established to ensure that corrective action is taken.

The Audit Committee reviewed the internal control system which had been appraised by the Internal Audit Department and did not find any significant deficiencies, which conformed to the opinion of the Company's Auditor. The Company's internal control system is therefore adequate, efficient and effective.

The Internal Audit office, as well as DIA International Auditing, which audited the 2010 financial statements, provided their opinion that no significant deficiencies with regard to storage of important documents and the Company's internal control system were found.

At the meeting of the Company's Board of Directors, Session 1/ 2010, the Board appraised the efficiency of the internal control systems (details as in attachment 3) and resolved that the Company presently has an adequate internal control system. The Board did not find any significant deficiencies with regard to the internal control system. The Company has an efficient internal control system which has been improved based on recommendations made by the Independent Internal Auditor for the benefit of the Company's administration.



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## 10. Related transactions

### 10.1 Value and outstanding of related transactions and persons that may have conflict of interest

In 2008 and the first quarter of 2009, the Company had following transactions between the persons that might have conflict of interest.

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Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
1. Grow Yotha Co., Ltd. - contractor and construction material supplier	A subsidiary, with the Company currently holding 99.99 % of the registered capital.	(1.1) The Company - purchases (construction materials) - purchases (construction) - Interest - accounts payable - retention - short-term loans	28.35 15.46 - - -	10.48 73.42 0.22 - -	- - - 11.18 4.27 -	- - - 13.89 5.67 23.00	Prinsiri Public Company Limited acquired shares of Grow Yotha Co., Ltd. in order to have this company as one of its business units for material cost control, project development and for enhanced competition potential. The company purchases materials, such as cement, door panels, wooden strips, steel, and floor panels, and hires Grow Yotha Co., Ltd. as one of its construction contractors. Selling prices and construction costs of Grow Yotha Co., Ltd., are similar to those proposed by Grow Yotha Co., Ltd. to other contractors. In fact, the prices of some categories of materials sold to the Company are slightly lower than those quoted for other contractors, as Grow Yotha is the Company's subsidiary. Future material purchases are expected.  The aforementioned accounts payable were incurred by purchases cited above. Grow Yotha Co., Ltd., provides a payment term of 30-60 days, which is a normal trading



Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
							<p>Such retention was incurred from employing Grow Yotha Co., Ltd., for construction work such as roofing. The guarantee was received according to the contract at the same rate as that charged to other contractors of the Company as Grow Yotha is the Company's subsidiary. Future transactions are expected</p> <p>The Audit Committee examined the mentioned purchase, account payable and retention transactions and was of the opinion that they were reasonable for normal business of the Company and Grow Yotha Co., Ltd., is the Company's subsidiary.</p> <p>The company's short-term loans were for use as working capital. Interest was charged at MLR. As the company is a subsidiary,</p> <p>Accrued interest receivable and interest received resulted from the above short-term loan transactions and were based on normal loan conditions.</p>





Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
		(1.2) Prin Venture Company Limited					The Audit Committee reviewed the transactions and was of the opinion that the short-term loans, accrued interest receivable and interest received were normal loan transactions. The loans were made for use as working capital which was the business of the subsidiary. They were in line with the purpose of setting up the business unit. The Company charged a market interest rate. The transactions were therefore reasonable and beneficial for the Company and the subsidiary.
		- purchases	29.75	1.75	-	-	
		(construction	8.30	0.77	-	-	
		materials)	5.84	1.50	-	-	
		- Interest	-	-	0.16	0.06	
		-		-	0.73	0.41	
						0.11	



# "The Art of Family Living"

Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
2. Thai Chinda Curtain Company Limited  Distributor of curtains, blinds, wallpapers and furniture	Mr. Santi Kovitchindachai is the authorized Director of this company. He is a brother of Ms. Siriluck Kovitchidachai. At present he holds the Company's shares at 1.92% of the paid- up registered capital.	(2.1) The Company - purchases - Retention - Accounts payable	2.31 - -	7.67 - -	- - 0.57	- - 0.48	The Company purchased curtains, blinds and wallpaper from Thai Chinda Curtain Company Limited. The selling prices were similar to those paid to by other suppliers. The Company has made purchases from this company for an extended period of time because of products' quality, especially its curtains which are well known for workmanship. In addition product delivery is on time. Therefore, this transaction is expected to be repeated in the future.  The accounts payable were incurred by purchases cited above.  Thai Chinda Curtain Company Limited provides 30 - 60 days term of payment, which is a normal business practice.  The retention resulted from employing Thai Chinda Curtain Company Limited to produce and install curtains for the Company in accordance with the contract. The amounts were normal and were the same as those received from other vendors because the purchase prices were similar to prices paid to other suppliers. The Company has purchased goods from this supplier for many years because its products are of good quality and workmanship. The delivery is on time. Therefore purchases are expected to continue in the future and retention transactions will continue to exist. The Audit Committee has examined the transactions and was of the opinion that the purchases, accounts payable and retentions were the Company's normal business practice.



# "The Art of Family Living"

Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
3. Prin Venture Company Limited  Real estate developer, houses with land and condominium	Subsidiary company  The company currently holds 51% of the registered capital  On December 31, 2010, the Company purchased all the shares held by Univenture PCL.  Hence it now holds 100% of the shares.	(3.1) The Company  - Accounts receivable - Short-term loans - Accrued interest receivable - Interest received - Management fee - Other income - Loan guarantee	- - - 5.84 11.86 1.20 -	- - - 1.50 0.23 1.20 -	0.35 33.15 - - - - 7.77	0.10 15.00 0.11 - - - 7.77	Prin Venture Co., Ltd. was a joint venture company between the Company and Univenture PCL, with share holdings of 51 and 49 % of the registered capital, respectively. The short-term loans between the Company and Prin Venture Co., Ltd were made to increase liquidity of Prin Venture according to the joint venture contract under which Prin Venture could take out loans not exceeding 500 MB from shareholders in proportion with the share holdings at an interest rate of MLR. In 2010 the company repayment the loan and the company loan the short term from prinsiri total value 15.00 MB at interest rate of MLR  The accrued interest receivable and interest received resulted from the short-term loans above and was in compliance with the joint venture agreement.



# "The Art of Family Living"

Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
							<p>The Audit Committed is of the opinion that the short-term loan, the accrued interest receivable and the interest received were in proportion with the shareholdings and were in accordance with the joint venture agreement. The loan increased the subsidiary's liquidity and the interest rate charged by the Company was the market rate. The transactions were therefore deemed reasonable and beneficial to the Company and the subsidiary.</p> <p>The Company's management revenue was in compliance with the joint venture agreement. The charge was Baht 350,000 per month per project; the contract was terminate at 31 Oct 2010. The sales management fee was 2 % of sales. Since Prin Venture is the Company's subsidiary, these transactions will continue in the future. Other revenues of the Company were from provision of gardening service to Prin Venture. The rate charged was similar to those charged by general contractors. However, as the Company has a competent and skillful team, the service provided is of a fine standard and is in line with the project concept. Also, as Prin Venture is a subsidiary, these transactions are expected to continue.</p>



# "The Art of Family Living"

Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
4. Ms. Siriluck Kovitchidachai	Director /President of Executive Committee/ Managing Director and shareholder, currently holding 23.24 % of the paid-up registered capital.	(5.1) The Company - Short-term loans - Interest expense	- 4.51	- -	- -	- -	<p>In 2008, The Company took out a loan from Ms. Siriluck Kovitchidacha , the loan interest was at the rate of 5.00 per annum. This money was for use as the Company's working capital and for buying land. In the future, if the interest to be paid to Ms. Siriluck Kovitchidachai is not at a rate higher than other promissory notes which the Company issues to others, this transaction will continue.</p> <p>The interest expense was incurred by the above mentioned promissory note short-term loan. The rate was lower than those of other promissory notes issued by the Company.</p> <p>The Audit Committee was of the opinion that the short-term loan and the interest expense were normal borrowing and were for the Company's working capital and land buying. In addition, the interest rate was lower than other promissory notes of the Company, which was beneficial to the Company. In 2009, the Company made a repayment for the whole amount of the loan.</p>





Related person/ juristic person with potential conflict of interest	Relationship	Nature of related transaction	Value of related transaction		Outstanding		Reasonability of the transaction
			2009	2010	As at December 31, 2009	As at December 31, 2010	
5. CN SPR (Thailand) Company Limited	The Company holds shares, representing 99.97 % of the paid-up registered capital.	(6.1) The Company - Short-term loan - Accrued interest receivable - Interest received 3	- - 3.39	- - 3.24	56.00 1.94 -	- - -	<p>Prinsiri Public Company Limited established CN SPR (Thailand) Company Limited in order to make this company one of its business units dealing with sales and leasing of property and to enhance its competitiveness. The short-term loan between the Company and CN SPR (Thailand) Company Limited was for increasing the latter's liquidity and for property purchases. Interest was charged at MLR per annum. Since it is the Company's subsidiary, this transaction is expected to continue.</p> <p>The accrued interest receivable and the interest received resulted from the short-term loan and was in line with normal borrowings.</p> <p>The Audit Committed was of the opinion that the short-term loan, the accrued interest receivable and the interest received were normal borrowing. The loan was made for use as working capital of and for land purchases by the subsidiary which is its normal business and is in accordance with the Company's objectives of setting up the business unit. In addition, the interest was charged at the market rate. This transaction was therefore deemed reasonable and beneficial to the Company and the subsidiary. The company repayment this loan in 2553</p>



## 10.2 Measures or procedures for approval of related transactions

The Board of Directors passed a resolution that related transactions shall be approved by the Audit Committee. Such related transactions must be carried out in the best interest of the Company. Prices of related transactions must be at market rates which can be compared to those offered by outsiders. The terms of related transactions must be consistent with normal business practices. An equal opportunity has to be offered to other suppliers to propose their prices for competition.

The Company is required to comply strictly with the laws related to securities and exchange, including the regulations of the Stock Exchange of Thailand with regard to entering into connected transactions or acquisition and disposition of its assets. Persons with vested interest in such transactions have no voting right in such matters and reports have to be made to the Board of Directors for information.

## 10.3 the policy or trend of related transactions

The Company has set a policy toward entering into related transactions in normal business procedures which are transactions happening normally and continuously. Conditions are specified in accordance with normal market business practices. Comparisons can be made with prices faced by outsiders, are fair and reasonable and can be verified. The criteria and procedures for related transactions are to be submitted to the Audit Committee for consideration. The Company will also request the Audit Committee Members or an independent expert to examine the transaction and provide an opinion regarding the suitability of the prices and the reasonability of the transaction.

As for future related transactions, such as purchases of curtains, blinds and wallpaper from Thai Chinda Curtain Company Limited, purchases will depend on justifications and the Company's necessity. Payments and reception of compensations between each party will be based on market prices and fair. The Audit Committee will provide an opinion toward such transactions, using market prices of other parties for comparison.

The Company does not have any policy to provide financial support to related companies except for loan extension to a subsidiary which is based on the share holding proportion.

The Company does not have any policy regarding Directors' loans, guarantees by a Director and advances for the Company. The existing Directors' loans and guarantees by a Director shall not increase in the future. However, if an emergency case arises, such transactions must be approved by the Board of Directors on a case-by-case basis.

In case there is a related transaction with a person with potential conflict of interest or with vested interest, the Company's policy is to seek an opinion from the Audit Committee with regard to prices, the rates of compensations, and the necessity and suitability of such transaction. During the voting on the matter, the Directors with vested interest shall not have the voting right.

## 10.4 Measures to protect investors

In order to protect investors, if in the future there is any related transaction with persons with potential conflict of interest, vested interest or potential future conflict of interest, the Company will arrange the transaction through a meeting of the Board of Directors at which the Audit Committee Members are present. The purpose is to ensure that the transaction is carried out fairly and has a suitable pricing arrangement. In case the Audit Committee is not familiar with the possible related transaction in question, the Company will request an independent expert or the Company Auditor to provide an opinion regarding the transaction, for use in the decision making by the Board of Directors or the shareholders, as the case may be. The Board of Directors is required to comply with the laws related to securities and exchange and the regulations, announcements, orders or requirements of the Stock Exchange of Thailand as well as to fulfill the requirements regarding disclosure of information about connected transactions.



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The Company will disclose related transactions in the Notes to Financial Statements which have been audited by the Company's Auditor. The Company's policy is to enter into related transactions only where they are related to the core business. The Company presently has an Audit Committee to examine related transactions, including its internal control system for transparency and investors' confidence.

Moreover, the Company adheres to the principle of reducing all business risks by having a Risk Management Committee in charge of the matter.











## 11. Financial position and operating results

### 11.1 Financial Statements

#### 11.1.1 Review reports of the Certified Public Accountants

- (1) Report of the Certified Public Accountant for fiscal years 2010 and 2009

Mrs. Suvimol Krittayakien, Certified Public Accountant No. 2982, of DIA International Auditing, expressed an opinion that the Company's Financial Statements as at 31 December 2010 and 2009 and the operating results of the Company and the subsidiaries were correct, in all material respects, in accordance with generally accepted accounting standards.

- (2) Report of the Certified Public Accountant for fiscal years 2009 and 2008

Mrs. Suvimol Krittayakien, Certified Public Accountant No. 2982, of DIA International Auditing, expressed an opinion that the Company's Financial Statements as at 31 December 2009 and 2008 and the operating results of the Company and the subsidiaries were correct, in all material respects, in accordance with generally accepted accounting standards.



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## 11.1.2 Summary of the financial position and operating results

Summaries of the Balance Sheets, Profit and Loss Statement, the Statement of Cash Flows and Financial Ratios are shown in the tables below.

### Balance Sheets

	Consolidated nancial statements					
	As at December 31, 2008		As at December 31, 2009		As at December 31, 2010	
	MB	%	MB	%	MB	%
Assets						
Current assets						
Cash and cash equivalents	66.16	0.93	259.67	4.47	116.42	2.10
Current investment	15.46	0.22	138.39	2.36	222.43	3.99
Accounts receivable - net	2.40	0.03	1.98	0.03	14.43	0.25
Inventories	6,472.13	90.59	4,124.28	70.88	3,992.33	71.71
Inventories	316.99	4.42	167.69	2.88	301.14	5.41
Total current assets	6,873.15	96.21	4,692.02	80.65	4,646.77	83.46
Non-current assets						
Land and equipment - net	38.94	0.55	37.68	0.64	42.90	0.77
Land held for development	126.53	1.77	994.65	17.09	812.13	14.58
Deposit at bank with commitment	85.49	1.20	87.01	1.49	49.21	0.88
Other non-current assets	19.99	0.28	6.71	0.11	16.48	0.29
Total non-current assets	274.95	3.79	1,126.05	19.35	920.74	16.54
Total assets	7,144.110	100.00	5,818.07	100.00	5,567.52	100.00
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial stitutions	738.58	10.34	327.92	5.63	671.08	12.05
Short-term loans - promissory notes	249.16	3.49	291.85	5.01	110.00	1.97
Land payable - promissory notes	-	-			43.44	0.78
Accounts and notes payable	202.59	2.84	247.49	4.25	243.55	4.37
Current portion of long-term liabilities	1,346.74	18.85	681.07	11.70	1.16	0.02
Unrealized installment income	387.91	5.43	118.41	2.03	51.80	0.94
Other current liabilities	301.18	4.21	325.87	5.60	284.83	5.12
Total current liabilities	3,226.16	45.16	1,992.61	34.24	1,405.88	25.25
Non-current liabilities						
Land payable - long-term promissory notes	-	-	-	-		
Liabilities in finance leases	4.70	0.07	1.81	1.03	0.71	0.02
Long-term loans	1,306.28	18.28	747.86	12.85	740.99	13.30
Other payables	78.77	1.10	68.16	1.7	38.39	0.68
Total non-current liabilities	1,389.74	19.45	817.83	14.05	780.11	14.02
Total liabilities	4,615.91	64.61	2,801.44	48.30	2,185.99	39.27

### Consolidated nancial statements



	As at December 31, 2008		As at December 31, 2009		As at December 31, 2010	
	MB	%	MB	%	MB	%
Shareholders' equity						
Registered capital - 1,340,000,000 common shares, Baht 1 each						
	1,340.00		1,005.00			
Registered capital - 1,005,000,000 common shares, Baht each					1,105.50	
Registered and paid capital						
- 670,000,000 common shares, Baht 1 each	1,005.00	14.07	1,005	17.27		
- 1,005,000,000 common shares, Baht 1 each					1,105.49	19.86
Premium on share capital	440.21	6.16	440.21	7.56	440.21	7.91
Retained earnings						
Appropriated legal reserve	73.84	1.03	100.50	1.71	110.550	2.00
Unappropriated	940.22	13.16	1,397.45	24.03	1,725.23	30.97
Unrealized profit from exchange rate	0.18	0.00	0.15	0.00	0.01	0.00
Minority interest	68.90	0.96	64.31	1.10	0.01)	0.00
Total shareholders' equity	2,528.19	35.39	3,007.62	51.70	3,381..52	60.73
Total liabilities and shareholders' equity	7,144.11	100.00	5,818.07	100.00	5,567.52	100.00



