

# 2009 ANNUAL REPORT

# BROCK



BAAN ROCK GARDEN PUBLIC COMPANY LIMITED



# CONTENTS

## ANNUAL REPORT 2009

**BROCK**

<b>General Information</b>	<b>4</b>		
		<b>Competition Analysis and Market</b>	<b>41</b>
<b>Summary Financial Information</b>	<b>5</b>		
		<b>Risk Factors</b>	<b>44</b>
<b>Message from Chairman of the Board</b>	<b>7</b>		
		<b>Corporate Governance</b>	<b>48</b>
<b>Report of the Chairman of the Audit Committee</b>	<b>8</b>		
		<b>Corporate Social Responsibilities (CSRs)</b>	<b>52</b>
<b>Profile of Executive Directors and Management Team</b>	<b>9</b>		
		<b>Details of Related Transaction</b>	<b>53</b>
<b>No. of Shareholders and Management</b>	<b>19</b>	<b>2009 Financial Position and Operating Performance</b>	<b>57</b>
<b>Revenue Structure</b>	<b>30</b>		
		<b>Independent Auditor's Report</b>	<b>66</b>
<b>Business Operation</b>	<b>31</b>	<b>Financial Statements</b>	<b>67</b>

## General Information :

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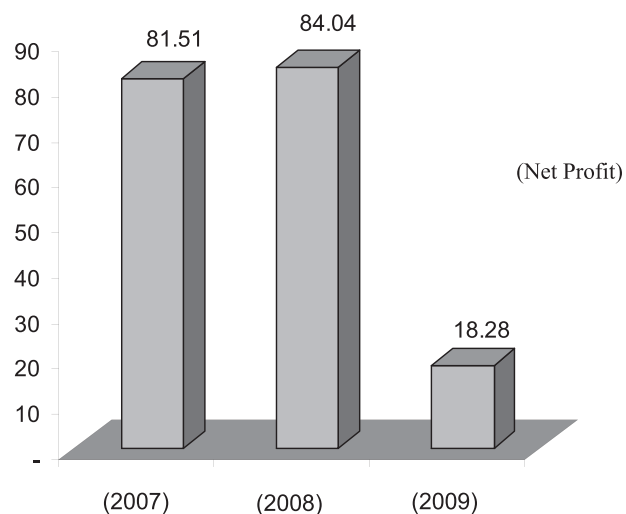
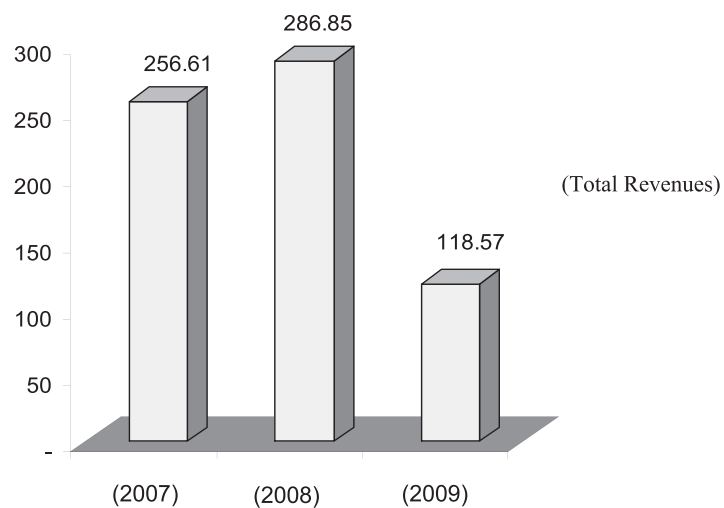
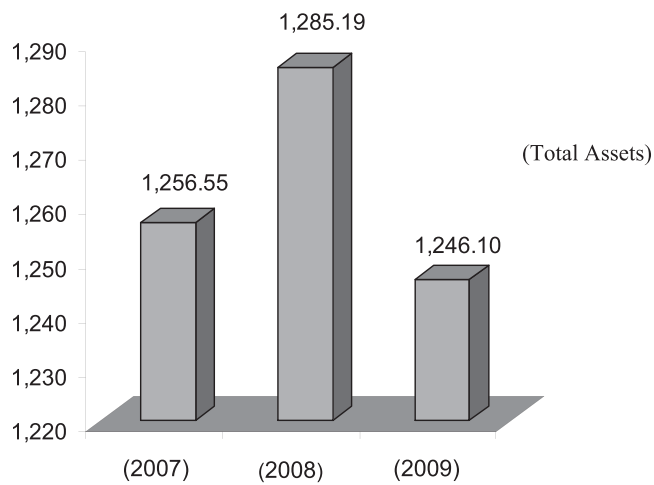
Company Name	: Baan Rock Garden Public Company Limited ("BROCK" or "The Company")
Type of Business	: Real estate development, particularly townhouses, single detached houses and commercial buildings for sales
Head Office	: 601 Soi Ramkhamhaeng 39, Pracha-utit Rd. Wang Thonglang, Wang Thonglang, Bangkok 10310
Registration Number	: PCL – 0107574800200
Homepage	: <a href="http://www.rockgarden.co.th">http://www.rockgarden.co.th</a>
Telephone	: 662-934-7000
Fax	: 662-934-7186

### Other References

The Securities Underwriter	: Thailand Securities Depository Company Limited 2 <sup>nd</sup> Floor, Capital Marketing Academy Building, 2/7 Moo 4 (North Park Project) Vibhavadee-Rangsit Rd, Tung Song Hong , Laksi , Bangkok 10210
Homepage	: <a href="http://www.tsd.co.th">http://www.tsd.co.th</a>
Telephone	: 662-596-9000
Fax	: 662-832-4994-5
The Auditor	: Miss Susan Eiamvanicha Certified Public Accountant (Thailand) No.4306 SP Audit Company Limited 503/21 12 <sup>th</sup> Floor, K.S.L. Tower. Sriyudhya Road, Ratchathewi District, Bangkok 10400
Telephone	: 662-642-6172-4
Fax	: 622-642-6253



## Summary Financial Information (Unit: M Baht)



## Summary Financial Information (Continued)

	Consolidated		change
	(2009)	(2008)	%
Total Assets	1,246,095,894	1,285,190,059	(3.04)%
Total Liabilities	33,561,440	45,930,350	(26.93)%
Total Shareholders' Equity	1,212,534,454	1,285,190,059	(5.65)%
Total Revenue	118,573,602	286,848,079	(58.66)%
Revenue from Sales	114,346,700	279,389,950	(59.07)%
Gross Profit	48,675,453	141,488,899	(65.60)%
Profit from Sales	24,578,520	112,511,956	(78.15)%
Profit before interest expense and income tax	24,578,520	112,462,760	(78.15)%
Net profit	18,274,745	84,040,390	(78.25)%
<b>Per share data (Baht)</b>			
Net profit	0.02	0.08	(75.00)%
Dividend	0.015	0.045	(66.67)%
Book Value	1.21	1.24	(2.42)%
<b>Finance Ratio</b>			
Profit Margin	42.57%	50.64%	(15.94)%
Net Profit Margin	15.41%	29.30%	(47.39)%
Debt to Equity Ratio	0.03	0.04	(25.32)%
Return on Asset	1.44%	6.61%	(78.16)%
Return on Equity	1.49%	6.90%	(78.41)%

## Message from Chairman of the Board

Due to the financial situations in the European countries and the United State, the domestic political instability, and the 2009 flu pandemic, these have caused the Thai economy to slow down and slip into recession with the GDP growth in 2009 dropping by 0.1-0.3%. This has also led to a drop in domestic demand, causing the real estate developers to slow down the launch of their new projects.

Therefore, the year 2009 is not only a difficult year for the real estate developers in conducting their businesses due to several unfavorable factors but also a challenging year for them. However, the company has determined to operate their business with cautious and continue to develop the projects. The company has paid great attention to details, transparency, and cost management in order to achieve the highest benefits.

The company's projects in 2009 comprise of Baan Rock Garden Bypass 5 project located in Phuket, Baan Rock Garden Airport-Suvarnabhumi Phase 1 and Phase 2 projects located in Samut Prakarn. Moreover, in 2010 the company is planning to launch the Baan Rock Garden Bypass 6 Phase 1 and Phase 2 projects in Phuket and Baan Rock Airport-Suvarnabhumi Phase 2 and Phase 3 projects in Samut Prakarn.

For its operations, the company has emphasized on enhancing the skills and the quality of their human resources in order to increase the work efficiency to be in accordance with the current situation. Furthermore, the company has also enhanced its work system so that the customers can obtain quality products and services. The company has also put a great emphasis on corporate governance. As such, the company had operated under good corporate governance and encouraged the work ethics within the company.

Lastly, the Board, on behalf of Baan Rock Garden Public Company Limited, would like to express our gratitude to our shareholders, customers, partners, employees, financial institutions and all relevant persons for their generous support throughout the year. The company has determined to operate with sustainable growth in order to maximize the benefits of all stakeholders.



(Mr. Virat Chinrapinporn)

Chairman of the Board

Baan Rock Garden Public Company Limited

## Report of the Chairman of the Audit Committee

### To Shareholders

Regarding the Director Meeting No.1/2552 on 23 February 2009, Mr. Seri Kittiteerapornchai, an independent director and audit committee, who was the expert in accounting and finance, had requested to resign from being the audit committee due to his business engagement. As such, Mr. Wanchai Meksut, the expert in accounting and finance, had been proposed and appointed by the meeting to replace Mr. Seri Kittiteerapornchai. Therefore, the numbers of the independent directors and audit committee was back to 3 persons.

In the Annual General Meeting on 8 April 2009, Mr. Surapol Satimanont and Mr. Charnchai Rohitsiri, the independent directors and members of the Audit Committee, finished their term in the position and needed to leave the post. However, according to the resolution of Annual General Meeting, they were reappointed to be in the position of independent directors and members of the Audit Committee for another term. As a result, there were 3 members of the Audit Committee. The members of the Audit Committee were not in management position or employee of the Company and had qualification in accordance with that stated in Securities and Exchange Commission Act.

During 2008, the Audit Committee had performed the duties and responsibilities according to regulations prescribed by Stock Exchange of Thailand and as assigned by Board of Directors of the Company to ensure that the operations were within the predetermined scope and goals. There were 4 meetings during the year. The followings were main issues for consideration in the meetings.

1. Reviewed and examined transactions that may result in conflict of interest to ensure that the undertaking of such transactions were transparent and complied with policy and procedures on inter-company transactions.
2. Reviewed appropriateness of internal control system and reported internal audit result monitoring by inviting independent internal auditors and related management departments for explanation in order to make them realize about importance of internal control system.
3. Reviewed internal audit plan and operating results of independent internal auditors to enhance efficiency and effectiveness of internal audit operations.
4. Reviewed quarterly and annual financial statements, provided opinions and comments to ensure that financial statements fairly presented operating results and financial position of The Company as required by generally accepted accounting principles, and disclosed sufficient information.
5. Selected and proposed appointment of external auditor for 2008 as well as determined remuneration for external auditor to Board of Directors in order to propose to shareholders' meeting for consideration and approval.
6. Reviewed that the Company complied with Securities and Exchange Commission Act, regulations and rules of Stock Exchange of Thailand, and other laws related to the business of the Company.