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## Profit and Loss

	Consolidated financial statements					
	Fiscal year 2008		Fiscal year 2008		Fiscal year 2010	
	MB	%	MB	%	MB	%
Revenue						
Sales of real estate	3,471.67	79.39	4,321.59	87.88	4,298.16	96.19
Sales of land	827.00	18.91	555.65	11.30	97.67	2.19
Sales of goods	30.26	0.69	20.58	0.42	53.66	1.20
Other income	43.95	1.00	19.63	0.40	18.66	0.42
Total revenues	4,372.88	100.00	4,917.45	100.00	4,468.15	100.00
Expenses						
Cost of sales of real estate	2,641.04	60.40	3,338.72	67.89	3,070.57	68.72
Cost of sales of land	739.03	16.90	531.57	10.80	57.00	1.27
Cost of sales of goods	27.71	0.63	17.83	0.36	50.08	1.12
Selling and administrative expenses	431.87	9.88	348.23	7.08	546.12	12.22
Directors' remuneration	1.55	0.04	1.14	0.02	3.21	0.07
Total expenses	3,841.20	87.84	4,237.49	86.17	3,726.98	83.41
Profit before interest expenses and income tax	531.68	12.16	679.95	13.82	741.16	16.58
Interest expenses	63.17	1.44	41.93	0.85	26.26	0.58
Income tax	137.48	3.14	158.71	3.22	150.91	3.37
Profit before minority interest	331.03	7.57	479.30	9.74	572.50	12.82
Minority interest	(15.47)	(0.35)	(4.58)	(0.09)	(8.52)	(0.19)
Net profit	315.56	7.22	483.89	9.84	563.98	12.62
Basic earnings per share net profit						
Weighted average number of common shares	0.33		0.48		0.53	
Net profit	1,005,000,000		1,005,000,000		1,072,733,880	



# Statements of Cash Flows

	Consolidated nancial statements (Baht)		
	2008	2009	2010
Cash flows from operating activities			
Profit (loss) before income tax	468,514,596.09	638,018,945.29	714,898,723.23
Adjustment net profit to cash receipt (disbursement) from operating activities			
Profit from temporary investment	0.00		
Profit from temporary investment	(1,375,341.94)	(169,746.62)	(2,833,764.74)
			(2,496,343.67)
Profit from selling assets	(26,998.00)	(124,210.53)	319,670.10
Depreciation	14,210,316.82	12,057,802.46	11,441,814.26
Corporate income tax for the previous year	0.00	568,123.03	
Reversal of allowance for doubtful accounts	(3,729,915.54)	0.00	
Doubtful accounts	5,511,436.86	126,907.90	346,872.55
Bad debt	3,621,820.82	0.00	
Loss from disused of assets	99,369.67	344,708.80	548,521.67
Loss from revision of condominium design	42,733,050.10	0.00	
Estimated fines for construction delay	0.00	30,920,524.75	(37,304,208.80)
Loss from impairment of assets	7,000,000.00	0.00	
Interest expense	63,169,787.76	41,932,145.52	26,261,307.44
Profit (loss) from operating activities before changes of operating assets and liabilities	599,728,122.64	723,675,200.60	711,182,592.04
(Increase) Decrease in changes in part of operation			
Accounts receivable	8,372,893.05	288,456.09	(12,322,204.61)
Inventories	(1,533,743,955.42)	1,588,605,265.46	371,859,352.54
Other current assets	260,896,004.68	152,828,039.25	(140,207,0813.64)
			57,000,000.00
Other non-current assets	2,903,650.20	13,274,619.35	(6,120,512.64)
(Increase) Decrease in changes in part of operation assets	(1,261,571,407.49)	1,754,996,380.15	270,209,551.65
Increase (Decrease) in changes in part of operating liabilities			
Land payable - notes payable	(51,686,000.00)	0.00	
Accounts and notes able	(46,598,400.26)	44,903,481.23	112,147.25
Unrealized installment income	123,239,056.85	(269,500,007.85)	(66,611,936.00)
Other current liabilities	84,386,483.34	(8,881,782.63)	(21,789,567.39)
Increase (Decrease) in changes in part of operating liabilities	109,341,139.93	(233,478,309.25)	(88,289)356.14)



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	Consolidated financial statements (Baht)		
	2008	2009	2010
Net cash provided by (used in) operating activities	(552,502,144.92)	2,245,193,271.50	2,245,193,271.50
Cash paid for interest	(288,028,287.62)	(154,667,411.73)	(93,045,586.12)
Cash paid for income tax	(92,474,545.95)	(155,218,290.44)	(164,813,756.02)
Net cash provided by (used in) operating activities	(933,004,978.49)	1,935,307,569.33	635,243,445.41
Cash flows from investing activities			
Cash paid for purchase of current investment	(545,872,747.32)	(273,950,000.00)	(1,767,390,603.15)
Cash received from sales of current investment	574,572,645.00	151,856,566.02	1,686,046,810.53
Loans to subsidiaries (additional)	0.00	0.00	
(Increase) Decrease in deposit with commitment	10,382,393.07	(12,129,778.84)	8,036,165.69
Cash paid for purchase of land held for development	0.00	0.00	(3,920,000.00)
(Increase) Decrease in deposit with commitment	0.00	0.00	
Cash paid for purchase of land held for development	27,000.00	566,178.40	864,054.89
Cash paid for purchase of office equipment and supplies	(4,265,167.38)	(12,642,570.71)	(24,832,585.36)
Net cash provided by (used in) investing activities	34,844,123.37	(146,299,605.13)	(101,196,157.40)
Cash flows from financing activities			
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions			
Increase (Decrease) in short-term loans			
Increase (Decrease) liabilities in finance leases	304,938,372.09	(281,931,196.44)	343,168,347.90
Increase (Decrease) in long-term loans			
Cash received from increase common shares	(45,834,200.00)	42,684,200.00	(181,850,000.00)
shares from minority interest	(2,970,078.48)	(4,148,924.45)	(2,822,249.73)
Cash flows from financing activities	625,136,688.64	(1,351,549,506.10)	(685,046,458.92)
and short-term loans from financial institutions	0.00	0.00	
Increase (Decrease) in short-term loans			
Increase (Decrease) liabilities in finance leases	0.00	0.00	
Dividend paid to minority interest	(720.00)	(2,700.00)	
Dividend paid	(30,150,000.00)	0.00	(150,749,294.00)
Net cash provided by (used in) financing activities	851,120,062.25	(1,594,948,126.99)	(677,299,654.75)
Net increase (decrease) in cash and cash equivalents			
Net cash provided by (used in) financing activities	(47,040,792.87)	193,514,537.21	(143,252,366.74)
Cash and cash equivalents as at January 1	113,204,772.53	66,163,979.66	259,678,516.87
Cash and cash equivalents as at December 31	66,163,979.66	259,678,516.87	116,426,150.13



# Financial Ratios

Particular	Consolidated nancial statement		
	2008	2009	2010
<b>LIQUIDITY RATIO</b>			
Liquidity ratio (Times)	2.13	2.35	3.30
Quick ratio (Times)	0.03	0.28	0.46
Receivable turnover ratio - real estate (Times)	287.99	1972.91	523.75
Collection days - real estate (Days)	1.25	0.18	0.69
Inventory turnover (Times)	0.47	0.73	0.78
Average number of days sales (Days)	760.91	500.00	467.94
Account payable turnover (Times)	10.49	14.83	12.94
Payment days (Days)	34.31	24.61	28.20
Cash Cycle (Days)	727.84	475.57	440.43
<b>PROFITABILITY RATIO</b>			
Gross profit margin - real estate (%)	23.93	22.74	28.56
Gross profit margin - construction materials (%)	8.44	13.33	6.60
Operating profit margin (%)	15.18	13.88	16.66
Net profit margin (%)	7.22	9.79	12.62
Return on equity (%)	13.27	17.10	17.92
<b>EFFICIENCY RATIO</b>			
Return on total assets (%)	4.86	7.40	10.06
Return on fixed asset (%)	116.41	42.56	55.10
Asset turnover (Times)	0.67	0.75	0.80
<b>FINANCIAL POLICY RATIO</b>			
Debt to Equity ratio (Times)	1.83	0.93	0.65
Interest payment ratio (Times)	8.41	11.44	28.25
Dividend Payment (%)	9.55	10.41	0.00



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## 11.2 Management discussion and analysis

### 11.2.1 Analysis of the operating results

#### Overview of the past performance

In 2010 despite the violent political conflicts resulting in the April and May incidents, the real estate market situation had a good rate of growth compared to 2009, thanks to the global economic recovery. The negative factors during the year included termination of the tax exemption measures in June 2010, the highly volatile oil prices, the upward trend of interest rates, the tight credit extension policy adopted by commercial banks as well as the LTV (Loan-To-Value) ratio measure. The rising trend of interest rates caused real estate developers to be alert to the changing circumstance and potentially affected the smaller ones. The purchasing power of consumers was dropping as a result of the inflation.

The main revenues of the Company and the subsidiaries (over 98 %) came from real estate sales. In 2008, the Company's revenues from sales of real estates totaled 3,471.67 MB and in 2009, the revenues from real estate sales totaled 4,321.59 MB, representing growth rates of 24.48 %. The growth was attributed mainly to the expedition of the construction work for completion as scheduled, and to the government economic stimulus measures which included reduction of the tax rate and ownership transfer fee, with effect from March 31, 2008 and was extended to March 28, 2010. The government measures were effective in stimulating buying decisions of customers with purchasing power and buying decisions were made more quickly for entitlement to the incentives. Also, in 2008 the Company had extra income of 827.00 MB from sales of land on which no development projects were planned in the near future. In 2009, the revenue growth was due to the ownership transfers at the Complete, Ratchaprarop and the Pride, Pattaya Projects. Revenues from these two projects accounted for 39.28 % of the total revenues from real estate sales and 34.71% of the Company's total revenues. The Company also generated increased revenues from horizontal residence projects and the tax and transfer fee reductions, which were factors favorably affecting the Company's growth in 2009. In 2009, the Company generated 555.65 MB from sales of land on which no development projects were planned in the near future. In 2010, the Company's revenues from sales of real estate dropped slightly from 2009 to 4,298.16 MB due to the fact that a large proportion of customers of the Smart Project Rama 2 were rejected when they applied for housing loans. The revenues from the three categories in 2010 were in the following order: condominiums, townhomes and single detached houses. In the same year, the Company generated 97.67 MB from sales of land on which no development projects were planned in the near future.

Gross profits from real estate sales were on an increasing trend. From 2008 to 2010, gross profits totaled 921.15 MB, 1,009.68 MB, and 1,227.59 MB, respectively. The gross profit margin rose by 9.61% and 21.58% in 2009 and 2010, respectively. The main reasons were because the revenue increased in a larger proportion than the sales costs and effective control of sales costs, particularly through introduction of new cost-saving technologies.

In 2010, the Company and the subsidiaries launched five new projects with the total value over 2,654.74 MB, bringing the total number of projects available for sale as at December 31, 2010 to 22. The project values totaled 15,181 MB; and the total sales for the year stood at 4,007 MB and the recognized revenue from real estate at 4,298.16 MB.



## A. Revenue

The Company's main revenue comes from sales of real estates (housing estates and residential condominiums). In 2008, 2009 and 2010, the Company and the subsidiaries generated revenues from real estate sales, totaling 3,471.67 MB, 4,321.59 MB and 4298.16 MB, respectively, increasing by 24.48% and decreasing by 0.54%. This was due to the Company's speeding up the construction and the government's economic stimulation measures (reduction of interest rates and the transfer fees, effective from March 31, 2008). Such measures prompted customers with purchasing power and demand for residence to make a quick decision in order to take advantage of the benefit. The real estate development industry has been growing continuously despite the negative factors. This was probably due to the demand for residence which is still strong. The increase in revenue in 2009 was a result of the ownership transfers under The Complete Ratchaprarop and The Pride Pattaya condominiums. Revenues from these two projects accounted for 39.28% of the Company's total revenues from real estate and 34.71% of total revenues. Acceleration of the construction for completion as scheduled and the extension of the economic stimulation measures also contributed to the increase. The slight decrease in revenues in 2010 was due to the fact that there were a relatively high proportion of loan requests for units of the Smart Condo Rama 2 project which were rejected. Also, the Company has postponed the launch of single detached house projects to 2011, causing less diversity of products for customers to choose from. In 2010, the Company's revenues from condominiums had a greater proportion than single detached houses and townhomes due to the ownership transfers under The Complete Narathiwat, Bridge 37 and the Smart Condo Rama 2 projects, which accounted for 47.75% of the total revenues.

The Company's main revenue came from sales of real estates (housing estates and residential condominiums). In 2008, 2009 and 2010, the Company and the subsidiaries generated revenues from real estate sales, totaling 3,471.67 MB, 4,321.59 MB and 4298.16 MB, respectively, increasing by 24.48% and decreasing by 0.54%. This was due to the Company's speeding up the construction and the government's economic stimulation measures (reduction of interest rates and the transfer fees, effective from March 31, 2008). Such measures prompted customers with purchasing power and demand for residence to make a quick decision in order to take advantage of the benefit. The real estate development industry has been growing continuously despite the negative factors. This was due probably: to the demand for residence which is still strong. The increase

The policy of the Company and the subsidiaries is to recognize revenues from real estate sales after delivery of the goods (i.e. after ownership transfer). Money is therefore received from the customers after completion of the construction. Construction time of different projects varies, depending on the types of project, the size, the design, etc. Construction of a house takes 4-6 months; construction of townhouses and home offices (using the brick laying method) takes 7-8 months for each row and 3-4 months if the tunnel form work method is used. Construction of a condominium building takes 8-12 months.



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Hence, there may be a certain degree of volatility of quarterly revenues, depending on the types of project being developed.

Revenues of the companies categorized by type of products (detached houses, townhomes and condominiums) in 2008-2010 were as shown below:

Revenue	Operator	2008		2009		2010	
		Consolidated financial statements		Consolidated financial statements		Consolidated financial statements	
		MB	%	MB	%	MB	%
Detached house — upper market	Prinsiri	123.50	2.82	85.50	1.73	134.11	3.00
Detached house — middle market/ Semi detached house	Prinsiri/Prin Venture	1,238.29	28.32	1,280.62	26.04	769.86	17.23
Townhouse/Home Office	Prinsiri/Prin Venture	2,107.52	48.20	1,246.53	25.34	1,260.64	28.21
Condominium	Prinsiri	2.29	0.05	1,708.94	34.75	2,133.55	47.75
Land	Prinsiri	827	18.91	555.63	11.29	97.67	2.18
Total revenue from property sales	Prinsiri/Prin Venture	4,298.60	98.30	4,877.22	99.18	4,395.84	98.38
Revenue from goods sales	Grow Yotha Group	30.26	0.69	20.58	0.41	53.65	1.20
Other revenues	Company/ Subsidiaries	43.95	1.00	19.63	0.4	18.66	0.42
Total revenue		4,372.81	100.00	4,917.43	100.00	4,468.15	100.00

Notes: Sales prices of detached house — upper market are from 10 MB.

Sales prices of detached house — middle market are 3-10 MB.

In 2008, 2009, and 2010, the Company generated revenues from upper market detached houses totaling 123.50 MB, 85.49 MB and 134.11 MB, respectively, decreasing by 30.77 % and increasing by 56.87%, respectively. This was due to the launch of the Siritawara Oriental Project, which was a two-story detached house project for the upper market. The project is located in an area of 30-2-44 rai on Pradit Manutham Road. The value of this 67 unit project was about 1,129.68 MB.

The Company and the subsidiaries generated 1,238.29 MB 1,280.62 MB and 769.86 MB, from middle market detached house/semi-detached house sales in 2008, 2009 and 2010, respectively, increasing by 3.41% and decreasing by 39.88%, respectively. The decrease in the revenues from sales of detached houses was because the Company did not launch any new projects during the year. The revenues were from projects left over from 2009.





Revenues from sales of town houses/home offices in 2008, 2009 and 2010 totaled 2,107.52 MB, 1,246.53 MB and 1,260.64 MB, respectively, representing a decrease of 40.85% and an increase of 3.41%, respectively. The decrease of recognized revenue in 2009 resulted from the economic situation in the first half of the year, the consequences of the political situation and the economic slowdown. Also, the large amount of revenues recognized in 2008 resulted in a limited quantity of goods available for sale in the first half of 2009. During the last quarter, three new projects were launched in response to the economic recovery.

The Company began to generate income from sales of condominiums in 2009, totaling 1,708.94 MB, which was the largest revenue amount, compared to the revenues from detached houses and townhomes. The revenue from condominium sales in 2009 accounted for 34.75% of the total revenue of 2009 because during the year there were ownership transfers under the Complete Ratchaprarop and The Pride Pattaya condominium projects. Ownership transfers under the Complete Ratchaprarop alone totaled 1,602 MB in value. 2010 was another year when the Company recognized the revenue from condominiums in a greater amount than that from detached houses and townhomes due to recognition of revenues totaling 2,133.55 MB from the Complete Narathiwat, Bridge 37 and the Smart Condo Rama 2 projects.

Sales of construction materials through Gro Yotha Group Company Limited, a subsidiary which supplies materials mainly to the Company and its contractors, totaled 30.26 MB, 20.58 MB and 53.65 MB in 2008, 2009 and 2010, respectively, decreasing by 31.98 % and increasing by 160.68%, respectively. In 2009, Gro Yotha Group Company Limited sold construction materials to the Company and the subsidiaries. The related transactions were eliminated in the preparation of the consolidated financial statements, thus there was a decrease. The increase in its revenue in 2010 was because the Company adjusted its strategy and focused more on external customers than construction contracts.

In 2010, apart from the revenues from real estate and other products sales, the Company and the subsidiaries also had income from sales of vacant land on which development projects were not planned in the near future, totaling 97.67 MB and from the reservation money from customers who failed to enter into a sales agreement with the Company as scheduled, installments paid by customers who stopped making payments without contacting the Company and fines for construction delay from the contractors. Such revenues, however, were not major incomes of the Company and the subsidiaries.

## B. Cost of sales

The cost of sales of the real estate business consists of land, land development costs, construction costs, expenses relating to the projects and interest expenses. The real estate cost of sales of the Company and the subsidiaries in 2008, 2009 and 2010, totaled 2,641.04 MB, 3,338.72 MB and 3,070.57 MB, representing 76.07 %, 77.25 % and 71.43% of the revenues from real estate sales, respectively.

In 2009, the cost of sales increased slightly as a result of the competition in the industry which did not allow the Company to increase product prices. Also, in order to control construction costs, during the year, the Company adopted new construction technologies, tunnel formwork for townhomes construction, and prefabrication for construction of residential condominiums under the SMART brand. These new technologies would enable the Company to better control and reduce costs than the traditional brick laying method. In 2010, the costs of sale decreased due to the introduction of additional new construction technologies, such as on-site casting for fence and wall building which resulted in shorter construction time and better quality control than the traditional brick laying method.

Major components of the costs of sales of the Company and the subsidiaries are variable costs (costs of land, construction, expenses relating to the projects and interest expenses). The reason for the higher ratio of costs of sale was because the prices of most construction materials increased and the current soft market situation.



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## C. Total expenses

Total expenses in 2008, 2009 and 2010, were 433.41 MB, 349.37 MB and 549.33 MB, respectively, decreasing by 19.40% and increasing by 57.23%, respectively. The change in total expenses resulted mainly from advertising, public relations and sales promotion. During 2010, more new projects were launched and advertising had to be intensified to better reach target consumers and customers. Also, wages and salaries increased due to employment of more personnel to accommodate Company expansion. After-sales service expenses increased due to more new projects launched by the Company and the subsidiaries. The Company's expenses in proportion to the revenues decreased because it did not launch advertisement campaigns in a continuous basis the same way it did in 2007 and 2008. Also, no new projects were launched early in the year; hence advertisement expenses were not incurred. In addition, the restructuring of the Company resulted in significant reduction of expenses. The increase in expenses in 2010 was a result of the marketing promotion campaigns, rebranding activities and events organized in commemoration of the 10th Anniversary, as well as the termination of the economic stimulation measures, all of which led to the increase of revenues during the year.

## D. Profit

Gross profits of the Company in 2008, 2009 and 2010 were 830.63 MB, 982.87 MB, and 1,227.58 MB, respectively. Profit margins increased by 18.32 %, 24.89% respectively, and the ratios of profit to revenue were 23.93, 22.74, and 28.56 respectively. The major factor contributing to the increase in profit margin in 2010 was the adjustment of sales prizes and reduction of construction costs.

The Company and the subsidiaries had net profit of 331.03 MB, 479.30 MB, and 563.98 MB in 2008, 2009 and 2010, respectively. Net profit margins for the years were 7.22 % and 9.79%, and 12.62%, respectively. The reasons for the increases of net profit margins were as described in A. Revenue, B. Cost of sales and C. Selling and administrative expenses. In 2009 and the first half of 2010, the Company benefited from the government's real estate sector stimulus measures in terms of reduced taxes and increased net profit.

## E. Return on equity

In 2008, 2009 and 2010, the Company and the subsidiaries had return on equity at the rates of 13.27%, 17.10%, and 17.92%, respectively. The return on equity in these three years increased because the Company benefited from the government's real estate sector stimulus measures, resulting in decreased tax, and thus increased net profit and return on equity.

### 11.2.2 Analysis of the financial position

#### Assets

Total assets of the Company and the subsidiaries at the end of 2008, 2009 and 2010 stood at 7,144.10 MB, 5,818.07 MB, and 5,567.52 MB, respectively. As of December 31, 2010, total assets, which consisted of current and non-current assets of the Company and the subsidiaries, had the values of 4,646.77 MB and 920.74 MB, or 83.46% and 16.53% of the total assets, respectively. Most of the Company's assets were inventories. As at December 31, 2010, the Company and the subsidiaries had 3992.33 MB inventories, 71.70% of total assets. Inventories decreased due to transfers of ownership of the Complete Narathiwat and Bridge 37 and Smart Condo Rama 2.

#### Current investment

All of the current investment of the Company and the subsidiaries was in open end fund — debt securities because the Company at times had excess liquidity and invested money to earn income. As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had investment in open end funds - debt securities totaling 15.45 MB, 138.40 MB, and 222.43 MB, respectively. Investment was made in open end funds - debt securities, for convenience in liquidity management.



#### Accounts receivable-net

As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had accounts receivable - net totaling 2.40 MB, 1.98 MB, and 14.43 MB, respectively. In 2010, the increases in accounts receivable was mostly accounts receivable of Gro Yotha Group Company Limited. Details of accounts receivable as at the end of 2008, 2009 and 2010 are shown in the table below:

Accounts receivable details	As at December 31, 2008	As at December 31, 2009	As at December 31, 2010
In due	788,971.22	1,637,528.97	8,598,554.51
1 — 90 days overdue	1,476,537.83	795,557.70	5,452,730.00
91—180 days overdue	0.00	0.00	987,968.84
181—360 days overdue	496,190.69	0.00	193,454.74
360 days overdue	9,353,557.41	9,393,714.39	9,389,864.78
Total	12,115,257.15	11,826,801.06	24,622,573.43
Less allowance for doubtful accounts	9,717,114.43	9,844,022.33	10,190,894.88
Accounts receivable - net	2,398,142.72	1,982,788.73	14,431,678.55

The Company and subsidiaries have a policy to make a provision for doubtful accounts based on their estimates of expected bad debts and past debt repayment records. As at the end of 2008, 2009 and 2010, total doubtful accounts of the Company and the subsidiaries increased by 9.72 MB, 9.84 MB, and 10.19 MB, respectively. Management attaches importance to following up on such accounts receivable. In 2008, 2009 and 2010, the Company revised the system of payment for construction supplies to Gro Yotha Group Company Limited as cited earlier. An allowance for doubtful accounts would be provided in order to reflect actual values in the financial statements. The allowance for doubtful accounts was considered insignificant when compared to the Company's total revenue, accounting for 0.22 %, 0.20 % and 0.22% as at the end of 2008, 2009 and 2010, respectively.

The Company and the subsidiaries had accounts receivable which were more than 360 days overdue of 9.35 MB, 9.39 MB and 9.38 MB, at the end of 2008, 2009 and 2010, respectively. The accounts receivable were debtors for construction supplies of Gro Yotha Group Company Limited as cited above. Management presently attaches importance to management of accounts receivable, having imposed a clear policy regarding credit limits, aging and prosecution to force the debtors to repay the debts. Revision was also made to the conditions for payment of the installations to construction contractors, enabling the Company to deduct the cost of supplies sold by Gro Yotha Group Company Limited to the contractors from the amounts to be paid to them by the Company.

#### Payments of projects currently in operation

As at December 31, 2010, the cumulative amounts due from debtors by installment method totaled 9,006.34 MB, accounting for 85.89% of the value of projects sold. Of this, the cumulative amount of payments totaled 9,001.55 MB, or 85.84% of the cumulative amounts due, with the cumulative outstanding amounts totaling 4.79 MB, or 0.05 % of the cumulative amounts due. The amounts not yet due totaled 1.479.97 MB, or 14.11% of the value of projects sold. Details are shown in the table below:



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**Table showing details of payments under projects in operation as at December 31, 2010**

	Value sold (MB)	Cumulative payment due		Cumulative payment		Cumulative outstanding		Balance not yet due	
		MB	Percentage of value sold	MB	Percentage of value sold	MB	Percentage of value sold	MB	Percentage of value sold
Prinsiri Nawamin	697.32	697.32	100.00	697.32	100.00	0.00	0.00	0.00	0.00
Prinyada Chamchan	148.64	148.64	100.00	148.24	99.73	0.40	0.27	0.00	0.00
Siritawara Oriental	1,001.26	1,001.26	100.00	1,001.26	100.0	0.00	0.00	0.00	0.00
Prinyada Teparak Phase 1	339.21	339.21	100.00	339.21	100.00	0.00	0.00	0.00	0.00
The Pulse Ladprao 44 Condominium	320.85	320.85	100.00	320.85	100.00	0.00	0.00	0.00	0.00
The Complete Ratchaprarop	1,602.38	1,620.38	100.00	1,620.38	100.00	0.00	0.00	0.00	0.00
The Complete Narathiwat	529.49	518.19	97.87	518.24	97.88	0.00	0.00	11.30	2.13
Bridge Phaholyothin	576.07	571.50	99.21	571.50	99.21	0.00	0.00	4.57	0.79
Prinyada Light Rama 5	603.42	595.63	98.71	595.63	98.71	0.00	0.00	7.79	1.29
Prinyada Samakphi	603.42	595.63	98.71	595.63	98.71	0.00	0.00	7.79	1.29
Smart Condo Rama II	1,135.00	1,014.00	89.34	1,012.61	89.22	1.39	0.12	121.00	10.66
The Pride Pattaya Condominium Building B	145.86	129.21	88.58	129.12	88.52	0.09	0.06	16.65	11.42
Baan Prin Watcharaphon (Town houses)	275.05	269.15	97.84	269.15	97.84	0.00	0.00	5.93	2.16
Prinyada Bang Bon Ring Road	985.92	862.07	87.44	862.07	87.44	0.00	0.00	123.85	12.56
Six Nature Kalprapluk	682.65	433.69	63.53	432.64	63.38	1.05	0.15	248.96	36.47
Six Nature Watcharaphon (shop houses)	223.99	187.90	83.89	187.90	83.89	0.00	0.00	36.09	16.11
Six Nature Watcharaphon (townhouses))	195.14	106.86	54.76	106.12	54.38	0.74	0.38	88.28	45.24
City Sense Prachachuen	158.94	156.08	98.20	156.08	98.20	0.00	0.00	2.86	1.80
City Sense Songprapa	176.77	14.27	8.07	13.85	7.84	0.42	0.24	162.50	91.93
Six Nature Phetkasem 69	95.38	3.59	3.76	3.56	3.73	0.03	0.03	91.79	96.24
Six Nature Vipawadee 60	236.95	6.71	2.83	6.25	2.64	0.46	0.19	230.24	97.17
Smart condo Watcharaphon	337.99	9.83	2.91	9.57	2.83	0.26	0.08	328.16	97.09
Total	10,486.31	9,006.34	85.89	9,001.55	85.84	4.79	0.05	1,479.97	14.11
	509.51	505.25	99.16	505.25	99.16	0.00	0.00	4.26	0.84
	12.74	0.20	1.57	0.20	1.57	0.00	0.00	12.54	98.43
	10,524.37	8,820.53	83.81	8,812.53	83.73	8.00	0.07	1,703.84	16.18



(Unit: MB)

Project name	Cumulative outstanding		1-30 days overdue	31-60 days overdue	61-90 days overdue	More than 90 days overdue
	Number of cases	Amount	Amount	Amount	Amount	Amount
Prinyada Jamjan	1	0.40	-	-	-	0.40
Smart Condo Rama II	42	1.41	0.20	-	-	1.21
The Pride Pattaya Condominium Building B	1	0.50	0.50	-	-	
Six Nature Kalprapluk	18	1.05	0.23	0.22	0.14	0.46
Six Nature Watcharaphon (town houses)	9	0.81	0.20	0.19	0.14	0.28
City Sense Songprapa	13	0.44	0.16	0.08	0.12	0.09
Six Nature Phetkasem 69	3	0.05	0.05	-	-	-
Six Nature Viphawadee 60	14	0.49	0.30	0.11	0.05	0.02
Smart condo Watcharaphon	58	0.45	0.33	0.12	0.01	
Total	159	5.60	1.97	0.71	0.46	2.46

**Note:** Data were collected by installment method and ownership was not yet transferred to the debtors. The outstanding amounts shown in the table are different from the outstanding account figures in the Notes to the Financial Statements which are recorded based on recognition upon work completion and ownership transfer. As the methods of data collection are different, the outstanding accounts shown in this table are higher than those stated in the Financial Statements.

#### Inventories

As at the end of 2008, 2009 and 2010, inventories of the Company and the subsidiaries totaled 6,472.13 MB, 4,124.27 MB and 3,992.33 MB, respectively, decreasing by 36.27% and 3.19%, respectively. The decreases along with the numbers of projects of the Company and the subsidiaries resulted from the large amounts of ownership transfers under three projects; namely, the Complete Narathiwat, Bridge 37 and Smart Condo Rama 2 in 2010 and the Company's postponement of large projects to 2011. Details of the inventories at the end of 2008, 2009 and 2010 are shown in the table below:

Details	As at December 31, 2008	As at December 31, 2009	As at December 31, 2010
Finished goods			
- Condominiums			803,546,459.99
- houses for sale	48,879,537.38	180,824,944.01	59,381,248.36
- Construction supplies	894,735.68	914,717.71	725,878.50
Land and land development	3,521,223,940.64	1,902,846,135.03	2,309,436,360.32
Work in process	2,631,142,869.39	1,833,261,024.48	611,576,616.72
Expenses relating to projects	42,256,503.91	36,880,870.32	51,343,097.71
Deferred interest	227,737,426.93	164,653,541.20	78,826,487.04
Deferred remuneration on right for using land	0.00	4,897,738.42	77,503,011.85
Total	6,472,135,013.93	4,124,278,971.17	3,992,339,154.49



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Finished goods in inventories were houses for sale and construction supplies. As of December 31, 2008, part of the inventories of the Company and the subsidiaries, totaling 296.20 MB, was two condominium buildings in a project which were ordered by the Public Works Department, Chatuchak District Office, Bangkok Metropolitan Administration, to correct the unpermitted building modification and construction. Therefore, the Company halted the construction of the condominium buildings pending approval by the Public Works Department, Chatuchak District Office, Bangkok Metropolitan Administration. On March 12, 2008, the Company submitted an application for building modification and construction, and a permit for building construction, modification, and demolition was granted on December 15, 2008.

As at December 31, 2008, the Company estimated the contingent loss if the Public Works Department ordered the Company to change the condominium building plan. The Company thus had to amortize properties foreclosed for a changed building plan as expenses in the amount of 25.45 MB, building design correcting expenses in the amount of 5.90 MB and other expenses in the amount of 5 MB, totaling 36.35 MB, which is presented as loss on correction of plan in the Statement of Income under the caption "other expenses" and compensation including interest from cancellation of contracts to be paid to customers amounting to 6.38 MB as estimated fines from the delay of work in the Statement of Income under the caption "other expenses", bringing the total damage amount to 42.73 MB.

In 2009, the Company estimated fines from delay of work amounting to 37.30 MB since the ownerships of condominium units in the Bridge and the Complete Narathiwat Project were not transferred as scheduled. The figure is shown under estimate of Company liabilities.