The Audit Committee would like to summarize about the governance of the Company for 2009 that the Audit Committee had duly adhered to the independence on conducting the duties and providing opinions and comments that were useful to the Company, all shareholders, and other stakeholders. The Audit Committee had received excellent cooperation from related persons, managements, and other parties.



(Mr. Surapol Satimanont)

Chairman of the Audit Committee

February 23, 2010

## Profile of Executive Directors and Management Team

<b>Name - Last name:</b>	:	Mr. Virat Chinrapinporn	
<b>Age</b>	:	50 Years	
<b>Position</b>	:	President Director and authorized signatory	
<b>% of Shareholding</b>	:	0.02	
<b>Relationship</b>	:	Husband of Mrs.Naowanit Silaprarat	
<b>Education</b>	:	M.B.A. in Marketing of City University, USA Director Accreditation Program DAP and DCP 40/2004 by Thai Institute Of Directors (IOD)	
<b>Position in other listed companies</b>	:	1	<b>Position in non - listed companies :</b> 10
<b>Working Experience</b>	:	2007- Present Director Yamu Property Development Co.,Ltd 2003- Present Director Ratchada Power Plus Co.,Ltd 2003- Present Director Car 2 Buy Co.,Ltd 2002- Present President & Chief Executive Office Ratchthani Leasing Plc. 1994- Present Director Kuylin Pang-nga Co.,Ltd. 1993- Present Director Chaleamcheep Co.,Ltd 1993- Present Director Aom Noi Hattasat Co.,Ltd 1992- Present Director Phowatchara Co.,Ltd 1990- Present President Baan Rock Garden Plc. 1989- Present Director Chucheeep Housing Land Co.,Ltd 1987- Present Director City Wood Co.,Ltd 1987- Present Director City and Associate Co.,Ltd	

**Name - Last name** : Mr. Surapon Satimanont  
**Age** : 48 Years  
**Position** : Chairman of Audit Committee and Independent Director.  
**% of Shareholding** : 1.0  
**Relationship** : No  
**Education** :



M.B.A. of Webster University, U.S.A  
 Master of Law , Howard University, U.S.A  
 Master of Law , Southern Methodist University , U.S.A  
 Director Accreditation Program DAP and DCP 40/2004  
 by Thai Institute Of Directors (IOD)

**Position in other listed companies** : 2 , **Position in non - listed companies** : 2

**Working Experience** : 2005- Present Chairman of Audit Committee Baan Rock Garden Plc.  
 2008 – Present Executive Vice President Export – Import Bank of Thailand  
 2004 - Present Audit Committee Ratchthani Leasing Plc.  
 1997 - Present Lecturer, Ramkhamhaeng University  
 1977 - Present Director Southern Steel Co., Ltd

**Name - Last name** : Mr. Charnchai Rohitsiri

**Age** : 68 Years

**Position** : Audit Committee and Independent Director.

**% of Shareholding** : No

**Relationship** : No

**Education** : Master of Public Administration National Institute of Development Administration  
Director Accreditation Program DAP 35/2005 by Thai Institute Of Directors (IOD)  
Director Accreditation Program ACP 15/2006 by Thai Institute Of Directors (IOD)

**Position in other listed companies** : No , **Position in non - listed companies** : 2

**Working Experience** : 2005- Present Audit Committee Baan Rock Garden Plc.  
1993- Present Director Phowatchara Co.,Ltd  
1990- Present Director P. Oversea Golden land Co.,Ltd





**Name - Last name** : Mr. Wanchai Mekasut

**Age** : 55 Years

**Position** : Audit Committee and Independent Director.

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Business Administration, Assumption

Director Accreditation Program DAP and DCP 40/2004

by Thai Institute Of Directors (IOD)

**Position in other listed companies** : No , **Position in non - listed companies** : 2

**Working Experience** :

02/09- Present	Audit Committee Baan Rock Garden Plc.
1999- Present	Authorized signatory Executive Vice President Khaoyoi Furnitech Co.,Ltd.
1994- Present	Director and authorized signatory & Executive Vice President Furni Thai Co.,Ltd



<b>Name - Last name</b>	:	Mrs. Naowanij Sillaprarat	
<b>Age</b>	:	48 Years	
<b>Position</b>	:	Managing Director/Director and authorized signatory	
<b>% of Shareholding</b>	:	0.07	
<b>Relationship</b>	:	Wife of Mr. Virat Chinprapinporn	
<b>Education</b>	:	Bachelor of Economics University of the Thai Chamber of Commerce Bachelor of Law Kasem Bundit University Master of Faculty of Political Science Ramkhamhaeng University Director Accreditation Program DCP 54/2005 by Thai Institute Of Directors (IOD)	
<b>Position in other listed companies</b>	:	No	<b>Position in non - listed companies</b> : 10
<b>Working Experience</b>	:	2007- Present	Director Yamu Property Development Co.,Ltd
		1997- Present	Director RG Star Club Co.,Ltd
		1991- Present	Director Rock garden Beach Co.,Ltd
		1991- Present	Director Kuylin Pang-nga Co.,Ltd
		1990- Present	Director and authorized signatory & Managing Director Baan Rock Garden Plc.
		1990- Present	Director Phukao Huachang Pang-nga Co.,Ltd
		1990- Present	Director C & CN Group Co.,Ltd
		1989- Present	Director Chuchee Northern Group Co.,Ltd
		1989- Present	Director CS Real Estate Co.,Ltd
		1988- Present	Director Chuchee Housing Land Co.,Ltd
		1987- Present	Director Rock Garden Group Co.,Ltd

**Name - Last name** : Mrs. Naowarat Suthamjariya

**Age** : 46 Years

**Position** : Director and authorized signatory

**% of Shareholding** : 0.05

**Relationship** : Sister of Mrs. Naowanit Silaprarat

**Education** : Master of Business Administration in International Business,  
Schiller International University UK  
Master of International Management in Hotel and Tourism Management,  
Schiller International University UK

**Position in other listed companies** : No , **Position in non - listed companies** : 4

**Working Experience** :

1997- Present	Director Rock Garden Club Co.,Ltd
1990- Present	Director Baan Rock Garden Plc.
1990- Present	Director C & CN Group Co.,Ltd
1987- Present	Director Rock Garden Group Co.,Ltd
1980- Present	Director Navathep Co.,Ltd



**Name - Last name** : Mr. Preecha Jenthanavijit

**Age** : 48 Years

**Possition** : Director and authorized signatory

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Law Ramkhamhaeng University Barrister at Law

**Position in other listed companies** : No , **Position in non - listed companies** : 1

**Working Experience** :  
1997- Present Director RG Star Club Co.,Ltd  
1990- Present Director Baan Rock Garden Plc.



**Name - Last name** : Mr. Boonchu Wongpakdee  
**Age** : 35 Years  
**Possition** : Executive Director & Department Head of Corporate Accounting  
**% of Shareholding** : No  
**Relationship** : No  
**Education** : Bachelor of Account Kasetsart University  
 Master of MBA(Accounting for planning and Control) Kasetsart University  
**Position in other listed companies** : No , **Position in non - listed companies** : No  
**Working Experience** :  
 2005- Present Department Head of Corporate Accounting Baan Rock Garden Plc.  
 2003-2004 Accounting & Finance Manager Baan Rock Garden Co.,Ltd  
 2000-2003 Accounting & Finance Asst,Manager Link Later (Thailand) Co.,Ltd  
 1997-2000 Senior Deloitte Touche Tohmutsu Jaiyos Co.,LTD

**Name - Last name** : Miss. Sittima Chanjirapong

**Age** : 48 Years

**Position** : Department Head of Corporate Finance

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Faculty of Business Administration Ramkhamhaeng University

**Position in other listed companies** : No , **Position in non - listed companies** : No.

**Working Experience** :

2007- Present	Department Head of Corporate Finance	Baan Rock Garden Plc.
2005-2007	Purchasing Manager	Baan Rock Garden Plc
2004-2005	Purchasing Manager	Baan Rock Garden Co.,LTD
2000-2003	Finance Manager	Rock Garden Group Co.,LTD

**Name - Last name** : Mr.Thakorn Boonpha

**Age** : 51 Years

**Possition** : Department Head of Administration & Human Resource

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Human Resource Faculty of Management Sciences Suan Dusit Rajabhat University  
Master of MBA for Modern Reader Ramkhamhaeng University.

**Position in other listed companies** : No , **Position in non - listed companies** : No

**Working Experience** :

2005- Present	Department Head of Administration & Human Resource Baan Rock Garden Plc.
2004- 2005	Administration Manager Baan Rock Garden Co.,Ltd
1999-2003	General Manager Bangkok Motor Development Co.,Ltd
1997-1998	General ManagerRock Garden Group Co.,Ltd





## No. of Shareholders and Management

Baan Rock Garden Public Company Limited is the listed company in the Stock Exchange of Thailand with the details of the authorized capital as follows:

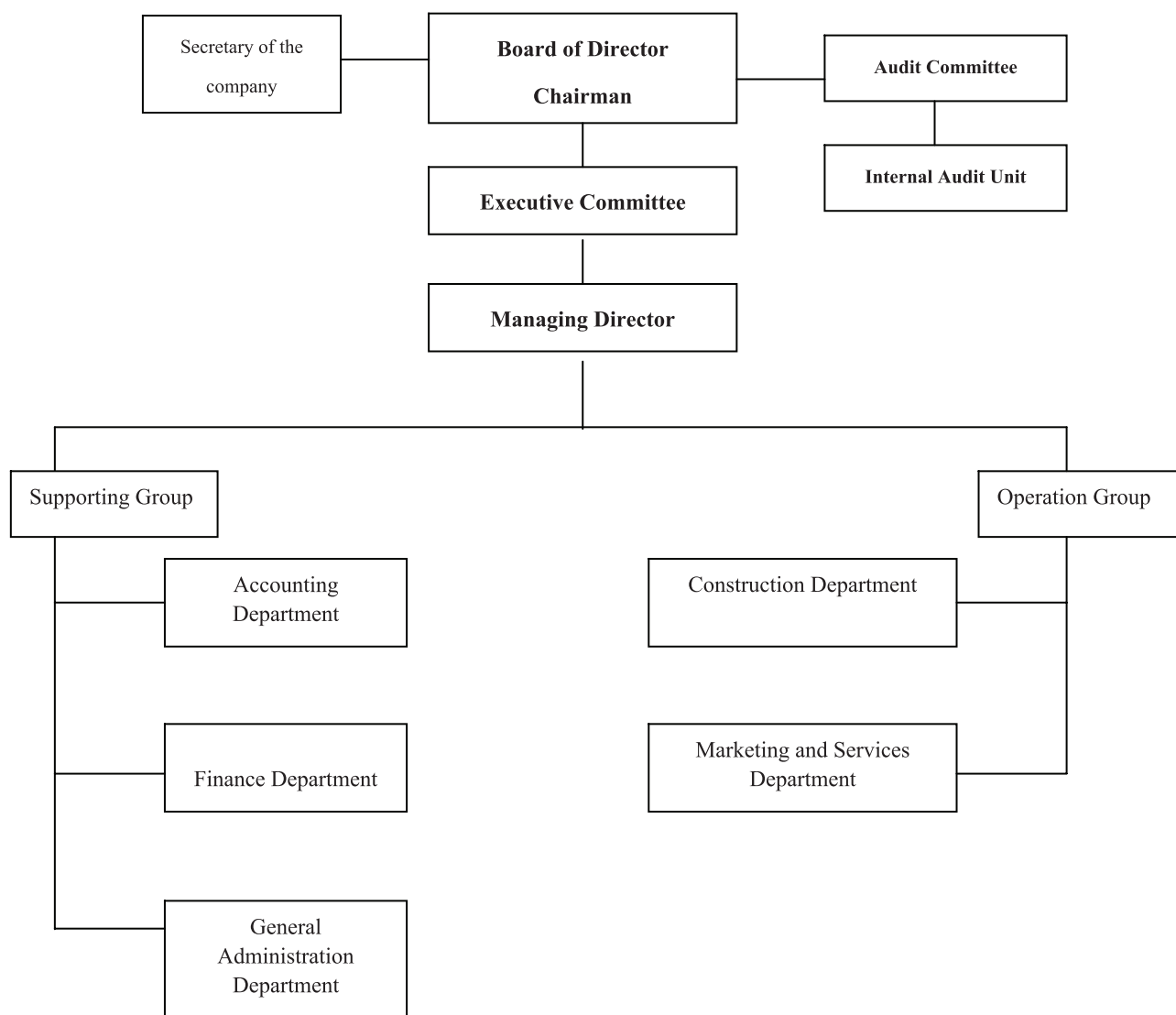
Items	No. of shares (million shares)	Amount (million baht)
Authorized capital	1,000	1,000
Paid-up capital	1,000	1,000

As of the book closing date on 11 March 2009 where the dividends shall be paid to shareholders on 30 April 2009, the lists of 10 major shareholders are as follows:

No.	Name of the person/ company	No. of shares (shares)	% of total shares
1	Mrs.Nongnoi Silaparat	653,371,400	65.34%
2	Mrs.Naowanart Jamornmarn	49,894,750	4.99%
3	Mr. Saksom Jamornmarn	21,116,200	2.11%
4	Mrs.Naowaratlalit Kasetsuwan	20,695,000	2.07%
5	Mrs.Wirawan Rungwatanasopon	19,420,000	1.94%
6	Mrs.Warisara Techasirinukul	14,656,000	1.47%
7	Mr. Sompong Chalkadeedamrongkul	12,914,700	1.29%
8	Mr.Surapol Satimanont	10,000,500	1.00%
9	Mr. Soonthorn Luekajornchai	6,764,800	0.68%
10	Mr.Thanaphon Satithamrat	6,300,000	0.63%
Total holding shares		815,133,350	81.52%

## Management Structure

**Corporate Structure of Baan Rock Garden Public Company Limited**





The Company's management structure consists of 3 committees, namely the Board of Directors, the Executive Committee and the Audit Committee.

A) The Board of Directors

The Board of Directors comprise of the following 7 directors:

No.	Board Members	Positions
1.	Mr. Virat Chinrapinporn	Chairman of the Board
2.	Mr. Surapol Satimanont*	Chairman of Audit Committee and Independent Director
3.	Mr. Charnchai Rohitsiri	Member of Audit Committee and Independent Director
4.	Mr. Wanchai Mekasut	Member of Audit Committee and Independent Director
5.	Mrs. Naowanit Silaprarat	Managing Director
6.	Mrs. Naowarat Suthamjariya	Director
7.	Mr. Preecha Jenthanavijit	Director
Mr. Thakorn Boonpha, the Department Head of Corporate Administration, is the Secretary to the Board of Director		

The total number of Board Meetings and the number of Board Meetings each Director attended during the years 2008 and 2009

No.	Board Members	2008	2009
		Number of Meetings attended / total number	Number of Meetings attended / total number
1.	Mr. Virat Chinrapinporn	4/4	4/4
2.	Mr. Surapol Satimanont	4/4	4/4
3.	Mr. Charnchai Rohitsiri	4/4	4/4
4.	Mr. Wanchai Mekasut	4/0	4/4
5.	Mrs. Naowanit Silaprarat	4/4	4/3
6.	Mrs. Naowarat Suthamjariya	4/4	4/4
7.	Mr. Preecha Jenthanavijit	4/4	4/3

Mr. Wanchai Mekasut has been appointed as the director and member of Audit Committee at the Board Meeting No.1/2552 on 23 February 2009.

**Scope of Authority and Responsibilities of the Board of Directors**

1. The Board of Directors is responsible for ensuring that the activities of the Company conform to the objectives and rules of the Company, resolutions of the Shareholder meetings, as long as they abide by the law. The Board of Directors must also ensure that the Company's business conduct strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.
2. The Board of Directors establishes the Company's targets, directions, policies, operational plans and annual budgets, as well as reviews and evaluates the Company's performances. The Board of Directors sets the schedules and formats for performance reporting that the Company must follow.
3. The Board of Directors may appoint a number of Directors and/or Executives, as appropriate, to form an Executive Committee and assign them to manage the Company on their behalf. The Board of Directors will appoint one among the Executive Committee to be the Chief Executive Officer. The Board of Directors may only empower the Executive Committee to manage the Company within their scope of authority and responsibilities, as stated by the law, and they must clearly specify the scope of authority and responsibilities of the Executive Committee.
4. The Directors may not initiate a business that directly competes with the Company. They also may not become partners in any ordinary partnerships, general partners in any limited partnerships, or directors of any companies that pose direct competition to the Company.
5. The Board of Directors must review the adequacy and appropriateness of the Company's internal control system and risk management procedures.
6. The Board of Directors must ensure that the Company's operation receive sufficient audition from the internal Auditor and external Certified Accountant.
7. The Board of Directors is responsible for the review and approval of the Company's periodical and annual financial statements, as well as ensuring that the financial statements are produced in accordance to the general accounting standard.
8. The Board of Directors must equally protect the benefits and rights of all Shareholders, Major and others. They must also ensure that the Company's information are disclosed to the Shareholders in accurate, complete, proper and transparent manner.

To exercise their authority in the following Company's affairs, the Board of Directors must first receive the approval from the Board Meeting through the majority voting of attending Directors, and also from the Shareholder Meeting with the approval resolution produced by at least 75% of attending Shareholders with voices.

- (a) Sale or transfer of the entire or the significant portion of the Company's business to other parties.
- (b) Acquisition or transfer of other public or private company's business to become part of the Company's.
- (c) Amendments to the Company's Memorandum of Association or Articles of Association.
- (d) Increase or decrease of the Company's capitals, or issuance of debentures.
- (e) Corporate merger or dissolution.

**Secretary of the Board**

The secretary of the Board is responsible for providing advice on laws and other rules and regulations to the Board in order for the Board to operate according to good corporate governance including coordinating with the Board and organizing the Board meeting to be in accordance with the rules and regulations of the company.

**Authorized Directors**

The Authorized Directors comprise

No.	Board Members	Positions
1.	Mr. Virat Chinprapinporn	Chairman of the Board
2.	Mrs. Naowanit Silaprarat	Managing Director
3.	Mrs. Naowarat Suthamjariya	Director
4.	Mr. Preecha Jenthanavijit	Director

Any two of the above may sign along with the Company's seal affixed.

**B) The Executive Committee**

The Executive Committee comprises the following 3 executive members:

No.	Executive Members	Position
1.	Mr. Virat Chinprapinporn	Chief Executive Officer
2.	Mrs. Naowanit Silaprarat	Managing Director
3.	Mr. Boonchu Wongpakdee	Executive Director of Accounting

**Scope of Authority and Responsibilities of the Executive Committee**

1. The Executive Committee is responsible for the consideration of the annual budget allocation, proposed by the management team, before taking it to the Board of Directors for approval. The responsibilities also include the urgent review and approval of the amendments and the additions to the annual expense budget in the events of no scheduled Board Meeting. The executive decisions must, however, be informed to the Board of Directors in the soonest Board Meeting.
2. The Executive Committee is responsible for the consideration of the Company's policies, directions, strategies and management structure. The Executives must also set the guidelines for the operations that correspond to the circumstances of economy and market competition, as reported by the management team, before proposing them to the Board of Directors for approval.
3. The Executive Committee must ensure that the Company effectively operates in accordance with the policies and operational guidelines.

4. The Executive Committee has the authority to appoint the Managing Director, and to discharge personnel below the position of the Managing Director from their positions.
5. The Executive Committee is responsible for the allocation of gratuity, after the approval from the Board of Directors, to the employees, workers or anyone who act on the Company's best interest.
6. The Executive Committee is authorized, following the approval from the Board, to endorse the Company's financial transactions, such as account opening, loans, pledges, mortgages, as well as land trading and registration of land ownership, providing the transactions are in line with the Company's objective, and performed to promote the Company's benefits.
7. The Executive Committee is responsible for carrying out any other assignments the Board of Directors entrusts it with. Nevertheless, the empowerment of the Board of Directors to the Executive Committee must be within the legal scope of authority and responsibilities of the Executive Committee.

The Executive Committee is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's significant assets, as defined in the regulations of the Stock Exchange of Thailand, as well as the above transactions involving other listed companies, the Executive Committee must first obtain approval from the Shareholders in a Shareholder Meeting, or by any other mean possible, according to the regulations of the Stock Exchange of Thailand.

**The Management Consisted , as follows :**

1. Mr. Virat Chinrapinporn	Chief Executive Officer
2. Mrs. Naowanit Silaparat	Managing Director
3. Mr. Boonchu Wongpakdee	Department Head of Corporate Accounting
4. Miss Sittima Chanjirapong	Department Head of Corporate Finance
5. Mr. Thakorn Boonpha	Department Head of Corporate Administration & Human Resource.

**C) The Audit Committee**

The Audit Committee is an independent party elected to join the Board of the Directors, with responsibilities to examine the financial information proposed to Shareholders and other related parties, to investigate the internal control system, to conduct internal audit processes, and to communicate with the Company's external auditor.

On March 7, 2005 the Shareholder General Meeting, number 1/2005, resolved to appoint the following 3 members of the Audit Committee:

The Audit Committee consists of the following 3 Directors

No.	Executive Members	Position
1.	Mr. Surapol Satimanont	Chairman of Audit Committee and Independent Director
2.	Mr. Charnchai Rohitsiri	Member of Audit Committee and Independent Director
3.	Mr. Wanchai Mekasut	Member of Audit Committee and Independent Director
Mr. Boonchu Wongpakdee, the Department Head of Corporate Accounting, is the Secretary to the Audit Committee.		

The total number of Audit Committee Meetings and the number of Committee Meetings each Member of the Committee attended during the years 2008 and 2009

No.	Board Members	2008	2009
		Number of Meetings attended / total number	Number of Meetings attended / total number
1.	Mr. Surapol Satimanont	4/4	4/4
2.	Mr. Charnchai Rohitsiri	4/4	4/4
3.	Mr. Wanchai Mekasut	4/0	4/4

Mr. Wanchai Mekasut has been appointed as the director and member of Audit Committee at the Board Meeting No.1/2552 on February 23, 2009

#### Scope of Authority and Responsibilities of the Audit Committee

1. The Audit Committee is responsible for investigating, in concert with the Company's external auditor, whether the Company's financial reports are accurately produced, with adequate disclosure. The Committee may voice its opinion to the Auditor, as well as review and investigate any transactions it sees fit.
2. The Audit Committee is responsible for investigating, in concert with the Company's external auditor and internal auditor, whether the Company's internal control and internal audit processes are appropriately in place and effectively performed.
3. The Audit Committee is to determine the scope of the investigation and the audit plans for the external auditor and internal auditor that are in accord, when investigating the financial transactions.
4. The Audit Committee is responsible for the selection and proposal of the Company's auditor and his compensation to the Board of Directors. The decision for appointment must come from the Shareholder Meeting.
5. The Audit Committee must consider the disclosure of corporate information regarding to related-party transactions or transactions inducing conflicts of interest with all due accuracy and completeness.
6. The Audit Committee is responsible for investigating whether the activities of the Company conform to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.