In 2010, most of land and buildings under each project of the Company and the subsidiaries, valued at 2,530.62 MB, were mortgaged as collaterals for overdraft lines and short-term loans from financial institutions, aval promissory notes, long-term loans, as well as bank guarantee lines.

The Company does not have to make a provision for impairment of assets because it has hired an SEC-approved independent valuation firm to appraise the values of land and buildings of the Company and the subsidiaries available for sale. The appraised prices were higher than the procurement costs. For details, please see Item 5.1 Company assets.

## Land and equipment-net

As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had 38.94 MB, 37.68 MB and 42.90 MB, of land and equipment-net, decreasing by 3.23% and increasing by 13.85%, respectively. Details of land and equipment-net as at the last day of 2008, 2009 and 2010 are shown in the following table:

Details	As at December 31, 2008	As at December 31, 2009	As at December 31, 2010
Land	3,279,342.43	3,279,342.43	3,279,342.43
Building and construction	2,196,710.00	2,196,710.00	2,488,756.06
Machinery and equipment	2,490,036.63	2,740,478.93	23,132,926.94
Office furniture	8,062,698.78	8,071,038.88	8,133,673.88
Office supplies	19,929,936.10	19,082,437.49	21,337,816.43
Computer	30,251,739.74	30,106,819.27	35,064,122.70
Vehicles	31,654,202.81	30,241,545.34	25,909,247.34
Tunnel Form	0.00	9,728,990.58	-
Work in process	0.00	269,519.50	723,778.00
Total	97,864,666.49	105,716,882.42	120,069,663.78
Accumulated depreciation	58,920,991.80	68,035,950.89	77,160,856.73
Land and equipment – net	38,943,674.69	37,680,931.53	42,908,807.05



### Land held for development

As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had 126.53 MB, 994.64 MB and 812.12 MB, of land held for development, respectively. In 2008, the Company and the subsidiaries had land held for development in the amount of 126.53 MB, increasing from the end of 2007 by 81.98 %. The large increase was due to the purchase of land on Soi Pattaya Naklua 12, Pattaya- Naklua Road, Tambon Nongprue, Banglamung District, Chonburi Province, with an area of 10-2-56.50 rai by CN SPR (Thailand) Co., Ltd., which is a subsidiary. The land is still held for development. In 2009, the Company had a large increase in land held for development due to the reverse of land item in inventories, as the Company still did not have a policy to develop projects on the land. For details about land held for development, please see Item 6. Future projects, under Land held for development. In 2010, the Company sold a plot of land in Pattaya-Naklua area, with a value of 97.67 MB.

As at December 31, 2010 and 2009, land held for development of the Company and subsidiaries of Baht 240.45 million and Baht 857.21 million respectively (Separate : Baht 199.08 million and Baht 800.21 million respectively) is mortgaged as collateral against overdrafts line, short-term loans from financial institution, promissory notes and long-term loans facility as mentioned in note 15 and 21 respectively.

### Deposits at banks with commitment

As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had deposits at banks with commitment, totaling 85.50 MB, 87.01 MB and 49.21 MB, respectively, increasing by 1.76% and decreasing by 43.44% respectively. The decrease was because the Company and the subsidiaries were obliged to deliver public utility charges collected from the customers after a village committee of each project had been established.

### **Liquidity**

#### Cash flows from operating activities

In 2008, the Company and the subsidiaries had cash flows used in operating activities amounting to 933.0 MB. The Company and the subsidiaries received cash flows of 331 MB from net profit, 14.21 MB from depreciation, 3.62 MB from bad debts and 42.733 MB from the reverse of the loss due to building plan modification. The decrease in cash flows from operating activities was due to the 1,533 MB increases in inventories and 288 MB interest expense.

In 2009, the Company and the subsidiaries had cash flows provided by operating activities totaling 1,935.30 MB, The increase in cash flows from the sale of inventory value 1,588.60 MB

In 2010, the Company and the subsidiaries had 635.2 MB cash flows used in operating activities. . The decrease in cash flows from operating activities resulted from the cost of acquired the land and land installment.

#### Cash flows from investing activities

In 2008, the Company and the subsidiaries had net cash flows provided by investment activities amounting to 34.84 MB, with the main cash received from sales of current investment and deposits with commitment.

In 2009, the Company and the subsidiaries had net cash flows used in investing activities amounting to 146.29 MB, with cash paid for purchases of current investment and office equipment.

In 2010, the Company and the subsidiaries had net cash flows used in investing activities amounting to 101.19 MB, with cash paid for purchases of office equipment and purchases of current investment .

#### Cash flows from financing activities

In 2008, the Company and the subsidiaries had net cash flows provided by financing activities amounting to 851.12 MB. 305 MB was provided by bank overdrafts and short-term loans and 625.13 MB by long-term loans. Dividends paid amounted to 30 MB.

In 2009, the Company and the subsidiaries had net cash flows used in financing activities amounting to 1,594.94 MB, with 1,351.54 MB cash paid for long-term loans.



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# "The Art of Family Living"

In 2010, the Company and the subsidiaries had net cash flows used in financing activities amounting to 677.29 MB, with 523.73 M.B and 150.75 M.B for loans and dividend payment, respectively.

## Net cash flows

At the end of 2008, 2009 and 2010, the Company and the subsidiaries had net cash flows of 166.16 MB, 259.67 MB and 116.42 MB, respectively, increasing by 293.31% and decreasing by 55.16%, respectively. Net cash flows decrease because of the company invest in new projects

## **Liquidity ratios**

The liquidity ratios for 2008, 2009 and 2010 were 2.13, 2.35 and 3.30 times, respectively. The quick ratios for the same years were 0.03, 0.28 and 0.46 times, respectively. Both the liquidity ratio and the quick ratio for 2010 increased due to the decrease in the Company's current liability .

## Capital expenditure

In 2008, the Company and the subsidiaries had sales of open end funds-debt securities totaling 27.6 MB. In 2009, the Company and the subsidiaries invested 137.85 MB in open end funds — debt securities to manage liquidity. As for 2010, the Company purchased all the shares in Prin Venture Co., Ltd. held by Univenture Public Company Limited, resulting in the Company holding 100% of the shares of Prin Venture Co., Ltd

## **Sources of capital**

### Liabilities

As at the end of 2008, 2009 and 2010, the Company and the subsidiaries had liabilities totaling 4,615.91 MB, 2,810.44 MB and 2,185.99 MB, respectively, decreasing by 39.11% and 22.21%, respectively.

The increase in total liabilities in 2008 resulted mainly from the increases in both current and non-current liabilities. Bank overdrafts and short-term loans from financial institutions increased from the end of 2007 by 304.94 MB. Long-term loans increased from the end of 2007 by 582.55 MB. Unrealized installment income increased from the end of the previous year by 123.24 MB. Retentions increased by 10.35 MB. The increases in liabilities were used in buying land and developing projects of the Company and the subsidiaries. However, trade accounts and notes payable decreased from the end of 2007 by 46.6 MB. Other liabilities decreased by 7.01 MB from the end of 2007.

The decrease in total liabilities in 2009 resulted largely from the decrease in short-term loans by 1,076.31. Current liabilities decreased by 1,233.55 MB and long-term loans from financial instructions decreased by 558.427 MB. Non-current liabilities decreased by 1,805.47 MB.

The decrease in total liabilities in 2010 resulted largely from the decrease in short-term loans, long-term liabilities and unrealized installment income. Current liabilities therefore decreased by 586.73 MB and non-current liabilities by 37.71 MB.

### Shareholders' equity

In 2008, the Board of Directors' Meeting, Session 1/2008 and the 2008 Shareholders' Meeting on April 22, 2008, respectively, resolved to pay dividends to the shareholders for the 2007 operation, at the rate of 0.03 Baht, totaling 30.15 MB. Payment of the dividends was scheduled for May 22, 2008. The Company and the subsidiaries had an increase of profit by 331.59 MB.

In 2009, the Board of Directors' Meeting, Session 1/2009 and the 2009 shareholders' meeting, on April 22, 2009 resolved to not pay dividends.



In 2010, the Board of Directors' Meeting, Session 1/2010 and the 2010 Shareholders' Meeting on April 23, 2010, resolved to pay dividends and stock dividends at the rate of 0.15 Baht per share and 10 existing shares: 1 dividend stock, or a total value of 0.25 Baht per share.

#### Appropriateness of the capital structure

At the end of 2008, 2009 and 2010, the Company and the subsidiaries had continuously rising debt to equity ratios of 1.83 times, 0.93 times and 0.65 time, respectively. The 2008 ratio increased from that of 2007 because the Company and the subsidiaries took out additional loans for use in purchasing land and developing projects. In 2009, ownerships of the Complete Ratchaprarop Condominium were transferred, resulting in a decrease in total liabilities as the project was of a considerable size. The project was financed by commercial banks and the Company progressively repaid the loans after transferring ownership to individual customers. The decreasing debt to equity ratios resulted from the fact that ownerships were transferred in all the projects developed in the several preceding years. The ratios for 2009 and 2010 therefore dropped significantly.

A debt to equity ratio considered appropriate for companies in the industry should not exceed 1.00 time. The Company's ratio is still in line with the industry value. Additional liabilities may be secured for project expansion. The Company aims not to let the ratio exceed 1.2 times so as to prevent risks on the parts of the Company and the investors.

#### **11.2.3 Factors and influences which may potentially affect the operation or the financial position in the future**

##### **Changing consumers' housing demands**

Several factors, including the political situation, the economic slowdown, oil prices, increasing interest rates, low consumer confidence, and unemployment, may affect housing demands. If that happens, the Company may not be able to sell its goods, or sales may be slower, which will result in high inventory costs and will affect its liquidity and profitability.

Nevertheless, the Company's commitment to product and service excellence which underlies the slogan "The Art of Family Living" has brought about acceptance and trust from consumers for the brand "Prinsiri". To minimize such possible impact, the Company conducts research and studies consumers' behavior before developing projects to ensure that its products most directly respond to consumers' requirements. Construction is planned to be in line with sales estimates and is carried out in phases. Hence, if products cannot be sold or if sales become slower, the Company can slow down or even halt the construction. The Company also launches marketing promotion campaigns on a continuous basis in order to create brand awareness, to induce demands for the products and to remind consumers of the products. Such campaigns also build confidence in the products and strengthen the Company's image.

#### **11.3 Auditor's remuneration**

The Company and the subsidiaries paid 1.63 MB, 1.71 MB and 1.85 MB, as remunerations to the auditors in the 2008, 2009 and 2010 accounting periods, respectively. No other remunerations than the auditing fee were paid by the Company and the subsidiaries.



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**PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2010 AND 2009**



## AUDITOR'S REPORT

To The Shareholders of

PRINSIRI PUBLIC COMPANY LIMITED

(1) I have audited the consolidated balance sheets of PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate balance sheets of PRINSIRI PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009, the related consolidated statements of income and separate statements of income, consolidated statements of changes in shareholders' equity and separate statements of changes in shareholders' equity, and consolidated statements of cash flows and separate statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

(3) In my opinion, the consolidated financial statements and the separate financial statements referred to above present fairly, in all material respect, the consolidated financial position of PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate financial position of PRINSIRI PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009, and the results of their and its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing



(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 22, 2011

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents			259,678,516.87	89,452,428.46	193,516,219.92
Current investment			138,396,939.76	222,438,332.48	135,790,745.30
Trade accounts receivable - net			1,982,778.73	100,000.00	352,270.00
Loans to related companies			0.00	38,000,000.00	89,150,000.00
Inventories			4,124,278,971.17	3,884,853,668.85	3,985,740,517.76
Other current assets					
Deposit for goods			67,120,132.86	45,136,055.72	67,100,108.91
Deposit for land - net			43,598,370.00	241,648,893.98	43,598,370.00
Revenue Department receivable			33,230,063.60	0.00	32,119,373.60
Others			23,739,463.63	12,630,422.48	19,512,144.25
Total current assets		4,646,777,310.94	4,692,025,236.62	4,534,259,801.97	4,566,879,749.74
Non-current assets					
Investment in subsidiaries	11	0.00	0.00	124,200,000.00	85,000,000.00
Land and equipment - net	12	42,908,807.05	37,680,931.53	40,099,764.67	36,293,481.43
Land held for development	13	812,129,852.20	994,645,190.87	770,757,729.44	937,645,190.87
Pledged bank deposits	14	49,217,937.32	87,010,349.77	40,765,388.10	70,489,030.84
Other non-current assets					
Deposits and retentions		12,832,061.70	6,711,530.89	12,630,511.70	6,487,290.89
Withholding tax - prior year		3,654,922.47	18.17	0.00	0.00
Total non-current assets		920,743,580.74	1,126,048,021.23	988,453,393.91	1,135,914,994.03
Total assets		5,567,520,891.68	5,818,073,257.85	5,522,713,195.88	5,702,794,743.77

Notes to financial statements are parts of these financial statements.

# BALANCE SHEETS (Continued)

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Overdrafts and short - term loans					
from financial institutions	15	671,089,022.48	327,920,674.58	671,089,022.48	327,687,493.08
Short - term loans - promissory notes	16	110,000,000.00	291,850,000.00	110,000,000.00	260,000,000.00
Land payable - promissory notes	17	43,440,000.00	0.00	43,440,000.00	0.00
Trade accounts and notes payable	18	243,551,834.48	247,493,917.23	243,506,485.56	246,828,778.87
Unrealized installment income		51,800,283.00	118,412,219.00	51,800,283.00	118,142,219.00
Current portion of long - term liabilities	19	1,161,438.16	681,071,001.51	1,161,438.16	681,049,215.61
Other current liabilities					
Deposit received from sales of land	13	0.00	10,000,000.00	0.00	0.00
Accrued income tax		58,126,888.59	71,395,178.33	55,528,987.78	71,168,903.34
Contractor retention		94,692,894.95	127,298,500.40	86,955,196.86	116,699,050.19
Accrued expenses		87,260,582.88	107,720,387.65	80,831,252.55	105,811,799.03
Investment in subsidiary payable		35,280,000.00	0.00	35,280,000.00	0.00
Others		9,481,305.61	9,456,298.54	8,732,684.90	8,993,925.48
Total current liabilities		1,405,884,250.15	1,992,618,177.24	1,388,325,351.29	1,936,381,384.60
Non-current liabilities					
Liabilities under financial lease					
agreement - net	20	716,075.18	1,812,487.46	716,075.18	1,812,487.46
Long - term loans - net	21	740,995,666.98	747,858,400.00	740,995,666.98	747,858,400.00
Other payables	14	38,399,847.75	68,156,094.51	33,994,322.68	57,303,203.74
Total non-current liabilities		780,111,589.91	817,826,981.97	775,706,064.84	806,974,091.20
Total assets		2,185,995,840.06	2,810,445,159.21	2,164,031,416.13	2,743,355,475.80

Notes to financial statements are part of these financial statements.

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

Liabilities and shareholders' equity (Continued)	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Authorized share capital					
1,105,500,000 common shares					
of Baht 1 each		1,105,500,000.00		1,105,500,000.00	
1,005,000,000 common shares					
of Baht 1 each			1,005,000,000.00		1,005,000,000.00
Issued and paid-up share capital					
1,105,499,456 common shares					
of Baht 1 each	22	1,105,499,456.00		1,105,499,456.00	
1,005,000,000 common shares					
of Baht 1 each	22		1,005,000,000.00		1,005,000,000.00
Premium on share capital		440,212,400.00	440,212,400.00	440,212,400.00	440,212,400.00
Unrealized gain on change in					
investment valuation		13,872.53	150,035.65	13,872.53	124,823.23
Retained earnings					
Appropriated					
Legal reserve	23	110,550,000.00	100,500,000.00	110,550,000.00	100,500,000.00
Unappropriated		1,725,232,280.56	1,397,454,661.56	1,702,406,051.22	1,413,602,044.74
Total shareholders' equity of the Company		3,381,508,009.09	2,943,317,097.21	3,358,681,779.75	2,959,439,267.97
Minority interest		17,042.53	64,311,001.43	0.00	0.00
Total shareholders' equity		3,381,525,051.62	3,007,628,098.64	3,358,681,779.75	2,959,439,267.97
Total liabilities and shareholders' equity		5,567,520,891.68	5,818,073,257.85	5,522,713,195.88	5,702,794,743.77

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF INCOME

PRINSIRI

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2010 AND 2009

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Revenues</b>					
Sales of real estate			4,321,592,516.00	4,284,814,761.60	3,934,889,796.00
Sales of goods			20,583,677.44	0.00	0.00
Revenues from sales of land			555,653,500.00	0.00	555,653,500.00
<b>Total revenues</b>		<b>4,449,491,218.76</b>	<b>4,897,829,693.44</b>	<b>4,284,814,761.60</b>	<b>4,490,543,296.00</b>
<b>Cost of sales</b>					
Cost of sales of real estate			3,338,729,091.58	3,066,009,750.34	3,007,161,952.13
Cost of sales of goods			17,839,534.85	0.00	0.00
Cost of sales of land			531,573,521.98	0.00	531,573,521.98
<b>Total cost of sales</b>		<b>3,177,655,780.39</b>	<b>3,888,142,148.41</b>	<b>3,066,009,750.34</b>	<b>3,538,735,474.11</b>
Gross profit		1,271,835,438.37	1,009,687,545.03	1,218,805,011.26	951,807,821.89
<b>Other income</b>					
Management income		0.00	0.00	232,523.36	11,862,997.42
Interest income		738,108.76	231,426.56	5,540,183.40	9,353,583.80
Dividend received		0.00	0.00	0.00	44,997,300.00
Revenues from cancel of agreement		7,498,691.00	5,824,450.00	7,498,691.00	5,164,450.00
Other income		10,421,252.89	13,584,076.26	10,396,732.40	14,261,854.11
<b>Total other income</b>		<b>18,658,052.65</b>	<b>19,639,952.82</b>	<b>23,668,130.16</b>	<b>85,640,185.33</b>
Profit before expenses		1,290,493,491.02	1,029,327,497.85	1,242,473,141.42	1,037,448,007.22
Selling expenses		(186,997,928.13)	(93,123,961.77)	(182,807,344.73)	(85,701,942.04)
Administrative expenses		(346,389,167.90)	(188,280,175.85)	(325,482,876.33)	(171,406,001.02)
Directors' remuneration		(3,208,000.00)	(1,143,000.00)	(3,208,000.00)	(1,143,000.00)
Management benefit expenses	25	(30,945,887.30)	(35,561,338.50)	(30,945,887.30)	(35,561,338.50)
<b>Other expenses</b>					
Doubtful accounts		(346,872.55)	(126,907.90)	0.00	0.00
Loss on terminate of assets, disposal of assets		(868,191.77)	(220,498.27)	(644,372.32)	(219,504.75)
Loss on correct of condominium plan		0.00	(30,920,524.75)	0.00	(30,920,524.75)
Reversed fines from delay of work		19,422,587.30	0.00	19,422,587.30	0.00
<b>Total expenses</b>		<b>18,207,522.98</b>	<b>(31,267,930.92)</b>	<b>18,778,214.98</b>	<b>(31,140,029.50)</b>
<b>Total expenses</b>		<b>(549,333,460.35)</b>	<b>(349,376,407.04)</b>	<b>(523,665,893.38)</b>	<b>(324,952,311.06)</b>
Profit before finance costs and income tax		741,160,030.67	679,951,090.81	718,807,248.04	712,495,696.16
Finance costs - interest expenses		(26,261,307.44)	(41,932,145.52)	(24,924,417.88)	(36,328,486.50)
Profit before income tax		714,898,723.23	638,018,945.29	693,882,830.16	676,167,209.66
Income tax		(150,916,311.62)	(158,713,134.14)	(143,780,073.68)	(157,397,727.35)
Net profit		563,982,411.61	479,305,811.15	550,102,756.48	518,769,482.31
<b>Attributable to :</b>					
Equity holders of the parent		572,503,489.30	483,891,326.33	550,102,756.48	518,769,482.31
Minority interest		(8,521,077.69)	(4,585,515.18)	0.00	0.00
		563,982,411.61	479,305,811.15	550,102,756.48	518,769,482.31
<b>Basic earnings per share</b>					
Earnings (Loss) per share - Equity holders of the parent		0.53	0.48	0.51	0.52
Weighted average number of common share (shares)		1,072,733,880	1,005,000,000	1,072,733,880	1,005,000,000

Notes to financial statements are parts of these financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Unit : Baht

	Note	Consolidated financial statements					
		Issued and paid-up share capital	Premium on share capital	Unrealized gain on change in investment valuation	Retained earnings (Deficit)		Minority interest
					Appropriated Legal reserve	Unappropriated	
Balance as							Total
January 1, 2009		1,005,000,000.00	440,212,400.00	18,922.57	73,840,000.00	940,223,335.23	68,899,216.23
Appropriated during the period -							
legal reserve	23	0.00	0.00	0.00	26,660,000.00	(26,660,000.00)	0.00
Dividend paid - minority interest	11	0.00	0.00	0.00	0.00	0.00	2,700.00
Unrealized gain on change in							
investment valuation		0.00	0.00	131,113.08	0.00	0.00	0.00
Net profit for the year		0.00	0.00	0.00	0.00	483,891,326.33	(4,590,914.80)
Balance as at							
December 31, 2009		1,005,000,000.00	440,212,400.00	150,035.65	100,500,000.00	1,397,454,661.56	64,311,001.43
Increase share capital during the year	22	100,499,456.00	0.00	0.00	0.00	0.00	0.00
Appropriated during the period -							
legal reserve	23	0.00	0.00	0.00	10,050,000.00	(10,050,000.00)	0.00
Dividend paid	24	0.00	0.00	0.00	0.00	(251,248,750.00)	0.00
Gain on changes in percentage of							
investment of subsidiaries	11	0.00	0.00	0.00	0.00	16,572,879.70	(55,772,879.70)
Unrealized gain on change in							
investment valuation		0.00	0.00	(136,163.12)	0.00	0.00	(1.51)
Net profit for the year		0.00	0.00	0.00	0.00	572,503,489.30	(8,521,077.69)
Balance as at							
December 31, 2010		1,105,499,456.00	440,212,400.00	13,872.53	110,550,000.00	1,725,232,280.56	17,042.53

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Unit : Baht

		Consolidated financial statements					
	Note	Issued and paid-up share capital	Premium on share capital	Unrealized gain on change in investment valuation	Retained earnings (Deficit)		Total
					Appropriated Legal reserve ตามกฎหมาย	Unappropriated	
Balance as at							
January 1, 2009		1,005,000,000.00	440,212,400.00	0.00	73,840,000.00	921,492,562.43	2,440,544,962.43
Appropriated during the period -							
legal reserve	23	0.00	0.00	0.00	26,660,000.00	(26,660,000.00)	0.00
Unrealized gain on change in							
investment valuation		0.00	0.00	124,823.23	0.00	0.00	124,823.23
Net profit for the year		0.00	0.00	0.00	0.00	518,769,482.31	518,769,482.31
Balance as at							
December 31, 2009		1,005,000,000.00	440,212,400.00	124,823.23	100,500,000.00	1,413,602,044.74	2,959,439,267.97
Increase share capital during the year	22	100,499,456.00	0.00	0.00	0.00	0.00	100,499,456.00
Appropriated during the period -							
legal reserve	23	0.00	0.00	0.00	10,050,000.00	(10,050,000.00)	0.00
Dividend paid	24	0.00	0.00	0.00	0.00	(251,248,750.00)	(251,248,750.00)
Unrealized gain on change in							
investment valuation		0.00	0.00	(110,950.70)	0.00	0.00	(110,950.70)
Net profit for the year		0.00	0.00	0.00	0.00	550,102,756.48	550,102,756.48
ยอดคงเหลือ ณ วันที่							
Balance as at December 31, 2010		1,105,499,456.00	440,212,400.00	13,872.53	110,550,000.00	1,702,406,051.22	3,358,681,779.75

Notes to financial statements are parts of these financial statements.



## STATEMENTS OF CASH FLOWS

PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	714,898,723.23	638,018,945.29	693,882,830.16	676,167,209.66
Adjustment net profit to cash receipt (disbursement) from operating activities				
Gain on sales of current investment	(3,379,064.74)	(169,746.62)	(3,313,997.24)	(127,188.09)
(Gain) Loss on sales of assets	319,670.10	(124,210.53)	372,660.01	(125,204.05)
Depreciation	11,441,814.26	12,057,802.46	10,552,733.39	11,380,452.09
Corporate income tax - prior year	0.00	568,123.03	0.00	0.00
Doubtful accounts	346,872.55	126,907.90	0.00	0.00
Loss on terminate of assets	548,521.67	344,708.80	271,712.31	344,708.80
Other income	(2,496,343.67)	0.00	(2,496,343.67)	0.00
Estimated fines from delay of work	0.00	30,920,524.75	0.00	30,920,524.75
Reversed fines from delay of work	(19,422,587.30)	0.00	(19,422,587.30)	0.00
Interest expenses	26,261,307.44	41,932,145.52	24,924,417.88	36,328,486.50
Profit (loss) from operation before changes in operating assets and liabilities	728,518,913.54	723,675,200.60	704,771,425.54	754,888,989.66
(Increase) Decrease in part of operating assets				
Trade accounts receivable	(12,322,204.61)	288,456.09	252,270.00	1,227,090.00
Inventories	371,859,352.54	1,588,605,265.46	382,178,507.52	1,311,890,674.15
Other current assets	(140,207,083.64)	152,828,039.25	(140,812,726.05)	144,522,003.66
Land held for development	57,000,000.00	0.00	0.00	0.00
Other non-current assets	(6,120,512.64)	13,274,619.35	(6,143,220.81)	2,451,836.52
(Increase) Decrease in assets from operation	270,209,551.65	1,754,996,380.15	235,474,830.66	1,460,091,604.33
Increase (Decrease) in part of operating liabilities				
Trade accounts and notes payable	112,147.25	44,903,481.23	731,936.70	29,056,736.31
Unrealized installment income	(66,611,936.00)	(269,500,007.85)	(66,341,936.00)	(268,176,407.85)
Other current liabilities	(39,671,188.89)	(8,881,782.63)	(31,616,426.14)	(4,958,687.37)
Increase (Decrease) from liabilities operation	(106,170,977.64)	(233,478,309.25)	(97,226,425.44)	(244,078,358.91)

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF CASH FLOWS (Continued)

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PRINSIRI PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash generated (paid) from operation	892,557,487.55	2,245,193,271.50	843,019,830.76	1,970,902,235.08
Interest paid	(93,045,586.12)	(154,667,411.73)	(91,708,696.56)	(150,068,684.22)
Corporate income tax paid	(164,813,756.02)	(155,218,290.44)	(159,419,989.24)	(144,624,280.44)
<b>Net cash provided by (used in) operating activities</b>	<b>634,698,145.41</b>	<b>1,935,307,569.33</b>	<b>591,891,144.96</b>	<b>1,676,209,270.42</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of current investment-open ended fund-debt securities	(1,767,390,603.15)	(273,950,000.00)	(1,707,424,459.94)	(273,950,000.00)
Proceeds from sale of current investment-open ended fund-debt securities	1,686,592,110.53	151,856,566.02	1,623,979,919.30	138,956,566.02
(Increase) in loans to subsidiaries	0.00	0.00	51,150,000.00	122,104,200.00
(Increase) Decrease in pledged bank deposits	8,036,165.69	(12,675,078.84)	6,414,761.68	(9,427,768.01)
Payments for purchase investment in subsidiary	(3,920,000.00)	0.00	(3,920,000.00)	0.00
Proceeds from sales of assets	864,054.89	566,178.40	864,054.89	560,570.92
Payments for purchase of equipment and office supplies	(24,832,585.36)	(12,642,570.71)	(21,824,525.00)	(12,445,370.14)
<b>Net cash provided by (used in) investing activities</b>	<b>(100,650,857.40)</b>	<b>(146,844,905.13)</b>	<b>(50,760,249.07)</b>	<b>(34,201,801.21)</b>
<b>Cash flows from financing activities</b>				
Increase (Decrease) in overdrafts and short-term loans from financial institution	(343,168,374.90)	281,931,196.44	(343,401,529.40)	281,746,662.48
Increase (Decrease) in short-term loans	(181,850,000.00)	42,684,200.00	(150,000,000.00)	160,000,000.00
Increase (Decrease) in liabilities under financial lease agreement	(2,822,249.73)	(4,148,924.45)	(2,800,463.83)	(4,020,763.95)
Increase (Decrease) in long-term loans	(685,046,458.92)	(1,351,549,506.10)	(685,046,458.92)	(1,351,549,506.10)
Dividend paid to minority interest	0.00	(2,700.00)	0.00	0.00
Dividend paid	(150,749,294.00)	0.00	(150,749,294.00)	0.00
<b>Net cash provided by (used in) financing activities</b>	<b>(677,299,654.75)</b>	<b>(1,594,948,126.99)</b>	<b>(645,194,687.35)</b>	<b>(1,477,316,932.53)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(143,252,366.74)</b>	<b>193,514,537.21</b>	<b>(104,063,791.46)</b>	<b>164,690,536.68</b>
<b>Cash and cash equivalents as at January 1</b>	<b>259,678,516.87</b>	<b>66,163,979.66</b>	<b>193,516,219.92</b>	<b>28,825,683.24</b>
<b>Cash and cash equivalents as at December 31</b>	<b>116,426,150.13</b>	<b>259,678,516.87</b>	<b>89,452,428.46</b>	<b>193,516,219.92</b>

Notes to financial statements are parts of these financial statements.



## 1. GENERAL INFORMATION

- 1.1 Prinsiri Public Company Limited was registered as a public company limited under the Thai law on March 30, 2004 with registration no. 0107547000320 which located at 123, Sun Towers Building-A, 12th Floor, Viphavadi-Rangsit Road, Chomphol, Chatuchak, Bangkok 10900.
- 1.2 The Company engaged in business of real estate for sales.

## 2. FINANCIAL STATEMENTS PRESENTATION BASIS

- 2.1 The financial statements have been prepared in accordance with the generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development regarding the condensed form should be included in the financial statements B.E. 2552 and the regulations the Securities and Exchange Commission regarding the preparation and presentation of the financial reporting under the Securities and Exchange Act B.E. 2535.
- 2.2 The Company and subsidiaries' financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

## 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

- 3.1 These financial statements have been consolidated by including the financial statements of subsidiaries in which Prinsiri Public Company Limited has a power to control such companies. Balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements on the controllable date.
- 3.2 Investment between Prinsiri Public Company Limited and its subsidiaries have been eliminated under equity method as if the Company owns 100 per cent shareholding in those subsidiaries, and the interest of other shareholders is shown as "Minority Interest".
- 3.3 These consolidated financial statements are prepared with the objective to show the consolidated financial position and the results of operation of Prinsiri Public Company Limited and its subsidiaries only. The usefulness of these financial statements for other purposes may be limited due to the difference in types of business of those consolidated companies.
- 3.4 The consolidated financial statements consist of the financial statements of Prinsiri Public Company Limited, a parent company which has share holding or has significant influence in subsidiaries as follows:

	Percentage of shareholding		Type of business	Relationship
	2010	2009		
Growed Yotha Group Co., Ltd.	99.99	99.99	Construction distributor and contractor	Subsidiary
Prin Venture Co., Ltd.	100.00	51.00	Real estate development for sales	Subsidiary
CN SPR (Thailand) Co., Ltd.	99.97	99.97	Real estate for lease or sales of real estate held for development	Subsidiary

#### 4. NEW ACCOUNTING STANDARDS ISSUANCE

The Federation of Accounting Professions issued Notification 17/2553, 50/2553 through 55/2553, as pertinent to Accounting Standards (Revised 2009), Financial Reporting Standards (Revised 2009), and Interpretation of Financial Reporting Standards announced through the Royal Gazettes on May 26, 2010 and December 15, 2010 respectively implementing 32 accounting standards, financial reporting standards, and interpretation of financial reporting standards. These comprise 25 standards replacing the previous versions with identification numbers rearranged to be identical to international accounting standards, of which certain standards were unchanged in principle, certain others were with partial change in principle, and 7 standards were newly implemented detailed as follows:

##### 3.1 Accounting and financial reporting standards replaced the previous versions

<u>Accounting standards/Financial reporting standards</u>		<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (Revised 2009)		May 26, 2010
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 2 (Revised 2009)	Inventories	January 1, 2011
TAS 7 (Revised 2009)	Statements of Cash Flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events After the Reporting Period	January 1, 2011
TAS 11 (Revised 2009)	Construction Contracts	January 1, 2011
TAS 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 18 (Revised 2009)	Revenue	January 1, 2011
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
TAS 23 (Revised 2009)	Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009)	Investments in Associates	January 1, 2011



Accounting standards/Financial reporting standards

Effective date

TAS 31 (Revised 2009)	Interests in Joint Venture	January 1, 2011
TAS 33 (Revised 2009)	Earnings per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011
TAS 40 (Revised 2009)	Investment Property	January 1, 2011
TFRS 3 (Revised 2009)	Business Combination	January 1, 2011
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011

The Company's management has assessed the effect of these standards and believes that TAS 17 (Revised 2009), TAS 20 (Revised 2009), TAS 21 (Revised 2009), TAS 28 (Revised 2009), TAS 31 (Revised 2009), TAS 40 (Revised 2009), TFRS 3 (Revised 2009) and TFRS 5 (Revised 2009) are not relevant to the Company's business. As for relevant accounting standards, and financial reporting standards, the management has assessed the effect and found to have no material impact on financial statements. The Company shall adopt these relevant standards beginning on the effective dates.