7. The Audit Committee is responsible for other matters assigned to it by the Board of Directors and agreed by the Audit Committee itself. Examples include the reviews of financial management and risk management policies, the reviews of the Company's operation in accordance with the executive business ethics and the review, in concert with the Company's executive, of significant transactions that, as enforced by the laws, must be presented to the public, such as the executive reports and analyses.
8. The Audit Committee must organize a report on the activities of the Audit Committee, signed by the Chairman of the Audit Committee, which must be included in the Company's Annual Report. The contents of the report include the following:
  - (a) The Committee's opinions on the process of producing and information disclosure in the Company's financial reports, as to whether it is accurate, complete and reliable.
  - (b) The Committee's opinions on the adequacy of the Company's internal control system.
  - (c) The Committee's rationale for its confidence, such that it's appropriate to continue to appoint the current Company's auditor for another period.
  - (d) The Committee's opinions on the conformance of the Company's operations to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
  - (e) Any other matters that the Committee considers appropriate to inform the Shareholders and general investors, which do not exceed the scope of authority and responsibilities of the Committee assigned by the Board of Directors.

#### **Nomination of Directors and Committee Members and remuneration setting**

##### **A) The Board of Directors**

The Company does not set up a Nomination Committee for the purpose of Board Member selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision and reliability. The Company's Articles of Association state that one third of the Director positions must become vacant each year in the annual Shareholder General Meeting. In order to re-elect the Directors, whose terms have expired, the proposal must be approved in the Shareholder Meeting. The Articles also state the guidelines for the Shareholder Meeting to nominate the Company's Directors.

#### **Selection criteria of The Board of Directors as followed:**

1. Each Shareholder has one vote for each share.
2. Each Shareholder may exercise all his votes, as determined in (1), to elect one nominee or more to become Director(s). However, each Shareholder may only exercise equal vote for each nominee, if he wishes to elect more than one nominee.

1. The nominees who receive most votes, in order, will be elected to the Director positions. The number of the elected Directors is equal to the number of the vacant positions. In the event that the number of nominees receiving sufficient votes to be elected is more than the number of vacant position, due to equal exercised votes, the Chairman of the Board is granted the decisive vote.

In the event of Director positions becoming vacant due to other reasons than the expiry of the their term of office, the Board of Directors is to appoint persons with proper qualities and no prohibited characteristics, as mandated by the Public Companies Act, to fill the vacant positions for the remaining of the term, unless the remaining period of the term is shorter than 2 months. The resolution to appoint the replacing Directors for the remaining term, must come from at least 75% of votes from the remaining Directors.

#### **B) The Audit Committee**

The Board of Directors is responsible for nominating at least 3 Directors to join the Audit Committee. The Committee members will be selected from the Company's Independent Directors with appropriate qualities, as guided by the laws pertaining to securities and stock exchanges, including the announcement, rules and regulations of the Stock Exchange of Thailand, mandating the qualities and scope of authority of the Audit Committee. In addition, at least one of the Audit Committee members must have background in accounting and finance.

In addition, the Audit Committee is appointed by the resolution from the Shareholder Meeting, with 2-years term. The Committee's member whose term of office has ended may be reinstated.

#### **Selection criteria of Independent Director**

An Independent Director must possess the following qualities:

1. An Independent Director holds of no more than 5% of the total voicing shares of companies, proprietary companies, subsidiary companies, associated companies or juristic persons with potential conflicts of interest.
2. An Independent Director is not an employee, an advisor regularly receiving salary, or an executive of companies, proprietary companies, subsidiary companies, associated companies or juristic persons with potential conflicts of interest.
3. An Independent Director is not, by blood or by law, a parent, a spouse, a sibling, a child or a spouse of a child of the an Executive, a Major Shareholder, a person with authority of control, or a person who may become an Executive or may gain authority of control, of the Company or the subsidiaries.
4. An Independent Director has no business relationship to companies, proprietary companies, subsidiary companies, associated companies or juristic persons with potential conflicts of interest, in such manner that may prevent him from freely exercising his judgment. He also does not possess any other characteristics that limit his freedom of opinion on the Company's operation.

**Setting up remuneration for Directors and Members of the Audit Committee**

The Company has set a transparent policy to compensate all the Directors with remunerations and other benefits that are fair for their responsibilities and contributions. The Chairman of the Board authorized the remunerations to be paid to the Directors in 2008 to be no greater than 1.5 million Baht, to be the same amount as the 2007 remuneration by determining from the remuneration generally paid in the same industry.

**A) Directors' remunerations as followed.**

Board Members	Positions	Remunerations (Baht per year)	
		2008	2009
Mr. Virat Chinprapinporn	Chairman of the Board	48,000	48,000
Mr. Surapol Satimanont	Chairman of Audit Committee and Independent Director	48,000	48,000
Mr. Charnchai Rohitsiri	Member of Audit Committee and Independent Director	48,000	48,000
Mr. Wanchai Mekasut	Member of Audit Committee and Independent Director	-0-	48,000
Mrs. Naowanit Silaprarat	Managing Director	48,000	36,000
Mrs. Naowarat Suthamjariya	Director	48,000	48,000
Mr. Preecha Janethanavijit	Director	48,000	36,000

**B) The Audit Committee as followed.**

Board Members	Positions	Remunerations (Baht per year)	
		2008	2009
Mr. Surapol Satimanont	Chairman of Audit Committee and Independent Director	48,000	48,000
Mr. Charnchai Rohitsiri	Member of Audit Committee and Independent Director	48,000	48,000
Mr. Wanchai Mekasut	Member of Audit Committee and Independent Director	-0-	48,000

Mr. Wanchai Mekasut has been appointed as the director and member of Audit Committee at the Board Meeting No.1/2552 on 23 February 2009.

Note: The Directors and the Members of the Audit Committee were paid 12,000 million Baht for every meeting they attended.

**C) Remunerations to management, managing officers, and staff****Monetary remunerations**

The Company has set the criteria on the remunerations which include salary, living expenses, wages, allowances, provident fund and bonus. The company has compared its remuneration structure with those of the companies in the same industry and has developed the key performance indicators so that the remunerations can be fair and transparent including being good incentives.

**Non-monetary remunerations**

The Company has placed great emphasis on the human resource of the company. As such, the company has developed and encouraged the bond and good attitude of the staff toward the company. The company has offered the staff the accident insurance for those with operational risks, medical care (annual check up), provident fund, accommodation and public utility for those who work in the provincial areas.

**Policy on dividend payment**

The Company and its subsidiaries follow a policy that limits the rate of annual dividend payment to no great than 70% of the Company's net profit. Less corporate income tax. The consideration factors for dividend payment must include the Company's performance and financial position, its liquidity, expansion plan and other factors relevant to the Company's management. The dividend payment must be approved by the resolution of the shareholder's meeting, as appropriately agreed by the Board of Directors.

## Revenue Structure

The records highlight the Company's revenues, classified by project development, from 2007 to 2009 as follows:

**Table: Revenue Structure of BROCK and Subsidiaries, Classified by Project Development**

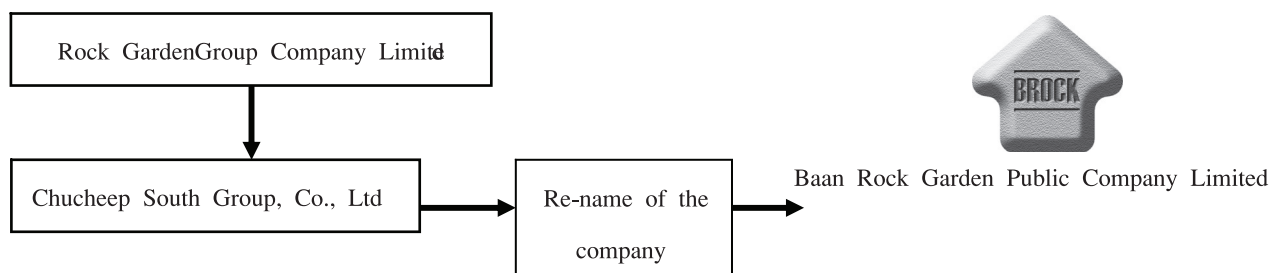
Revenue Types	Generating Projects	2007		2008		2009	
		Total		Total		Total	
		Revenues (Bt. mil.)	%	Revenues (Bt. mil.)	%	Revenues (Bt.mil.)	%
1 Revenues from development projects							
1.1 Sales of town houses and 2.5 floors commercial building in Bypass 2 (4 units in 2007, 2 units in 2008 and 1 unit in 2009)	Baan Rock Garden Bypass 2	5.27	2.06	3.95	1.38	1.95	1.64
1.2 Sales of semi-detached houses, detached houses , 2 storey houses and home office building (48 units in 2007, 2 units in 2008 and 3 units in 2009)	Baan Rock Garden Bypass 3	99.49	38.77	2.96	1.03	7.63	6.44
1.3 Sales of semi-detached houses, detached houses, 2 storey houses and home office building (51 units in 2007, 18 units in 2008 and 4 units in 2009)	Baan Rock Garden Bypass 4	95.22	37.11	37.49	13.07	10.23	8.63
1.4 Sales of semi-detached houses, detached houses and 2 storey houses (11 units in 2007, 70 units in 2008 and 4 units in 2009)	Baan Rock Garden Bypass 5	46.34	18.05	158.77	55.35	11.34	9.56
1.5 Sales of town houses and semi-detached houses (46 units in 2008 and 39 units in 2009)	Baan Rock Garden Airport 1	-	-	76.77	26.57	64.62	54.50
1.6 Sales of semi-detached houses and 2 storey houses (7 units in 2009)	Baan Rock Garden Airport 2	-	-	-	-	18.58	15.67
2. Other Revenues		10.30	4.01	7.46	2.60	4.22	3.56
Total Revenues		256.62	100.00	286.88	100.00	118.57	100.00

## Business Operation

### Company Background and Significant Developments

Baan Rock Garden Public Company Limited, (“Company” or “BROCK”), was formerly known as Chucheeep South Group, Co., Ltd. The Company was established on February 5, 1990, by the Silaprarat family, who had extensive experiences in land trading in Bangkok and other major cities of Thailand, such as Chiang Mai, as well as coastal provinces like Rayong and Phuket. They also conducted business on trading of allocated vacant land in Soi Vacharapol, Bangkok, known as the “Agricultural Garden” project.

Since the Silaprarat family has spot the increasing opportunity of the property development, they have decided to enter the real estate development business by using the same executive team from the Rock Garden Group Co., Ltd. This has demonstrated the capabilities and the extensive experiences in real estate and resort business.



**Chart: Re-organizational structure of the company**

Following the corporate restructuring and the transfer of executives from Rock Garden Group Company Limited, the Company has since concentrated on operating in the real estate business. BROCK’s primary objective is to efficiently utilize all the land in its possession in Bangkok and Phuket. The Company also continuously seeks to acquire allocated land with high potential for profitable development projects.

The Company fully outsources its project design, project construction and project marketing in order to effectively control its expenses, and to promote the performance of the executive and management team.