3.2 New accounting standards and financial reporting standard in issue for adoption

Accounting standards/Financial reporting standards

Effective date

TAS 12	Income Taxes	January 1, 2013
TAS 19	Employee Benefits	January 1, 2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	January 1, 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	January 1, 2011
TFRS 2	Share Based Payment	January 1, 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011
TIFRS 15	Construction Contract	January 1, 2011

TAS 26, TFRS 29, TFRS 2, TFRS 6 and TIFRS 15 are not relevant to the Company's business. The Company will apply TAS 12 on the effective date which the management of the Company assesses and believes that it will not have material impacts on the financial statements, TAS 19 was being evaluated the effect to financial statements.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Revenues and Expense Recognition

5.1.1 Revenues from sales of real estate is recognized on the percentage of completion and the ownership have been transferred to the buyer.

5.1.2 Revenues from sales of goods are recognized as income when the significant risk and rewards of ownership have been transferred to the buyer.

5.1.3 Revenues from construction contract is recorded on the percentage of completion which is based on the proportion of actual costs to the estimated costs. Undue of realized income is shown as "Unbilled construction income".

5.1.4 Other income and expenses are recognized on an accrual basis.

### 5.2 Cash and cash equivalents

Cash and cash equivalents are cash and deposits at bank and financial institution which are due within three months (excluding pledged bank and financial institution deposits).

### 5.3 Current investments

Investment in opened end fund in the form of debt securities is stated at fair value. The difference from changes in valuation are recorded as unrealized gain (loss) on change in investment valuation under shareholders' equity.

#### 5.4 Allowance for doubtful accounts

The Company and subsidiaries provided the allowance for doubtful accounts from the estimated uncollectible receivable based on the past collection experience.

#### 5.5 Inventories Valuation

Inventories - properties foreclosed are valued at the lower of cost or net realizable value. Cost of inventories - properties foreclosed consist of cost of land acquisition, land development, related expenses of project and interest on borrowing relating to land acquisition and construction are capitalized as cost of goods and stopped to recognize when the construction is completed which will be amortized as cost of sales in accordance with the size of land transferred. Subsidiaries' inventories - raw materials are valued at the lower of cost on the weighted average method or net realizable value.

#### 5.6 Long-term investment

Investment in subsidiaries are stated at cost method less provision for impairment (if any).

#### 5.7 Land and equipment

Assets are stated at cost less accumulated depreciation. Equipment and supplies are depreciated on a straight-line basis over the estimated useful lives of the assets for period of approximately 5 years except Tunnel Forms are depreciated on a number of production units of each project.

#### 5.8 Land held for development

Land held for development means land that the Company intends to hold for future benefit and recorded as non-current assets which are stated at cost less provision for impairment. Cost consists of land cost and related expenses for land acquisition including cost of borrowing from development such land. The Company will stop to calculate cost of borrowing when land development is completed.

#### 5.9 Impairment of assets

The Company and subsidiaries have considered the impairment of land, building and equipment, investing capital, land and cost of undevelopment projects and intangible assets whenever events or changes indicate that the carrying amount of assets exceeds its recoverable value. The impairment loss will be recognized in statement of income. The Company will reverse the impairment loss whenever there is no longer impairment or reduction in impairment.

Recoverable value of asset is the net selling price or utilization value of that asset, whichever is higher. The impairment will be estimated from each item of asset or each asset unit generating cash flow, whichever is practical.

#### 5.10 Assets under financial lease agreement

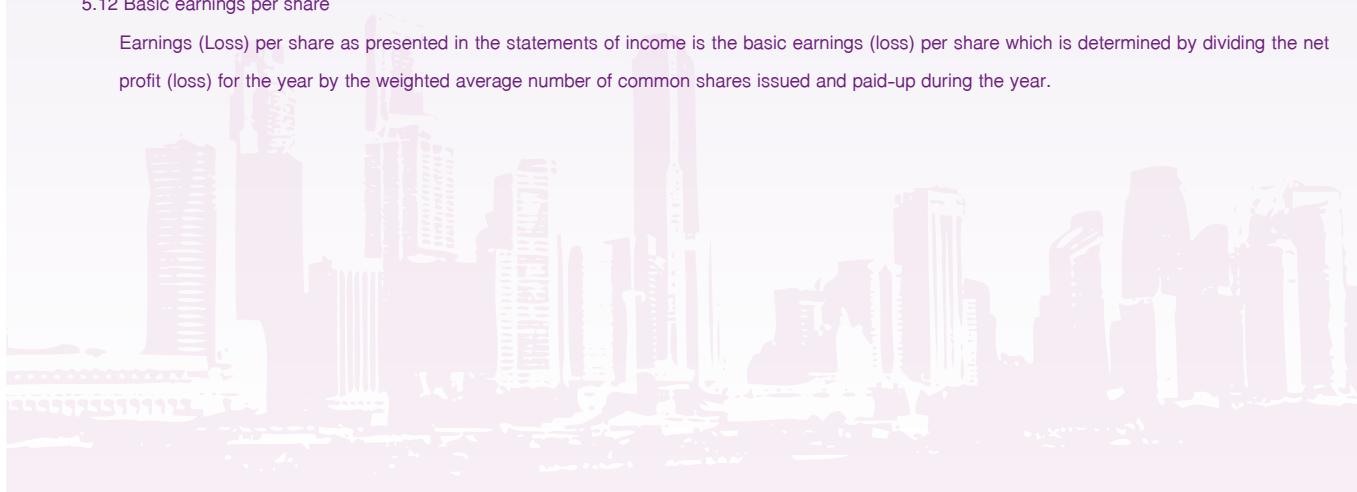
The Company records assets under financial lease agreement as assets and liabilities in an amount equal to the fair value of the financial lease assets at the inception of the agreement. Interest expenses are recorded to each period over the term of agreement based on the outstanding balance of the liabilities under financial lease agreement during each period.

#### 5.11 Income Tax

The Company and subsidiaries recorded corporate income tax as expense in the occurring period and calculated income tax as prescribed in the Revenue Code which required to recognize income on the installment due.

#### 5.12 Basic earnings per share

Earnings (Loss) per share as presented in the statements of income is the basic earnings (loss) per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.



**5.13 Accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affected the amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

**5.14 Provisions**

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settle the obligation. The amount recognized should not exceed the amount of the provision.

**5.15 Employees benefit****5.15.1 Provident fund**

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of income in the period in which they are incurred.

**5.15.2 Retirement benefit**

This obligation is to provide retirement benefit to retired employees under the defined retirement plan, determined by the labour law. The Company will record the retirement cost in the period in which the employees retired.



## 6. CASH AND CASH EQUIVALENTS

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash on hand	1,448,608.58	814,482.68	1,202,900.60	653,673.38
Cheque in transit	20,689,137.00	15,325,124.00	20,689,137.00	15,325,124.00
Current accounts	14,853,057.41	12,136,521.11	14,085,215.80	11,924,706.37
Savings deposit	79,435,347.14	231,402,389.08	53,475,175.06	165,612,716.17
Total	116,426,150.13	259,678,516.87	89,452,428.46	193,516,219.92

## 7. CURRENT INVESTMENT

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Open end fund - debt securities	222,438,332.48	137,851,639.76	222,438,332.48	135,245,445.30
Negotiable certificate	0.00	545,300.00	0.00	545,300.00
	222,438,332.48	138,396,939.76	222,438,332.48	135,790,745.30

## 8. TRADE ACCOUNTS RECEIVABLE - NET

Unit : Baht

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts receivable				
- Related companies 28.1.1	0.00	0.00	100,000.00	352,270.00
- Others	24,622,573.43	11,826,801.06	345,000.00	345,000.00
Total	24,622,573.43	11,826,801.06	445,000.00	697,270.00
Less Allowance for doubtful accounts - other receivables	(10,190,894.88)	(9,844,022.33)	(345,000.00)	(345,000.00)
Total	14,431,678.55	1,982,778.73	100,000.00	352,270.00



The outstanding receivable are separated on aging as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
In due	8,598,554.51	1,637,528.97	100,000.00	352,270.00
From 1 — 90 days	5,452,730.56	795,557.70	0.00	0.00
From 91 — 180 days	987,968.84	0.00	0.00	0.00
From 181 — 360 days	193,454.74	0.00	0.00	0.00
Over 360 days	9,389,864.78	9,393,714.39	345,000.00	345,000.00
Total	24,622,573.43	11,826,801.06	445,000.00	697,270.00

#### 9. LOANS TO RELATED COMPANIES - PROMISSORY NOTES

As at December 31, 2010 and 2009, the Company has loans to three and two subsidiaries by receiving promissory notes amount of Baht 38.00 million and Baht 89.15 million respectively at the interest rate of MLR per annum which are due at call without collaterals. In 2009 and during 2010 loan to a subsidiary is complied with the condition indicated in agreement of shareholders as stated in note 28.

#### 10. INVENTORIES

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Finished goods				
- Condominium building	803,546,459.99	0.00	803,546,459.99	0.00
- House for sales	59,381,248.36	180,824,944.01	59,381,248.36	180,824,944.01
- Construction supplies	725,878.50	914,717.71	0.00	0.00
Land and land development	2,386,939,372.17	1,907,743,873.45	2,307,762,030.66	1,793,755,379.93
Work in progress	611,576,616.72	1,833,261,024.48	593,841,571.13	1,823,522,424.07
Expenses relating to project	51,343,091.71	36,880,870.32	51,051,367.04	35,907,342.26
Deferred interest	78,826,487.04	164,653,541.20	69,270,991.67	151,730,427.49
Total	3,992,339,154.49	4,124,278,971.17	3,884,853,668.85	3,985,740,517.76

In 2008 and 2009, the Company has estimated provisions for fines from delay of work as at December 31, 2009 amount of Baht 37.30 million since the ownership of condominium units transferring do not conform to the schedule and presented under caption "accrued expenses". As at December 31, 2010, such condominium units' ownership were already transferred to the customers. The Company then fully reversed the remaining fines from delay of work as at the end of period amount of Baht 19.42 million.

As at December 31, 2010 and 2009, most of land with its construction of each project of the Company and subsidiaries in the amount of Baht 2,530.62 million and Baht 3,850.78 million respectively (Baht 2,423.86 million and Baht 3,721.82 million respectively, for the Company only) were mortgaged as collateral against overdrafts lines and short-term loans from financial institutions, aval promissory notes, long - term loans and letter of guarantee facility issued by bank as mentioned in note 15 , 21 and 31.1 respectively.

As at December 31, 2010 and 2009, the Company has recorded interest payment as cost of project of Baht 65.01 million and Baht 107.80 million respectively.

## 11. INVESTMENT IN SUBSIDIARIES

Unit : Baht

## Separate financial statements

	Percentage of shareholding		December 31, 2010		December 31, 2009	
	2553	2552	Cost	Dividend received	Cost	Dividend received
Growed Yotha Group Co., Ltd.	99.99	99.99	32,000,000.00	0.00	32,000,000.00	44,997,300.00
Prin Venture Co., Ltd.	100.00	51.00	90,200,000.00	0.00	51,000,000.00	0.00
CN SPR (Thailand) Co., Ltd.	99.97	99.97	2,000,000.00	0.00	2,000,000.00	0.00
Total			124,200,000.00	0.00	85,000,000.00	44,997,300.00

On December 31, 2010, the Company entered into agreement to purchase of ordinary shares of Prin Venture Co., Ltd. with Uni Venture Public Company Limited for 4.90 million shares at Baht 8 each ( par value of Baht 10 each), amounting to Baht 39.20 million. Subsequent, the Company has additional proportion of shareholding from 51% to 100% of total share capital from such purchasing. From changes in proportion of shareholding, the Company has gain on changes in percentage of investment amount of Baht 16.57 million which realized such transaction to unappropriated retained earnings in the consolidated financial statements and the minority interest in the consolidated financial statements would be decreased by Baht 55.77 million.



## 12. LAND AND EQUIPMENT - NET

Unit : Baht

	Consolidated financial statements				
	December 31, 2009	Increase	Decrease	Transfer in (out)	December 31, 2010
Cost :-					
Land	3,279,342.43	0.00	0.00	0.00	3,279,342.43
Building and construction	2,196,710.00	0.00	0.00	0.00	2,196,710.00
Machinery and equipment	12,469,469.51	10,692,102.53	(28,645.10)	0.00	23,132,926.94
Workers' camp	00.00	677,603.73	(385,557.67)	0.00	292,046.06
Computer	30,106,819.27	2,595,001.90	(72,739.34)	2,435,040.87	35,064,122.70
Office furniture	8,071,038.88	1,494,828.80	(1,432,193.80)	0.00	8,133,673.88
Office supplies	19,082,437.49	4,755,629.03	(2,500,250.09)	0.00	21,337,816.43
Vehicles	30,241,545.34	1,728,120.00	(6,060,418.00)	0.00	25,909,247.34
Work in progress	269,519.50	2,889,299.37	0.00	(2,435,040.87)	723,778.00
Total	105,716,882.42	24,832,585.36	(10,479,804.00)	0.00	120,069,663.78
Accumulated depreciation :-					
Building and construction	989,542.28	438,861.40	0.00	0.00	1,428,403.68
Machinery and equipment	2,886,843.90	6,281,597.93	(28,184.53)	0.00	9,140,257.30
Workers' camp	00.00	59,397.14	(26,947.58)	0.00	32,449.56
Computer	16,638,305.47	5,534,614.44	(64,343.81)	0.00	22,108,576.10
Office furniture	7,513,472.67	348,412.26	(1,154,577.14)	0.00	6,707,307.79
Office supplies	14,646,992.15	2,414,758.29	(1,945,421.02)	0.00	15,116,329.42
Vehicles	25,360,794.42	2,317,682.07	(5,050,943.61)	0.00	22,627,532.88
Total	68,035,950.89	17,395,323.53	(8,270,417.69)	0.00	77,160,856.73
Land and equipment — net	37,680,931.53				42,908,807.05

As at December 31, 2010 and 2009, the Company and subsidiaries have fixed assets at cost of Baht 43.58 million and Baht 34.96 million respectively which were fully depreciated but are still in use.

Depreciation for the years ended December 31, 2010 and 2009 amounted to Baht 17.39 million and Baht 13.11 million respectively.

Separate financial statements					
	December 31, 2009	Increase	Decrease	Transfer in (out)	December 31, 2010
Cost :-					
Land	3,279,342.43	0.00	0.00	0.00	3,279,342.43
Building and construction	2,196,710.00	0.00	0.00	0.00	2,196,710.00
Machinery and equipment	12,461,604.09	8,673,392.31	(28,645.10)	0.00	21,106,351.30
Computer	28,894,159.72	2,500,101.90	(72,739.34)	2,435,040.87	33,756,563.15
Office furniture	6,656,032.08	1,459,828.80	(3,187.00)	0.00	8,112,673.88
Office supplies	18,024,859.89	4,739,020.62	(1,797,671.44)	0.00	20,966,209.07
Vehicles	30,213,040.67	1,728,120.00	(6,060,418.00)	0.00	25,880,742.67
Work in progress	269,519.50	2,724,061.37	0.00	(2,435,040.87)	558,540.00
Total	101,995,268.38	21,824,525.00	(7,962,660.88)	0.00	115,857,132.50
Accumulated depreciation :-					
Building and construction	989,542.28	438,861.40	0.00	0.00	1,428,403.68
Machinery and equipment	2,881,791.70	6,125,109.36	(28,184.53)	0.00	8,978,716.53
Computer	16,839,380.19	5,293,255.59	(64,343.81)	0.00	22,068,291.97
Office furniture	6,579,808.08	111,112.63	(2,379.70)	0.00	6,688,541.01
Office supplies	13,078,973.95	2,220,221.61	(1,304,810.13)	0.00	13,994,385.43
Vehicles	25,332,290.75	2,317,682.07	(5,050,943.61)	0.00	22,599,029.21
Total	65,701,786.95	16,506,242.66	(6,450,661.78)	0.00	75,757,367.83
Land and equipment — net	36,293,481.43				40,099,764.67

As at December 31, 2010 and 2009, the Company has fixed assets at cost of Baht 43.41 million and Baht 34.77 million respectively which were fully depreciated but are still in use.