**The following information illustrated key developments of the Company during the past 5 years:**

March 7, 2005	At the Company's Shareholder General Meeting, number 1/2005, the Shareholders resolved to convert the Company to become a listed company, and to increase its capital from 800.00 million Baht to 1,000.00 million Baht by issuing 40.00 million Baht new common shares at the par value of 5.00 million Baht per share. These new common shares were offered to the public, as well as the employees of the Company and its subsidiary. The name of the Company was changed from "Baan Rock Garden, Co., Ltd." to "Baan Rock Garden Public Company Limited."
May 12, 2005	The Company established another subsidiary, Siam Paradise Group Holding, Co., Ltd., with registered capital of 40.00 million Baht. The investment was a joint venture between the Company and a group of foreign investors in the equal proportion, (50% each), with the intention to lease the aforementioned land of 300 rai owned by Navatthep Co., Ltd.
May 12 – 25, 2005	The Company signed a Memorandum of Understanding with ROCK GROUP and 9 other real estate companies, of which the Company's Directors and Executives were also taking positions of Directors and/or Major Shareholders. The motive of this agreement was to prevent the potential conflict of interest among the parties in the future.
November 24, 2005	The Company sold all its shares in Siam Paradise Group Holding Co., Ltd. to an external person at the same amount it had invested in the joint venture. Prior to the transaction, the Company and the foreign joint investors had planned to use the joint venture company to invest on a yacht marina development project, which included a resort, a condominium and a stylish beach hotel, on the land leased from Navatthep Co., Ltd. However, the foreign investors failed to pay their portion of the investment. Hence, the Company called off the joint venture and sold the shares as mentioned. The Company is currently seeking new joint investors.
November 30, 2005	The Company had continuously expanded its business. It invested on an approximately 104-rai patch of land on Sukhumvit Road in Baan Pae, Amphur Muang, Rayong. The Company planned to develop a real estate project comprising of commercial buildings, single-detached houses and hillside single-detached houses on the purchased land.
October 2, 2006	The Company signed a trade agreement with external persons to acquire some land of 32-3-58 rai in total size in Samut Prakarn, (8 kilometers from the Suvarnabhumi International Airport), to accommodate BROCK's future real estate projects. The total investment value of this land acquisition was 58.50 million Baht, with the deposit amount of 7.00 million Baht. The Company also fully paid the outstanding balance on November 16, 2006.
March 1, 2007	The Company began to develop the 32-3-58 rai land in Samut Prakarn, as the site for Baan Rock Garden Airport, Phase 1 and Baan Rock Garden, Phase 2, which consist of 2-storey townhouses, 2-storey duplexes and 2-storey detached houses. The total value of both projects is Bt. 579.97 million Baht.
June 2, 2007	The Company entered a joint venture with a group of Swedish investors and a group of Thai investors in the proportion of 50:50. The joint venture was titled "Yamu Property Development, Co., Ltd." The company has 4 Board Members, namely Mr. Virat Shinprapinporn, Mrs. Naowanit Silaprarat and 2 representatives from the Swedish group. The authorizing directors include either one of





Mr. Virat Shinprapinporn or Mrs. Naowanit Silaprarat and either one of the two Swedish directors.

The purposes of this joint venture include:

- A beach hotel
- A villa and a condominium
- A yacht marina

June 29, 2007	The Company merged with Navathep Co., Ltd. which was a subsidiary that the Company held 100% shares of. All assets and liabilities were transferred to BROCK, including approximately 500 rai of land in Phuket. The merger was called “Baan Rock Garden, Public Company Limited.”
October 18, 2007	After the Company had purchased the land of 32-3-58 rai in Samut Prakarn, in 2007 the Company also acquired an adjacent piece of land of 42-1-41 rai from another external person to use for the development of “Baan Rock Garden Airport” projects.
January 2008	There were 10 phases in Baan Rock Garden Bypass 6 Project. The Company started Phase 1 of the project in the area around 23-2-42.2 rais. The Company would gradually developed Baan Rock Garden Bypass 6 Project for all 10 phases.
June 2008	The Company received apportion permission for Baan Rock Garden Airport Phase 2 Project. The project area was around 17-3-14 rais. This project encompassed 2-storey duplexes and 2-storey detached houses.
October 2008	The Company started the development of Baan Rock Garden Airport Phase 3 Project. The project area was around 40-2-42.6 rais. This project encompassed 2-storey duplexes and 2-storey detached houses.
January 2009	The Company launched the Baan Rock Garden Bypass 6 Phase 1 Project of 49 units. The project encompassed 2-storey detached houses and the project area was around 23 – 2 – 42.2 rais.
February 2009	The Company started the construction of the Baan Rock Airport Phase 2 Project of 137 units. The project encompassed 102 units of duplex houses and 35 units of 2-storey detached houses. The project area was 17 – 3 – 14 rais.
March 2009	The Company started the development project of Baan Rock Garden Bypass 6 Phase 2 by readjusting the land. The project area was 27 – 3 – 11.2 rais.
May 2009	The Company developed the utilities of Baan Rock Garden Bypass 6 Phase 2 Project.
June 2009	The Company completely developed the utilities of the Baan Rock Airport Phase 3 Project.

### Overview of Company's Business

Baan Rock Garden Public Company Limited conducts its business in real estate sector, with focus on the development of single-attached houses, townhouses and commercial building. The Company primarily develops its real estate under the project title “Baan Rock Garden” in Bangkok and other major provinces that have displayed rapid economy growth and potential for further growth, such as Phuket, Samuthprakarn and Rayong. The Company's current projects comprise the following:

1. “Rock Garden Home 1” and “Rock Garden Home 2” projects. Both projects comprise 2-storey townhouses and 4.5-storey commercial buildings that the Company acquired from ROCK GROUP, the Company’s associate company, in September 2003. They were the remaining 91 available units of the projects that ROCK GROUP hadn’t previously sold. The Company acquired these units at the total investment value of 93.58 million Baht, while it estimates to generate total income of 103.32 million Baht from them.

2. “Baan Rock Garden Meng-Jai” project. This project was the Company’s first development project, which was introduced to the market in February 2004. The project comprises 63 units of 3-storey semi-home-office townhouses, located on Pracha-utit Road, Bangkok. The estimated revenue from the entire project is 331.45 million Baht.

3. “Baan Rock Garden Bypass” project. The Company’s second development project is a large project, primarily located in the vicinity of Phuket Bypass Road, which is the province’s major district. The project is divided into 6 development phases, with a total of 1,042 units, which are estimated to generate total income of 2,991.94 million Baht. At present, the Company has introduced the project’s following 4 phases to the market:

3.1) “Baan Rock Garden Bypass 1.” The project consists of 91 units of single-storey townhouses with total sale value of 76.76 million Baht.

3.2) “Baan Rock Garden Bypass 2.” The project comprises 84 units of single-storey townhouses and 15 units of 2.5-storey commercial building. It can generate total income of 104.14 million Baht

3.3) “Baan Rock Garden Bypass 3.” The project includes the total of 90 units of duplex houses, single-storey detached houses, 2-storey detached houses and home offices. The project’s total sale value is 181.91 million Baht.

3.4) “Baan Rock Garden Bypass 4.” The project consists of 82 total units of duplex houses, single-storey detached houses, 2-storey detached houses and home offices, with total expected revenue of 169 million Baht

3.5) “Baan Rock Garden Bypass 5.” The project is made up of 94 total units of duplex houses and 2-storey detached houses. The project’s total sale value is 216.29 million Baht

3.6) “Baan Rock Garden Bypass 6.” The project is divided into 10 development phases. The project is made up of 580 total units of 2-storey detached houses.

3.6.1) “Baan Rock Garden Bypass 6 Phase 1.” The project is made up of 49 total units of 2-storey detached houses.

4. “Baan Rock Garden Airport” Project. The project is located on Onnuch-Ladkrabang highway, Amphur Bangsolthong, Samuthprakarn province. Currently, the first phase has been opened for sales.

4.1) “Baan Rock Garden Airport, Phase 1.” The project consists of 129 units of 2-storey townhouses and 2-storey duplexes with total sale value of 224.04 million Baht.

4.2) “Baan Rock Garden Airport, Phase 2.” The project comprises 137 units of 2-storey detached houses and 2-storey duplexes. It can generate total income of 352.39 million Baht.

4.3) “Baan Rock Garden Airport, Phase 2.” The project comprises 183 units of 2-storey detached houses and 2-storey duplexes.

5. The Company entered into a joint venture with a group of Swedish investors and a group of Thai investors, in the proportion of 50:50. A development project will be developed under the umbrella of this joint venture on 500 rai of land in Tambol Pa Klog, Amphur Talang, Phuket. The project is made up of a beach hotel, a villa, a condominium and a yacht marina.

Table Existing Projects: BROCK's Current Real Estate (Houses and Land) Projects

## 1) Bangkok

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt.million)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2009)		Sold Units (As of Dec. 31, 2009)			
						Investment Paid	% Completion			Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)	Transferred		To be transferred	
														Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)
Baan Rock Garden Airport Phase 1	Onnuch-Ladkabang Road Amphur Bangsolthong	2-storey townhouses	Jun. 2007	Aug. 2007	136.44	136.44	100	1.57-1.82 1.80-2.50	11-3-60.7	117 12 129	224.04	25 8 33	41.50 23.84 61.02	84 1 85	140.14 2.36 142.50	8 2 11	13.44 7.08 20.52
		2-storey duplexes															
		Total															
Baan Rock Garden Airport Phase 2	Samuthpra-kam	2-storey duplexes	Jun.2007	Mar. 2008	201.11	180.99	90	2.26-2.58 2.86-3.35	17-3-14	102 35 137	352.39	92 35 127	202.80 110.90 313.70	7 - 7	16.91 - 16.91	3 - 3	7.35 - 7.35
		2-storey detached															
		Total															
Total										266	576.43	160	374.72	92	159.41	14	27.87

## 2) Phuket

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt. mil.)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2009)			Sold Units (As of Dec. 31, 2009)		
						Investment Paid	% Completion			Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)
Baan Rock Garden Bypass 2	Phuket Bypass Road, (Baan)	1-storey townhouses	Jul. 2004	Oct. 2004	49.02	49.02	100.00	0.84-1.2 2.0-2.49	8-1-25.7	84	103.96	-	-	84	73.97	-	-
		2.5-storey commercial building								15		1	2.00	14	27.99	-	-
		Total								99		1	2.00	98	101.96	-	-
Baan Rock Garden Bypass 3	Tung-Ka - Baan Sapum Road) near Chalermpr	Duplexes	Mar. 2005	Nov. 2005	102.00	102.00	100.00	1.49-3.2	14-1-56.7	54	182.08	-	-	54	84.59	-	-
		1-storey houses								9		-	-	6	14.50	-	-
		2-storey houses								17		-	-	17	46.03	-	-
Baan Rock Garden Bypass 4	akiat Road) Amphur Muang Phuket	2.5-storey home office	May. 2005	Jul. 2006	93.94	93.94	100.00	1.49-3.2	11-2-38.3	10		9	26.10	1	3.22	-	-
		Total								90		9	26.10	78	155.98	-	-
		Duplexes								52		-	-	52	84.68	-	-
		1-storey houses								6		-	-	6	14.87	-	-
		2-storey houses								9		-	-	9	26.23	-	-
		2.5-storey home office								15	169.00	9	26.10	6	17.10	-	-
		Total								82		9	26.10	69	132.65	-	-