Depreciation for the years ended December 31, 2010 and 2009 amounted to Baht 16.51 million and Baht 12.44 million, respectively.

As at December 31, 2010 and 2009, the Company mortgaged land with a commercial bank as collateral against letter of guarantee line from bank as stated in note 31.1.

### 13. LAND HELD FOR DEVELOPMENT

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land and cost of land development	812,129,852.20	994,645,190.87	770,757,729.44	937,645,190.87
Total	812,129,852.20	994,645,190.87	770,757,729.44	937,645,190.87

On July 15, 2009, subsidiary entered into agreement to sell land held for development with the individual at the selling price under the agreement of Baht 97.67 million which had carrying value amount of Baht 57 million. Subsidiary has received deposit from entering into agreement in the amount of Baht 10 million and paid commission for sales of land in the amount of Baht 2.15 million. The ownership of land was already transferred in July 2010.

As at December 31, 2010 and 2009, land held for development of the Company and subsidiaries of Baht 240.45 million and Baht 857.21 million respectively (Separate : Baht 199.08 million and Baht 800.21 million respectively) is mortgaged as collateral against overdrafts line, short-term loans from financial institution, promissory notes and long-term loans facility as mentioned in note 15 and 21 respectively.

### 14. PLEDGED BANK DEPOSIT

As at December 31, 2010 and 2009, the Company and subsidiaries have savings deposit and fixed deposit amount of Baht 49.22 million and Baht 87.01 million respectively (Separate : Baht 40.77 million and Baht 70.49 million respectively). Some savings deposit of Baht 38.40 million and Baht 68.16 million respectively (Separate : Baht 33.99 million and Baht 57.30 million respectively) are deposits from collected the central utilities service expenses from customers. The Company and subsidiaries have commitment to assign such collection to each village committee when they have been already appointed. The Company and subsidiaries have recorded such liabilities as other payables in the financial statements. The remaining is used as guarantee with a commercial bank for the issuance of letter of guarantee as stated in note 31.1 and 31.2 respectively.



## 15. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Bank overdrafts	11,701,176.85	9,919,219.98	11,701,176.85	9,686,038.48
Promissory notes — commercial bank	165,000,000.00	120,000,000.00	165,000,000.00	120,000,000.00
Bills of exchange - financial institution	494,387,845.63	198,001,454.60	494,387,845.63	198,001,454.60
Total	671,089,022.48	327,920,674.58	671,089,022.48	327,687,493.08
Bills of exchange - financial institution consist of :				
	Consolidated financial statements		Separate financial statements	
	2553	2552	2553	2552
Bills of exchange	500,000,000.00	200,000,000.00	500,000,000.00	200,000,000.00
Less : Discounted interest expense	(5,612,154.37)	(1,998,545.40)	(5,612,154.37)	(1,998,545.40)
Bills of exchange - net	494,387,845.63	198,001,454.60	494,387,845.63	198,001,454.60

As at December 31, 2010 and 2009, the Company and subsidiaries have overdrafts line in the amount of Baht 80 million and Baht 85.05 million respectively (Separate : Baht 70 million and Baht 75 million respectively) guaranteed by land and project construction, land and equipment - net, land held for development and the Company's guaranteed as stated in note 10, 12, 13 and 28 respectively.

As at December 31, 2010, the Company issued promissory notes to a commercial bank in the amount of Baht 165 million which are due within three months at the interest rate of 4% per annum, guaranteed by land with its construction as stated in note 10.

As at December 31, 2009, the Company issued promissory notes to a bank in the amount of Baht 120 million at the interest rate of MLR-1% per annum, guaranteed by project 's land with its construction and land held for development as mentioned in note 13. The Company has received the loans repayment in whole amount in May 2010.

As at December 31, 2010 and 2009, the Company issued bills of exchange to financial institution amount of Baht 500 million and Baht 200 million, respectively at the interest rate of 3.9% - 4.85% per annum, due in 2011 without collaterals.

## 16. SHORT - TERM LOANS - PROMISSORY NOTES

Unit : Baht

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Related companies 28.1.5	0.00	31,850,000.00	0.00	0.00
Other persons	110,000,000.00	260,000,000.00	110,000,000.00	260,000,000.00
Total	110,000,000.00	291,850,000.00	110,000,000.00	260,000,000.00

As at December 31, 2010 and 2009, the Company issued promissory notes to an individual in the total amount of Baht 110 million and Baht 260 million respectively which are due in two - five months or at call at the interest rate of 6.0% per annum without collaterals.

As at December 31, 2009, a subsidiary obtained borrowings from a company who is the shareholder by issuing promissory notes in the amount of Baht 31.85 million at the interest rate of MLR per annum which are due at call without collaterals. The borrowing is based on the condition in agreement of shareholders.



#### 17. LAND PAYABLE - PROMISSORY NOTES

As at December 31, 2010, the Company has land payable - promissory notes amount of Baht 43.44 million, aval by commercial bank. The aval is guaranteed by land and project construction as stated in note 10.

#### 18. TRADE ACCOUNTS AND NOTES PAYABLE

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Trade accounts payable					
- Related companies	28.1.6	477,854.40	570,421.98	14,366,474.81	11,752,299.86
- Others		226,284,818.31	157,701,423.93	212,940,298.72	149,578,126.13
Trade notes payable		16,789,161.77	89,222,071.32	16,199,712.03	85,498,352.88
Total		243,551,834.48	247,493,917.23	243,506,485.56	246,828,778.87

#### 19. CURRENT PORTION OF LONG-TERM LIABILITIES

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities under financial lease agreement	20	1,160,438.16	2,886,275.61	1,160,438.16	2,864,489.71
Long-term loans	21	1,000.00	678,184,725.90	1,000.00	678,184,725.90
Total		1,161,438.16	681,071,001.51	1,161,438.16	681,049,215.61

#### 20. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

Assets for lease under financial lease agreement are detailed as follows :

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Computer	10,033,967.18	10,404,423.06	10,033,967.18	10,033,967.18
Vehicles	3,257,000.00	3,257,000.00	3,257,000.00	3,257,000.00
Less Accumulated depreciation	(7,827,384.57)	(5,345,515.54)	(7,827,384.57)	(5,168,390.24)
Net book value	5,463,582.61	8,315,907.52	5,463,582.61	8,122,576.94

The minimum amount to be paid under financial lease agreement are as follows :

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Within 1 year	1,224,041.50	3,088,406.14	1,224,041.50	3,066,557.81
Over 1 year, less than 3 years	741,054.00	1,764,019.70	741,054.00	1,764,019.70
Over 3 years, less than 5 years	(0.00)	201,075.80	(0.00)	201,075.80
	1,965,095.50	5,053,501.64	1,965,095.50	5,031,653.31
Less Future interest expenses of financial lease agreement	(88,582.16)	(354,738.57)	(88,582.16)	(354,676.14)
Present value of liabilities under financial lease agreement	1,876,513.34	4,698,763.07	1,876,513.34	4,676,977.17

Liabilities under financial lease agreement excluding future interest expenses are as follows :

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities under financial lease agreement	2553	1,876,513.34	4,698,763.07	1,876,513.34	4,676,977.17
Less Liabilities under financial lease agreement due within 1 year		(1,160,438.16)	(2,886,275.61)	(1,160,438.16)	(2,864,489.71)
Liabilities under financial lease		716,075.18	1,812,487.46	716,075.18	1,812,487.46

## 21. LONG - TERM LOANS - NET

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Long - term loans from - Commercial banks		740,996,666.98	1,426,043,125.90	740,996,666.98	1,426,043,125.90
Less Current portion of long-term loans	18	(1,000.00)	(678,184,725.90)	(1,000.00)	(678,184,725.90)
Nett		740,995,666.98	747,858,400.00	740,995,666.98	747,858,400.00

As at December 31, 2010 and 2009, the Company has loans from 3 and 7 local respectively commercial banks and financial institutions for total credit lines of Baht 3,969.71 million and Baht 6,237.17 million, respectively, at the interest rate of MLR -1.50% to MLR and SPR per annum by making monthly payment. The repayment of principal will be made on the redemption of mortgaging properties foreclosed in the proportion of 70 - 90% of selling price. The Company has to complete the loan repayment in 2009 - 2014. Such loans are guaranteed by mortgaging land with construction of each loaned project, guaranteed by directors and related persons' land as stated in note 10 and 28.2.8.

In 2009, the Company has land payables - promissory notes amount of Baht 136.72 million aval by commercial bank, guaranteed by project's land with its construction as stated in note 10. The Company transferred promissory notes to be long - term loans in whole amount when they are matured in October 2009.

As at December 31, 2010 and 2009, the Company has unused facilities amount of Baht 1,901.13 million and Baht 2,288.58 million respectively.

**22. SHARE CAPITAL**

22.1 According to the minutes of Board of Directors' meeting and General Shareholders' meeting for the year 2010 No. 1/2010 held on February 8, 2010 and April 23, 2010 respectively, passed the resolution to increase share capital for serving the dividend payment in the form of share dividend in the amount of Baht 100.50 million by issuing newly 100.50 million ordinary shares of Baht 1 each, resulting to the registered share capital increased from 1,005.00 million shares to 1,105.50 million shares. The Company has registered this increase share capital with the Ministry of Commerce on April 30, 2010.

22.2 According to the minutes of Board of Directors' meeting and General Shareholders' meeting no.1/2009 held on February 23, 2009 and April 22, 2009 respectively, the Company passed the resolution as below :

22.2.1 To cancel the issuance of warrants to the existing shareholders without the remuneration for 335 million units and approve the decreasing registered share capital from cancellation of such warrants issuance by decreasing 335 million ordinary shares at par value of Baht 1 each which have not yet been issued.

22.2.2 To approve the amendment of Article 4 of the Memorandum of Associations regarding the reduction of registered shares capital, the Company has already amended on May 1, 2009.

**23. LEGAL RESERVE**

According to the Public Company Limited Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of annual net profit after deducting deficit brought forward (if any) until the reserve reaches an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.

**24. DIVIDEND PAID**

24.1 According to the minutes of Board of Directors' meeting and General Shareholders' meeting for the year 2010 No. 1/2010 held on February 8, 2010 and April 23, 2010 respectively, passed the resolution to pay dividend from the results of operation for the year 2009 at Baht 0.25 per share, amounting to Baht 251.25 million by paying by cash dividend at Baht 0.15 per share amounted to Baht 150.75 million and share dividend at Baht 0.10 per share or at the ratio of 10 old shares for 1 new share, amounted to Baht 100.50 million. The Company has already paid dividend to the shareholders on May 21, 2010.

24.2 According to the minutes of the Board of directors' meeting and the shareholders' annual general meeting for the year 2009 no. 1/2009 held on February 23, 2009 and April 22, 2009, respectively, passed the resolution to cease the dividend payment.



**25. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES****Directors' remuneration**

According to the minutes of the shareholders' general meeting no. 1/2010 and no. 1/2009 held on April 23, 2010 and April 22, 2009, required to pay directors' remuneration including meeting allowance and gratuity for the year 2010 and 2009 respectively, not exceed amount of Baht 3.30 million and Baht 2.48 million respectively. Management benefit expenses

**Management benefit expenses**

paid to management includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to those fourth executive levels comprises the salaries, advisory, bonus, meeting allowance, compensation, car rental, fuel and telephone charges.

**26. PROVIDENT FUND**

The Company and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 and the Provident Fund Act no. 2 (B.E. 2542) on June 25, 2004. The fund is contributed both by the employees and the Company by deducting the employees' salaries and the Company will pay a contribution. The employees are entitled the benefits on their resignation in accordance with the fund regulation.

As at December 31, 2010 and 2009, the Company and subsidiaries paid the contribution to provident fund amount of Baht 3.15 million and Baht 2.88 million, respectively (Separate : Baht 3.04 million and Baht 2.78 million respectively).

**27. EXPENSES ANALYZED BY NATURE**

For the years ended December 31, 2010 and 2009

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Purchase of land, construction				
material and contractors wages during the year	2,945,480,915.64	2,397,144,830.38	2,809,278,768.02	2,344,108,444.62
Changes in finished goods and work				
in progress	314,455,155.35	2,347,856,042.76	267,774,310.34	2,071,141,451.44
Salaries, wages and other employees				
benefit expenses	116,640,616.14	102,348,537.58	113,897,472.81	98,703,892.78
Depreciation and amortization	11,441,814.26	12,057,802.46	10,552,733.39	11,380,452.09



## 28. TRANSACTION WITH RELATED PERSONS AND PARTIES

No.	Persons or parties	Relationship	Type of relation	Pricing policy
1	Growth Yotha Group Co., Ltd.	Subsidiary	Construction contract service and sales of goods	Price are close to market value
			Garden overseeing and decoration providing	At the agreed service fee base on the result of work
			Loans from the Company in the form of promissory notes	Loans are due at call at the agreed rate of MLR. Interest is payable every month
2	Prin Venture Co., Ltd.	Subsidiary	Loans from the Company in the form of promissory notes	Loans are due at call at the agreed rate of MLR. Interest is payable every month
			The Company guaranteed all credit lines of project's land with its construction	Guarantee based on shareholding ratio
			Hire the Company to manage and administer the project	At the agreed service fee of Baht 0.35 million per month excluding VAT Contracts terminated on October 31, 2009
			Hire the Company to manage selling project	At the agreed service fee of 2% of sales volume
			Hire the Company to oversee the garden and common facilities	At the monthly agreed service fee of Baht 0.10 million
			Loans to a subsidiary in form of promissory notes	Loans are due at call at the agreed rate of MLR. Interest is payable every month Repay loans in full in 2010
3	Uni Venture Plc.	Shareholder of a subsidiary in 49% shareholding up to December 30, 2010	Uni Venture Co., Ltd. guaranteed all lines of construction project of a subsidiary	Guarantee based on shareholding ratio
			Financial advisor of a subsidiary	At the agreed service fee of Baht 0.09 million per month excluding VAT Contracts terminated on October 31, 2009
			Sell investment in a subsidiary in full at proportion of 49%	At the agreed price in purchasing agreement at amount of Baht 39.20 million

No.	Persons or parties	Relationship	Type of relation	Pricing policy
4	Thai Chinda Curtain Co., Ltd.	Some directors are major shareholders of the Company	Sales and install the decoration materials to the Company	Based on the normal course of business
5	CN SPR (Thailand) Co., Ltd.	Subsidiary	Loans to the Company in form of promissory notes  Use land held for development to guarantee loans from bank of the Company Guarantee is terminated in July 2010	Loans are due at call at the agreed rate of MLR per annum by paying with principal  Repay loans in full in 2010  No remuneration
6	Ms. Siriluck Kovitchindachai	The Company's director	Loans to the Company in form of promissory notes, fully repaid in December 2009 Guarantee loans from bank for the year 2009 - present is Baht 240 million Repay loans in full in 2010	Loans are due at call at the interest rate of 5% per annum by making monthly payment.  No remuneration
7	Mr. Veera Srichanachaichok	Managing director	Purchase of condominium unit from the Company	Minimum selling price applicable to the other customers
8	Mr. Prinya Kovitchindachai	Major shareholder/intimate person	Purchase of house from the Company	Minimum selling price applicable to the other customers
9	Mr. Chairat Kovitchindachai and Mr. Chairyo Kovitchindachai	Shareholder/Management	Purchase of house from the Company	Minimum selling price applicable to the other customers
10	Ms. Patcharee Kovitchindachai and Mr. Chaiwut Kovitchindachai	Shareholder/Management	Purchase of house from the Company	Minimum selling price applicable to the other customers



28.1 Transactions and amounts with related persons and parties in balance sheets are as follows :

28.1.1 Trade accounts receivable

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Prin Venture Co., Ltd.				
Trade accounts receivable - sales				
management services	0.00	0.00	0.00	252,270.00
Trade accounts receivable - others	0.00	0.00	100,000.00	100,000.00
Total	0.00	0.00	100,000.00	352,270.00

28.1.2 Inventory

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Uni Venture Plc.				
Deferred interest expenses	5,505,203.09	7,246,662.84	0.00	0.00

28.1.3 Short - term loans to related companies - promissory notes

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Prin Venture Co., Ltd.				
Beginning balance	0.00	0.00	33,150,000.00	155,254,200.00
Loans repaid during the period	0.00	0.00	(33,150,000.00)	(122,104,200.00)
Loans received during the period	0.00	0.00	15,000,000.00	0.00
Ending balance	0.00	0.00	15,000,000.00	33,150,000.00
CN SPR (Thailand) Co., Ltd.				
Beginning balance	0.00	0.00	56,000,000.00	56,000,000.00
Loans repaid during the period	0.00	0.00	(56,000,000.00)	00.00
Ending balance	0.00	0.00	0.00	56,000,000.00
Growed Yotha Group Co., Ltd.				
Beginning balance	0.00	0.00	0.00	00.00
Loans repaid during the period	0.00	0.00	23,000,000.00	00.00
Ending balance	0.00	0.00	23,000,000.00	00.00
Total	0.00	0.00	38,000,000.00	89,150,000.00