## 2) Phuket

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt. mil.)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2009)		Sold Units (As of Dec. 31, 2009)			
						Investment Paid	% Completion			Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt.mil.)
Baan Rock Garden Bypass 2	Phuket Bypass Road, (Baan)	1-storey townhouses	Jul. 2004	Oct. 2004	49.02	49.02	100.00	0.84-1.2 2.0-2.49	8-1-25.7	84	103.96	-	-	84	73.97	-	-
		2.5-storey commercial building								15	103.96	1	2.00	14	27.99	-	-
		Total								99		1	2.00	98	101.96	-	-
Baan Rock Garden Bypass 3	Tung-Ka - Baan Sapum Road) near Chalernpr	Duplexes	Mar. 2005	Nov. 2005	102.00	102.00	100.00	1.49-3.2	14-1-56.7	54	182.08	-	-	54	84.59	-	-
		1-storey houses								9	182.08	-	-	6	14.50	-	-
		2-storey houses								17	182.08	-	-	17	46.03	-	-
		2.5-storey home office								10	182.08	9	26.10	1	3.22	-	-
		Total								90		9	26.10	78	155.98	-	-
Baan Rock Garden Bypass 4	akiat Road) Amphur Muang Phuket	Duplexes	May. 2005	Jul. 2006	93.94	93.94	100.00	1.49-3.2	11-2-38.3	52	169.00	-	-	52	84.68	-	-
		1-storey houses								6	169.00	-	-	6	14.87	-	-
		2-storey houses								9	169.00	-	-	9	26.23	-	-
		2.5-storey home office								15	169.00	9	26.10	6	17.10	-	-
		Total								82		9	26.10	69	132.65	-	-

## 2) Phuket (Continue)

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt.million)	Progress		Price Range (Bt. mil.)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2009)		Sold Units (As of Dec. 31, 2009)			
						Investment Paid	% Completion			Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)
Baan Rock Garden Bypass 5	(Baan Tung-Ka – Baan	1-storey duplexes	Jun. 2006	Jan. 2007	85.14	80.88	95	1.59-3.2	15-0-68.1	46	216.29	-	-	46	76.99	-	-
		2-storey detached								48		-	-	45	130.01	-	-
		Total								94		-	-	94	216.10	-	-
Baan Rock Garden Bypass 6	Sapum Road) Amphur Muang Phuket	2-storey detached	August.2		144.55	115.64	80	4.29-5.20	29-2-10.22	49	227.68	47	217.51	-	-	2	10.17
		Total								49	227.68	47	217.51	-	-	2	10.17
Total										414	898.80	66	271.71	343	616.92	2	10.17

## Future Projects

### “Baan Rock Garden Airport Project”

The company has already opened one part of the Baan Rock Garden Airport project which is the Baan Rock Garden Airport Phase 1 project whereby the income has been recognized in August 2008. In 2009, the company has recognized partial incomes from the 2 storey duplex houses of the Baan Rock Garden Airport Phase 1 and Phase 2 projects.

In 2010, The company shall complete their construction of Baan Rock Garden Airport Phase 2 project whereby this project offers the 2 storey duplex houses and 2 storey detached houses and is located on the areas of 17-3-14 rai. Currently, the progress of the project is approximately 60%. In the same year, the company has started to develop the public utility system of the Baan Rock Garden Airport Phase 3 project which offers the 2 storey duplex houses and 2 storey detached houses and is located on the areas of 45 rai.

### “Baan Rock Garden Bypass Phase 6 Project”

The company has already completed 5 projects in Phuket which are the Baan Rock Garden Bypass 1 project, Baan Rock Garden Bypass 2 project, Baan Rock Garden Bypass 3 project, Baan Rock Garden Bypass 4 project and Baan Rock Garden Bypass 5 project. These projects with total areas of 57-1-81.3 rai (from the end of 2004 to 2007) are located on the bypass road in Phuket.

After the completion of the abovementioned projects, the company has started their future property development projects. These future projects include the Baan Rock Garden Bypass Phase 6 project with the areas on the bypass road of 235-1-18.5 rai (after deducting the areas of 25-1-25 rai where the electric poles are located, as such, the company has turned that into a public park). This project is located in a good location which is considered to be the main location in Phuket with its growth potential as it is located along the bypass road and close to the Central Festival Department Store and Tesco Lotus. The company's objective is to continue its property development whereby the project shall offer 2 storey detached houses with plot of land. The Baan Rock Garden Bypass 6 project has 10 phases with total 580 units. The source of fund for this project is the cash flow from operating and /or loans from financial institutions.

### “Joint investment project with the foreign investors”

The company has established the joint venture under the name of Yamoo Property Development Co., Ltd. whereby the joint investment between the Swedish investors and the Thais is at 50:50. There are 4 directors at this joint venture, comprising of Mr. Virat Chinprapinporn, Mrs. Naowanit Silaprarat and 2 Swedish investors. The authorized persons which are either Mr. Virat Chinprapinporn or Mrs. Naowanit Silaprarat shall sign with one of Swedish investors. The objective of this joint venture is to build the hotel that is near the sea, weekend houses, condominium, and yacht dock. This project has the areas more than 500 rai and is located at Amphur Thalang, Phuket.

### “Baan Rock Garden Project at Soi Watcharaphon”

The Company has the plot of land of 3-2-68.9 rai at Soi Watcharaphon whereby the company has planned to start its development project after the road construction linking Nimitmai Road and Rattanakosin Sompote Road via outer ring has completed. This new road shall pass at the front of the project. This project is to construct the commercial building which is the future project of the company. The appraisal value of this plot of land has increased as partial plot of lands in the area have been under acquisition so that the road can be expanded and this can be the intersection between the new road from Phaholyothin Road and Rattanakosin Sompote Road. As such, this has made the company's plot of land to be

close to the abovementioned road. Besides the progress on the new road construction, the government has already paid for the land acquisition and shall start constructing the link from Rattanakosin Sompote Road to Phaholyothin Road.

**“Baan Rock Garden Baan Pae Project”**

This project has the area of 104 rai which is located on the Sukhumvit Road and close to the community. This plot of land is located along the hill side and close to the sea which makes it suitable for developing the residential areas. The company shall construct the commercial building, detached houses and hill side detached houses whereby this shall be the highlight of this project. The target customers of the company are the local who may want to own the weekend houses and the foreigners who are looking for houses. With the potential of Tumboon Baan Pae which is the most popular tourist attraction in Rayong, there are a lot of tourists visiting Tumboon Baan Pae each year. One of the popular tourist destinations is Koh Samet. Of that number, several tourists are looking for houses. As for the progress of this project, it is on the process of studying the project structure.



## Competition Analysis and Market

### Economic conditions in 2009 and its 2010 trends

Although the Thai economy in 2009 is considered to grow at a low level, the government has implemented several stimulus measures on real estate in order to boost the growth of the real estate sector. Such stimulus measures are as follows:

1. **Measure on tax reduction:** This measure shall be applied to the person who has recently purchased the property which has never been used before and has already transferred the rights of such property within the date specified under the Decree (this measure shall be terminated in March 10). Hence, such person shall be entitled for the personal income tax reduction of the actual amount but no more than Baht 300,000.
2. **The low interest rate and the competition in housing loans amongst the financial institutions:** Since the Bank of Thailand has lowered the interest rate, this has caused the commercial banks to lower their loan interest rates. Currently, the minimum loan rates (MLR) of the major banks are between 5.85-5.87%, decreasing from 6.75% which is the rate during the beginning of the year 2009. With a decrease in such interest rate, this has increased the buying decisions of the customers on houses. Moreover, with a high competition in the housing loans amongst the financial institutions in order to stimulate the housing loans during the end of the year, this has increased the sales volume of the real estate sector.
3. **Measure on the reduction of specific business tax, transfer and mortgage fees:** By lowering the specific business tax from 3.3% to 0.1%, the mortgage fee from 1% to 0.01% and the transfer fee from 2% to 0.01%, these measures have emphasized in stimulating the sales and reducing the burdens of the entrepreneurs on the development projects. Moreover, with the tax reduction, this can also help stimulating the buying decisions of the buyers.
4. **The Mega Projects of the public sector which physically increases the transportation network:** In 2009, the State Railway of Thailand (SRT) has performed a test-run of the Airport Link – sky train whereby this line is directly linked to the BTS sky train and the MRT train. The SRT will expand its construction into many areas. Moreover, Bangkok is planning to launch a Bus Rapid Transit (BRT) service by using the interlink network whereby this shall be expanded to many areas. This will stimulate the purchase of real estate along the transportation route.

Although the government has implemented several stimulus measures to simulate the economy of the real estate sector, the private consumption has not evidently increased due to various factors. These factors include both internal and external factors which are unfavorable to the Thai economy, for example, a continued recession of the world economy, a domestic political instability, domestic segregation in the way of thinking which could lead to violence, etc.

As for the outlook of the real estate sector in 2010, it is expected that the Thai economy shall slightly improved but not yet in their full recovery. This is because the continued fiscal and monetary policies of the government since 2009. The business competition in 2010 shall still remain and may be increasingly strong especially the completion in the lower market to the middle market. However, if the government has launched more stimulus measures, these could boost the growth and stability in the real estate sector.

## The Company's market

Baan Rock Garden Public Company Limited is focusing on developing and selling housing and land to customer group with average income, with price ranging from Bt. 1.49 million Baht to 4 million Baht. The Company has a policy to standardize the quality of all its projects, under the brand "Baan Rock Garden" in order to build confidence in its products among all the customers. The Company's strategy to sustain and to expand its market share is as followed:

- 1) selecting convenient locations, by building projects in the vicinity of town centers and shopping malls.
- 2) Setting appropriate pricing for every project by considering general consumer behavior and purchasing power of people in the area, so they could make prompt decision upon acknowledging the prices.
- 3) Presenting all housing with standardized quality, built with high-quality and durable materials.
- 4) Constructing and transferring all houses in timely manner, which is the Company's most outstanding strength that has built its trustworthy image among the consumers.
- 5) Maintaining excellent relationship with customers through post-sales services, such as maintenance of the house structure, painting and ceiling, as well as setting up water and electricity system. The Company employs its own construction team specifically to offer such services.
- 6) Expanding the projects to other provinces with high potential.

### 1. Product Strategy

The Company consider to develop the project in the area which has a chance in the economic great. According to The Company has set a policy to fully outsource its project development team, in order to help the Company to effectively control its expenses and to develop projects that meet the needs and objectives by hired professionals. As a result, the Company's projects are designed to appear modern and architecturally unique. The houses are designed to be spacious and airy, yet sufficiently functional, with openings for sunlight to reach the interior to emphasize the energy conservation concept. Furthermore, the Company also contracts external resources for all project constructions, by employing appropriate and effective selection process. It also sets the specifications of the suitable construction materials that the contractors must use for the projects. The construction will be thoroughly monitored and inspected by the Company's Project Construction Department, until the constructed unit is delivered to the Company, in order to ensure that the constructions are performed effectively in every step up until the rights transfer to the customers.

### 2. Pricing Strategy

The Company sets its product prices by employing the cost-plus-margin method. However, in the final stage of pricing, the Company also takes into consideration the market demand and competition conditions at the time. The performance of real estate industry largely depends on 1) interest rates; 2) consumer's purchasing power; and 3) the country's economic growth rate.