## 28.1.4 Accrued interest receivable – short – term loans – promissory notes

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
CN SPR (Thailand) Co., Ltd.	0.00	0.00	0.00	1,936,153.42
Prin Venture Co., Ltd.	0.00	0.00	107,260.27	0.00
Total	0.00	0.00	107,260.27	1,936,153.42

## 28.1.5 Short – term loans – promissory notes

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Uni Venture Plc.				
Beginning balance	31,850,000.00	149,165,800.00	0.00	0.00
Loans repaid during the period	(31,850,000.00)	(117,315,800.00)	0.00	0.00
Ending balance	0.00	31,850,000.00	0.00	0.00

## Ms. Siriluck Kovitchindachai

Beginning balance	00.00	100,000,000.00	00.00	100,000,000.00
Loans received during the period	00.00	5,000,000.00	00.00	5,000,000.00
Loans repaid during the period	00.00	(105,000,000.00)	00.00	(105,000,000.00)
Ending balance	0.00	0.00	0.00	0.00
Total	0.00	31,850,000.00	0.00	0.00



28.1.6 Trade accounts payable

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Growed Yotha Group Co., Ltd.				
Trade accounts payable - contractor, goods	0.00	0.00	13,888,620.41	11,181,877.88
Thai Chinda Curtain Co., Ltd.				
Trade accounts payable - decoration	477,854.40	570,421.98	477,854.40	570,421.98
Total	477,854.40	570,421.98	14,366,474.81	11,752,299.86

28.1.7 Retention

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Growed Yotha Group Co., Ltd.				
Retention - construction cost	0.00	0.00	5,673,115.02	4,268,092.85
Total	0.00	0.00	5,673,115.02	4,268,092.85

28.2 Transactions and amounts with related persons and parties in statements of income for the years ended December 31, 2010 and 2009 are as follows:

28.2.1 Revenues from sales of properties

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	For the years ended		For the years ended	
	2010	2009	2010	2009
Mr. Veera Srichanachaichok	2,760,000.00	0.00	2,760,000.00	0.00
Mr. Prinya Kovitchindachai	20,000,000.00	0.00	20,000,000.00	0.00
Mr. Chairat and Mr. Chaiyo Kovitchindachai	20,000,000.00	0.00	20,000,000.00	0.00
Ms. Patcharee and Mr. Chaiwut Kovitchindachai	20,000,000.00	0.00	20,000,000.00	0.00
Ms. Patcharee Kovitchindachai	6,965,000.00	0.00	6,965,000.00	0.00
Mr. Chaiwut Kovitchindachai	5,246,000.00	0.00	5,246,000.00	0.00
Total	74,971,000.00	0.00	74,971,000.00	0.00

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	For the years ended		For the years ended	
	2010	2009	2010	2009
28.2.2 Management income				
Prin Venture Co., Ltd.	0.00	0.00	0.00	4,550,000.00
28.2.3 Sales management income				
Prin Venture Co., Ltd.	0.00	0.00	232,523.36	7,312,997.42
28.2.4 Other service income				
Prin Venture Co., Ltd.	0.00	0.00	1,200,000.00	1,200,000.00
28.2.5 Interest receivable - short - term loans - promissory notes				
Prin Venture Co., Ltd.	0.00	0.00	1,497,338.62	5,841,574.95
CN SPR (Thailand) Co., Ltd.	0.00	0.00	3,242,538.09	3,388,536.98
Growed Yotha Group Co., Ltd.	0.00	0.00	223,075.07	0.00
Total	0.00	0.00	4,962,951.78	9,230,111.93



28.12 Cost of sales

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	For the years ended		For the years ended	
	2010	2009	2010	2009
Growed Yotha Group Co., Ltd.				
- Contractual expenses	0.00	0.00	73,416,005.55	15,459,539.17
- Purchase of materials	0.00	0.00	10,481,252.69	28,349,440.54
	0.00	0.00	83,897,258.24	43,808,979.71
Thai Chinda Curtain Co., Ltd.				
- Decoration expenses	7,666,011.60	2,311,206.72	7,666,011.60	1,866,455.47
Total	7,666,011.60	2,311,206.72	91,563,269.84	45,675,435.18

28.2.7 Interest expenses

Ms. Siriluck Kovitchindachai	0.00	4,511,643.83	0.00	4,511,643.83
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28.2.8 Guarantee

As at December 31, 2010 and 2009, a director of the Company get into guarantee loans facility from bank amount of Baht 240 million as stated in note 21. The Company has fully repaid for such loans in 2010.

29. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

29.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and remaining deposit at bank in the balance sheets as follows:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Cash on hand	1,448,608.58	814,482.68	1,202,900.60	653,673.38
Cheque in transit	20,689,137.00	15,325,124.00	20,689,137.00	15,325,124.00
Current accounts	14,853,057.41	12,136,521.11	14,085,215.80	11,924,706.37
Savings deposit	79,435,347.14	231,402,389.08	53,475,175.06	165,612,716.17
Total	116,426,150.13	259,678,516.87	89,452,428.46	193,516,219.92

**29.2 Non - cash transactions**

- 29.2.1 For the year ended December 31, 2010, the Company has paid dividend in form of share dividend in the amount of Baht 100.50 million.
- 29.2.2 For the year ended December 31, 2010, the Company has transferred land held for development amount of Baht 168.11 million to be inventories.
- 29.2.3 For the year ended December 31, 2010, the Company purchased ordinary shares of a subsidiary which had the outstanding payment amount of Baht 35.28 million, resulted the increase in retained earnings in the consolidated financial statements by the amount of Baht 16.57 million incurred from gain on changes in percentage of investment in subsidiary.
- 29.2.4 For the year ended December 31, 2010, the Company has recorded depreciation of precast floor construction plan amount of Baht 6.90 million to be cost of inventories.
- 29.2.5 For the year ended December 31, 2009, the Company has purchased land by issuing promissory notes amount of Baht 43.44 million.
- 29.2.6 For the year ended December 31, 2010, a subsidiary transferred inventories as land held for development amount of Baht 41.37 million.
- 29.2.7 For the years ended December 31, 2010 and 2009, the Company and subsidiaries have recorded the pledged fixed deposit and other payables by the same amount of Baht 33.35 million and Baht 10.65 million respectively (Separate : Baht 24.94 million and Baht 11.65 million respectively).
- 29.2.8 For the years ended December 31, 2010 and 2009, the Company has recorded interest expenses amount of Baht 65.01 million and Baht 107.80 million respectively as cost of inventories.
- 29.2.9 For the years ended December 31, 2010 and 2009, the Company transferred the pledged fixed deposit amount of Baht 4.85 million and 10.65 million respectively to the Village Committee and other payable would be decreased by the same amount.
- 29.2.10 For the year ended December 31, 2009, the Company transferred loans from bank which was matured in the amount of Baht 128.73 million to be long-term loans.

**30. COMMITMENT**

- 30.1 As at December 31, 2010 and 2009, the Company and subsidiaries had commitment on payment for rental from entering into long - term lease building agreement to be completed for the amount of Baht 4.83 million and Baht 10.95 million respectively (Separate : Baht 4.83 million and Baht 10.05 million respectively).
- 30.2 As at December 31, 2010 and 2009, the Company and subsidiaries had commitment to make payment to the contractor for entering into hire of construction agreements of each project to be completed for the amount of Baht 1,017.35 million and Baht 766.33 million respectively (Separate : Baht 1,017.35 million and Baht 737.34 million respectively).
- 30.3 As at December 31, 2010 and 2009, the Company and subsidiaries are liable to pay rental from entering into rent of car agreement to be matured under agreement amount of Baht 17.16 million and Baht 14.38 million, respectively (Separate : Baht 14.26 million and Baht 13.59 million respectively).
- 30.4 As at December 31, 2010 and 2009, the Company and subsidiaries had commitment to make payment for advertising signboard to be matured under rent agreement for the amount of Baht 10.20 million and Baht 1.66 million respectively.
- 30.5 As at December 31, 2010 and 2009, the Company had commitment to make payment for land under contract to buy and to sell for the amount of Baht 738.18 million and Baht 267.49 million respectively.
- 30.6 As at December 31, 2010, the Company is liable to transfer common facilities fee collected from customers amount of Baht 2.85 million which deposit in each project's name to the Village Committee when it is already established.
- 30.7 Obligation and commitment to complete projects on hand



	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2010	2009	2010	2009
Number of project on hand, beginning of the period	24	27	21	22
Number of closing project	(7)	(7)	(5)	(4)
Number of new project	5	4	5	3
Number of project on hand, ending of the period	22	24	21	21
Valuation of project on hand (million Baht)	15,181	16,066.35	15,076.45	15,014.83
Contracted sales value (million Baht)	10,549	10,003.14	10,549.31	9,070.97
Sales value of project on hand (%)	69.49	62.26	69.97	60.41

### 31. CONTINGENT LIABILITIES

- 31.1 As at December 31, 2010 and 2009, the Company and subsidiaries had contingent liabilities from letter of guarantee issued by bank for guarantee project development of Baht 151.16 million and Baht 216.25 million respectively (Separate : Baht 145.93 million and Baht 211.01 million respectively).
- 31.2 As at December 31, 2010 and 2009, a subsidiary had contingent liabilities from letter of guarantee issued by bank for guarantee purchasing goods of Baht 2.30 million and Baht 2.00 million respectively.
- 31.3 As at December 31, 2010 and 2009, the Company had contingent liabilities on guarantee for overdraft line, short - term loan line, aval promisory notes, long - term loans and letter of guarantee facility for a subsidiary, Prin Venture Co., Ltd. in the amount of Baht 7.77 million.
- 31.4 As at December 31, 2010 and 2009, the Company was sued in the a criminal cases as follows : In 2004, the Company and a director were sued in the criminal case for the alleged of accounts payable default about purchasing the land to develop the Company's project. The seller entered into the sale and purchase agreement with another buyer. The litigant sued after the Company was transferred the right on title deed from the seller. On June 19, 2006, the Minburi Province Court has already revoked this case. On August 5, 2009, the Appeal Court stated the decision of the Court of First Instance.



**32. INVESTMENT PROMOTION PRIVILEGES**

The Company was granted the privileges from investment under the Investment Promotion Act B.E. 2520, four certificates for the business of housing for the low and medium level income of buyers (residential area not less than 28 square meter per unit and selling price not exceed Baht 1 million (included land cost)).

The significant privilege is to exempt corporate income tax for 5 years as below :

No. of certificat	Exempted corporate income tax (Million Baht)	Maturity date
1869(2)/2552	Not exceed 68.34	March 24, 2015
1870(2)/2552	Not exceed 48.36	March 24, 2015
2338(2)/2553	Not exceed 39.18	5 years from the date of income earning
2339(2)/2553	Not exceed 32.41	5 years from the date of income earning

The Company must comply with the certain condition and regulation as specified in the investment promotion certificate

**33. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS**

The Company and subsidiaries have operated in real estate business and sales of construction materials and have construction materials value in proportion not exceeding 10% of total sales volume which is immaterial to the presentation of segment information. The Company and subsidiaries' operations involve virtually in one geographical segment in domestic.

**34. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS****34.1 Accounting Policy**

The significant accounting policies and method adopted the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in note 5.

**34.2 Interest Rate Risk**

Interest rate risk from changes in market interest rate will affect the results of the Company's operation and its cash flows. The Company's financial instruments are mostly indicated the market interest rate.

**34.3 Credit risk**

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. The Company's management has manage the business with the carefully and adopted the accounting policy of income recognition from transferring ownership to the customer whenever the fully receives of payment is met. Subsidiary who engaged in distribution of construction materials, the management has adopted the policy to deal with creditworthy counterparties by determining the amount of credit line providing and provided allowance for doubtful accounts derived from credit risk.

**34.4 Fair Value of Financial Instruments**

Financial assets shown in balance sheets consist of cash on hand and at banks, current investment, promissory notes, accounts and notes receivables. Financial liabilities shown in balance sheets consist of bank overdrafts, short - term loans from financial institutions, promissory notes, accounts payable, assets payable and long - term loans. The book value of financial assets and liabilities are close to their estimated fair value.

### 35. CAPITAL MANAGEMENT

The objective of capital management of the Company and subsidiaries is to prepare the financial structure to be properly appropriated and maintain the continuity of operation capability.

As at December 31, 2010 and 2009, the Company and subsidiaries have debt to equity ratio as summarized below :

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Debt to equity ratio	0.65	0.93	0.64	0.93

### 36. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 22, 2011.





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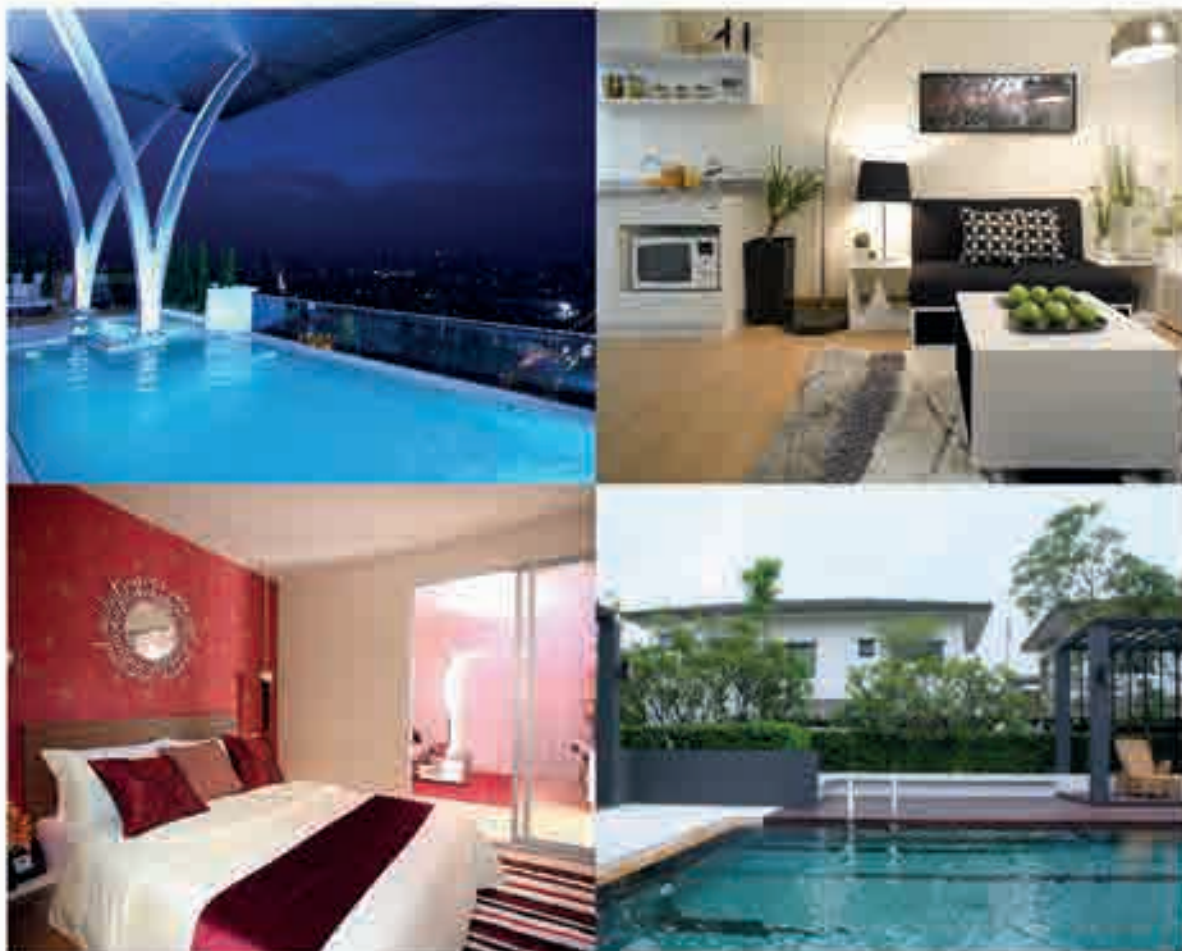
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PRINSIRI PUBLIC COMPANY LIMITED

## Annual Report 2010



PRIN  
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รายงานประจำปี 2553

บริษัท ปรีณศิริ จำกัด (มหาชน)