## **Distribution channel**

The company has greatly emphasized on sales persons at the sales office as their distribution channel to provide service to the retail customers who have walked in. Such sales persons at the sales office are the marketing officers whereby these positions have been outsourced. The company has hired 1 team of external parties to be responsible for the projects in Bangkok and another team to respond for the projects in Phuket. These marketing officers have great knowledge and expertise in the real estate market of those areas for a long time.

As for the marketing promotion, the marketing department of the company has worked with the marketing officers to arrange the promotion and several forms of advertisements e.g. billboards, medias on the minibus, booths displayed in many places in order to reach to the buyers and find the buyers for the company. These 2 marketing teams shall receive the fixed rate of commission between 2.5-5.9% of the house sales in the project.

## **Impacts on environment**

The Company has faced no conflict regarding environment handling in the past 3 years, as the Company has put high priority in managing the environmental impact. The Company has set strict policy on environment treatment, by setting up systematic and standardized public utilities, especially water treatment system, including each project's central water treatment facility. Moreover, the Company has always followed up on its policy to minimize impacts on environments and its policy to regularly inspect the conditions of project surroundings.

## Risk Factors

### 1.1 Business operation risks

#### 1.1.1 Risks from slow down in economics

In 2008, overall domestic real estate business was obviously slow down due to problems persistent from 2007. Main problems were stability of domestic politics and economic recession in United States of America and European countries. As a result, the Company needed to closely monitor those situations in order for the Company to be able to revise business strategies to compete with other producers during the period of economic recession and more severe competition. The Company's strategy was still focusing on the development of projects within the areas where economies were continuously growth. The Company also focused on offering products that met the needs of target customers. Under risk factor of economic uncertainty during the year, the Company tried to operate the projects in the areas where economy was continuous growth in order to maintain the Company's operating performance as targeted and to grow continuously.

#### 1.1.2 Risks from dependence on contractors and construction labors

The Company does not own a subsidiary contractor; therefore, it has to hire contractors, along with labors. This poses some risks as the contractors may fail to complete the projects in time for the Company's delivery to the customers. To avert such risks, the company has adopted an open auction, based on the project blueprint – (B.O.Q.) - for its contractor selection process. The Company's Project Construction Department will set a benchmark prices, then organize an open auction where interested contractors can equally participate. The Project Construction Department will then review all the submitted proposals for details of labor and material costs in order to determine which contractors offer the most cost effective proposal. The Company always requires that selected contractor sign work agreement with the Company, with the condition that the Company can fine the contractor in case of construction delay, and also claim for any damages caused by the contractor. In addition, the contractor must provide certain amount of deposits as guarantee of the work quality. Should the contractor abandons the unfinished project, the Company will take that amount of deposit, combined with the unpaid balance of the contract amount, to select new a contractor to continue the construction of the project to completion.

Furthermore, the company generally minimizes the risk of dependence on any individual contractors by dividing the construction work among a number of contractors. The Company will assign the appropriate amount of work to each contractor by considering their capability, so that they can all meet the requirement, which will enable the company to deliver the house to the consumer as planned.

#### 1.1.3 Risks from join venture

By the resolution from the Shareholder's General Meeting, held on April 6<sup>th</sup>, 2007, the company was authorized to take possession of all assets and liabilities of Navathep, Co., Ltd., (Navathep), a subsidiary in which the company held 100% shares, and to liquidate Navathep's account. The decision was made to aid the company's expansion and to improve management effectiveness. The transfers of assets and liabilities from Navathep took place on June 29<sup>th</sup>, 2007, at the book value. The assets included a 500-rai vacant coastal land in Amphur Talang, Phuket, on which the company planned to develop a yacht marina, along with a condominium, a luxurious beach hotel and a resort. The Company planned to develop the project on this land under a joint venture with a group of foreign investors. On June 2<sup>nd</sup>, 2007, the company purchased

50% of common shares of Yamu Property Development, Co., Ltd., which amounted to Bt. 1.0 million, in order to participate in the joint venture with a group of Swedish investors.

As a result of this joint venture, the Company bore the risk of losing the opportunity to develop its own project on this 500-rai piece of coastal land. However, the land is the Company's property, with no debt obligation. As such, the Company was not bound by any obligation, even in the case that the intended project couldn't be developed.

The net book value of the transferred 500-rai land was Bt. 507.80 million. On January 25<sup>th</sup>, 2005, Navatsep set the devaluation allowance for undeveloped land in the amount of Bt. 5.28 million in order to reflect the real asset value as per the Accounting Standard, which was appraised by comparison to the market price. The appraiser, Siam Appraisal and Service, Co., Ltd., determined the value of the asset at Bt. 507.80 million. Thus the Company recorded the transfer value of the land at the cost of Bt. 513.08 million and the devaluation allowance for undeveloped land of Bt. 5.28 million.

#### 1.1.4 Risks from laws governing land allocation

Although the property market is considered a free market, the revisions and releases of new regulations, announcements and guidelines, which take place every 4 years, in consistent with the laws governing land allocation, can usually cause operational difficulties to real estate business owners, such as the construction delay and the consequent increase in operational expenses. The modified laws that pose the most problems include zoning and city planning, traffic planning and environmental preserving regulations, as they are likely to cause increases in the operational expenses of real estate business owners.

In building townhouses, the business owners would have to comply with the regulations in the Land Allocation Act, of 2000, regarding public safety and environmental preservation. For example, the owners are responsible for establishing water supply infrastructure, and they would have to provide an analysis on the effects of their projects on environment. The law also specifies many guidelines regarding lot allocation. For instance, to allocate the land for building a detached house, the allocated lot must be at least 10 meters in either its width or length, with the lot size of no less than 50 square wah. Furthermore, in order to distribute the land into 99 subordinate lots or less, (or land of less than 19-rai plot size), a road is required with 9 meters in the width of right of way and 6 meters in the width of pavement. Roads built on the land apportioned into 100 – 299 subordinate lots, (or land of 19-to-50-rai plot size), must have 12-meter-wide right of way and 8-meter-wide pavement. Finally, roads built on the land allocated into 300 – 499 subordinate lots, (or land of over-50-rai plot size), must have 16-meter-wide right of way and 12-meter-wide. In addition, in 2003, the law was passed to mandate all townhouse projects regulated by the Land Allocation Act, of 2000, to establish juristic persons to provide and manage all public infrastructures, such as hiring security guards and paying for water and electricity. The juristic persons must be registered within 180 days following the completion of all the public infrastructure construction, such as roads, pavements and lamp posts, which will belong to the project owners for another one year before the juristic persons take possession of them. The project owners must also pay deposits for the public area to the juristic persons, hence increasing the expenses.

Another regulation that may create problems to the real estate business owner is the Bangkok City Planning Regulation, which was announced for immediate effect on May 16, 2006. This regulation, which is usually in effect for 5 years and may be renewed twice, each for a one-year period, would take effect until May 15, 2011. The owners of high rise buildings are likely to be impacted by this law because it imposed tighter restrictions on construction factors like floor-area ratio or open space ratio in certain zones of Bangkok. (The proportion of total area of built structures to the plot size of land – the floor-area ratio – is decreased, while the required ratio of a structure's open space to its total area – the open space ratio – is increased). The City Planning Regulation also set many additional requirements for road construction to minimize

traffic problems, such as the sizes of roads connecting large buildings to public roads, and their location in relation to the nearest sky train stations. The regulation can cause business owners to bear higher costs when acquiring lands, which will consequently drive the higher prices of the units for sales.

These regulations may affect the Company's future income as it limits the number of units that can be built in its various projects due to larger space requirement. In addition, such limitations may induce higher unit price of the Company's houses. In addition, the limitations of the Land Allocation Act, of 2000, as well as any further official rules and guidelines introduced in the future, may be in conflict with the Company's future policy. However, these laws have no retrospective effects, thus the Company's current projects will continue to progress as planned. Moreover, the "Baan Rock Garden Bypass 6" project, which comprises of 10 phases, that the Company started to develop in 2007 on Phuket Bypass Road, is expected to generate sufficient income for the Company for the next 3 – 5 years. The project has already been permitted to be built by Phuket's local authority. In addition, the Company also plans to develop "Baan Rock Garden Airport, Phase 2" in Samut Prakarn province, near the Suvarnabhumi Airport, as a continuation from the "Baan Rock Garden Airport, Phase 1," which is currently in the process of document submission for approval by the authority. The Company plans to develop all these new projects by taking all the new laws into consideration, as well as regularly studying real estate market conditions. The Company believes it will be able to expand its operations in compliance with all the laws and regulations.

## **1.2 Production and project construction risk**

### **1.2.1 Risk from price fluctuation of construction materials**

Due to the slow down in domestic real estate business and continuous fluctuation of oil price in the world market, thus, costs of constructions severely fluctuated. At the beginning of the year, prices of almost all of construction materials were greatly higher. While, at the end of the year, there was economic recession in United States of America and European countries, then, the real demand was known. As a result, prices which were very high started dropping almost to the same level. This price fluctuation severely affected real estate business since developers might have houses that were constructed during the first half of the year at very high costs. Thus, they needed to sell high cost houses as quick as possible in order to lower the losses. This was the risk that they needed to release high cost products during economic recession period.

However, the Company charges the sub-contractors that it hires to construct all its projects with the responsibility to acquire all major construction materials, including floor tiles, roof tiles, metal and sanitary wares both for the current projects, (Baan Rock Garden Bypass 3, 4, 5 and Baan Rock Garden Airport, Phase 1), and the future projects, (Baan Rock Garden Bypass 6 and Baan Rock Garden Airport, Phase 2 and 3 ). By including all these major material prices into the contracted construction payment in advance, the Company can greatly reduce the effect of the fluctuating material price. This helps to prevent the risks from the future escalating material cost to some degree, enabling it to forecast the expenses and to adjust to any anticipated changes. It also helps the Company to protect its operating profits against sudden changes in material price.

### 1.3 Financial risks

#### 1.3.1 Risks associated with the Company's cash flow

Since 2003, the Company has relied on its major shareholders and/or related company to provide a financial support. Some of these funds were charged interests, while the others were not. This was to follow the conservative financial management policy of the Company in the early days of its real estate development business. However, for the Company's future development projects, namely "Baan Rock Garden Airport, Phase 2" and "Baan Rock Garden Airport, Phase 3," with combined investment of Bt. 800 million and "Baan Rock Garden Bypass 6" with the project value of over 2,400 million Baht, and the investment in venture capital organization for develop land bank 500 Rai in Phuket which is using a lot of fund. The Company may bear the risks of cash flow, as it is likely to require external loans from financial institutions. This means the Company may create liabilities that charges interests in the future.

Nevertheless, the Company already takes into account the current financial structure and cash flow from operation that must be reserved for the necessary liabilities. The Company also has good relationship with a number of financial institutions that the Company currently contacts for the credits to its consumers. Additionally, the Company also owns many assets that may be used as collaterals, such as undeveloped land. As such, the Company should be able to minimize the impacts to its liquidity and cost of funds, and it should be able to expand in the future.

### 1.4 Management risks

#### 1.4.1 Risks from Company's directors taking executive positions

The Company is currently under the management of the Silaprarat family, with Mr. Virat Chinprapinorn, an associate to the family, as the President, and Mrs. Naowanit Silaprarat as the Managing Director. The Company bears a certain level of risk, as both persons are, jointly, authorized Directors with authority to execute all of the Company's financial and legal transactions. In order to promote an adequate balance of authority, the Company operates under the following guidelines:

1. The Company appointed Audit Committee, comprising of 2 Independent Directors, to monitor its business operations.
2. The Company appointed Audit Committee, comprising of 3 Independent Directors, to monitor its business conduct.
3. The Executive Board and the Managing Director have no authority over connected transactions, acquisition or sale of the Company's important assets, and any transactions that may be a potential for conflict of interest involving the Company and its subsidiaries. If such transactions are necessary, they must be proposed for approval to the Company's Board of Directors or, (as appropriate), in the Shareholders Meeting.
4. The Company has established an Internal Audit Unit, comprising external individuals provided with appropriate rights to monitor the Company's operation. They report directly to the Audit Committee. The Internal Audit Unit conducts a review, with the Audit Committee, of the Company's operation every quarter, ensuring that it has effective and comprehensive internal control system and internal audit process.



## Corporate Governance

### Rights of Shareholders

The Company has given the importance on the equal right of all shareholders for example we regularly inform the shareholders of the progress of the business operation. All shareholders earn the equal right to question and express their views as well as advices on the Company's business operation on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th).

In the Annual General Meeting of Shareholder, with the important of the voting rights of the shareholders, the company has sent shareholders the invitation letter and the meeting document 14 days before the commencement of the meeting whereby these letters shall be sent by Thailand Securities Depository Co., Ltd., the company's registrar. Moreover, the company has published the invitation letter and the meeting documents on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) approximately 30 days before the commencement of the meeting in order for the shareholders to study in advance. The annual report has also been published on the company's website approximately 14 days before the commencement of the meeting.

The shareholders have the opportunity to ask any questions on each agenda by contacting Khun Takoon Boonpha, secretary of the company, via her E-mail address: [tboonpha@rockgarden.co.th](mailto:tboonpha@rockgarden.co.th) or reaching her at 02 – 9347000 ext. 309 at least 3 days before the commencement of the meeting whereby this should not be more than 7 days. Moreover, the shareholders could raise questions or express their opinions on any agenda during the meeting. The questions raised and the answers including the suggestions shall be recorded in the minute whereby this shall be published on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) in the form of video clip approximately 14 days after the commencement of the meeting. The company shall announce this information to the shareholders either directly or through the Stock Exchange of Thailand.

### Equal Treatments of Shareholders

To protect the fundamental rights of shareholders, the Company has made it its policy to support and value equal and indiscriminate treatments toward them, especially minority shareholders whose rights have been violated and should be compensated. As a result, the Company has resolved to adopt the following measures:

1. When arranging the Annual General Meeting of Shareholder, the shareholders are given the opportunity to propose additional agendas via the company's website, [www.rockgarden.co.th](http://www.rockgarden.co.th), or they could contact investor relations unit at 02-9347000 ext. 307 or fax at 02-9347186 for more information regarding the rules and procedures in proposing additional agenda. The company has also announced this information to the shareholders through the Stock Exchange of Thailand.
2. At shareholders' meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.
3. In 2008, the Board of Directors resolved to give minority shareholders a chance to propose agenda items in advance, starting from the AGM1/2552. The resolution was notified in advance through the Company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) and the Stock Exchange of Thailand's website.



4. The Company proposes the names of all of its independent directors as an option for proxies. A shareholder may choose to be represented by any one of them. The proxy forms are also in line with the forms recommended by the Commerce Ministry, with the formats that allow the shareholders to dictate the direction of his votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.

5. The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting rooms so that they may be counted and added to the votes cast in advance in the proxy forms before announcing the result of the voting in the meeting room.

### Disclosure and Transparency

Aware of the importance of adequate, accurate, inclusive, timely and transparent disclosure, the Company publishes its important information including financial and non-financial data on the website of the Stock Exchange of Thailand (SET) and of the Security and Exchange Commission (SEC) according to the criteria laid down by the SET and SEC.

Moreover, the Company has established the investor relations unit (Tel: 02-9347000 ext. 307 or E-mail address: [nattaya@rockgarden.co.th](mailto:nattaya@rockgarden.co.th)) as a communication channel for the shareholders, investors and persons who are interested to learn more about the company can make inquiries regarding the company. The information that has been made public and informed to stakeholders is made available at the Company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) and updates are made regularly to ensure users can have convenient access to timely news and information in their best interests.

### Rights of Stakeholders

The Company valued the rights of all stakeholders such as the employees and executive of the Company and its subsidiaries, as well as outsiders such as trading partners, the public sector and related agencies to ensure a long-term success. The details are as follows:

- Employees: The Company has treated its employees fairly and paid them appropriately. Moreover, the company has offered various kinds of fringe benefits. These include the uniforms to all employees whereby the patterns shall be changed every 2 years, accident insurance for employees with operations risk, annual check-up, provident fund, accommodation with facilities for employees who work in provincial areas.

For the human resource development in 2009, the company has trained several employees in order to enhance their knowledge and capability. The trainings include the use of some computer software, joint –seminar with the Stock Exchange of Thailand, Finance and Accounting training, etc.

- Trading partners: In purchasing goods and services from its trading partners, the Company has complied with trading terms and fulfilled its contractual obligations with integrity and transparency.

- Creditors: The Company has taken good care of and acted responsibly toward its customers. It has produced quality and standard products, maintained their confidentiality and set up a unit exclusively to deal with them. The company has also listened to recommendations and opinions provided by its customers. As such, the customer relations unit has been established in order to provide the after sales service to the company's customers.

- Competitors: The Company has competed within the frame word of good competition and avoided any dishonest strategy aimed at destroying them.

- Communities: The Company acts responsibly toward the environment of communities and the society by complying with any environmental law in order to avoid impacts towards the company, its community and any relating parties. The company has also paid great attention to the current environmental situation. Therefore, the company has regularly organized the activities to stop global warming annually.

Regarding the stakeholders' contributions, the stakeholders can file the complaints; give any clue on the misbehavior of the company's employees or behaviors that could bring a disgrace to the company by sending the letter to the Managing Director at 601 Soi Ramkhamhange 39, Prachauthit Road, Wangtonglang District, Bangkok 10310. After received the letter, the company shall consider only the complaint letter or suggestion made by the stakeholders who have provided their name, contact address, telephone number and E-mail address (if any) and have relation with the company. This information shall be kept confidential.

If the company has conducted the inspection and found some evident, the company shall proceed according to the laws and relevant rules and regulation, including report to the Board for justice and transparency so that all departments have been informed.

### Corporate Governance

The Company gives the corporate governance of the Stock Exchange of Thailand a high priority as it is considered a vital system to the processes and structures of leadership and control. The corporate governance also facilitates responsibility for one's position through transparency and enhances corporate competitiveness as a mean to preserving capital and adding value to the Shareholder's equity in the long term. The corporate governance is a code of business ethics that protects various interested parties and society in the entirety. The principles of good corporate governance, which are:

### Policies on Corporate Governance

With the understanding of the importance of Policies on Corporate Governance, the Company's Board of Directors has set the policies focusing on the transparency of business operation, investigation and disclosure of information to the public and shareholders on a regular basis. We also give the attention to the internal control and auditing system including the effort to closely manage and control and the risks by taking into consideration the ethics of fair business operation to the customers, shareholders and stakeholders. The structure of the Executive Board is as follows:

Management Committee	3 persons
Non-management Committee	2 persons
Independent Committee	3 persons

The Board of Director has been elected by the company whereby each director shall have the term of 2 years. In order to enhance the management efficiency, the check and balance has been clearly put in place. As such, no employee shall have solely authority to sign or make decision. Moreover, a clear line of authority and segregation of function have been established. The structure of the management has been written in the annual report in order to be accordance with the good corporate governance of the Stock Exchange of Thailand. For more detail, please see "Management".

### Leadership and Vision

The board has actively participated in determining the policies, objectives, business plans and budgets of the Company, as well as supervised the management to ensure the business has been implements in line with the laid-down plans and budgets in an efficient and effective manner.

**Training and Development for Directors and the Management**

It is a company's policy to encourage all members of the Board to undertake some training courses from Thai Institute of Directors (IOD) which are relating to their positions and responsibilities in order to enhance their knowledge and capability to efficiently govern the company. For the directors who have just been elected, each director shall be informed of the information of the company, rules and regulations, business model of the company, which is relevant to their duties. Moreover, various trainings shall be provided to such directors in order to continually enhance their knowledge. The training information shall be published on 56-1 and the annual report. For more details, please see "Directors' profile"

**The Board's remunerations**

Although the company has not yet had the Remuneration Sub-committee, the company has an appropriate process to determine the remunerations.

- The meeting allowance for the Board and the Audit Committee 12,000 baht/ meeting

The remunerations of the management shall be accordance to the policy set by the Board whereby this shall be linked to the operation results of the company and the performance of each management. The performance evaluation shall be conducted according to the chain of command and the remunerations are in the form of salary.

**Conflicts of Interests**

The Company has the policy to eliminate the conflicts of interest by allowing the audit committee to consider and approve the transactions. The audit committee will bring all issues to the Board of Directors' meeting for consideration where the stakeholders of the particular issue will be required not to vote for justice and best company's benefit purposes. The Company always operates the business according to the rules of the Stock Exchange of Thailand, and discloses details, value, contracts and other necessities in the annual report and Form 56-1. For the usage of inside information, the Company's policy indicates that the management must follow Section 59 of Stock & Stock Market Act, B.E.1992 and are not allowed to use inside information for personal benefits

**Business Ethics**

The Company's Board of Directors and management promote the employee's honesty and responsibility to the stakeholders, shareholders and all parties concerned. This is important in order to build an organizational culture with social responsibility. The Company has required that the executive board conform the Best Code of Practices based on SET's guidelines.

**Social contribution projects**

The Company have an objective for social contributions and we always concentrate on many activities as follows: In 2008 the company has activities for save the Global Warming. The objective of the company are corporate social responsibility about afforest the mangrove forest at Namcheial Mangrove Forest Station Trad Province. And then the company has activities the National Children's Day with Wangthonglang police station to give the prize for the children every year.

## Corporate Social Responsibilities (CSRs)

### Environment

**The Baan Rock Garden Public Company Limited (BROCK) has organized a CSR - environmental activity called Green Park.....At Home. This activity has been held on 18 October 2009 at the park of Baan Rock Garden Airport Phase 1 Project-** Due to the current global warming, this has become the major problem to everyone. Every party must help to fight or stop the global warming. One way is to plant trees in the front yard as one tree can absorb carbon dioxide at the average rate of one ton over their lives.

The BROCK PCL. has organized the Green Park ....At Home activity in order for the residents of the Baan Rock Garden Airport Phase 1 Project to participate in the stop global warming campaign. Moreover, this will enhance the quality of life of the residents of this project. The activities on that day include At Home garden contest and plant a tree contest to win awards from the company.

Khun Naowanit Silaprarat, Managing Director of Baan Rock Garden Public Company Limited, has acted as the contest chairman and the judges of the At Home garden contest. After the competition, Khun Naowanit Silaprarat has presented the awards to the winner of the contest and thanked all the guests who have participated in the company's activity.

### Society

**For the past few years, Baan Rock Garden Public Company Limited has encouraged and organized several special and social activities.** The company has annually co-organized the Children's Day activity with Wang Thong Lang police station. In 2010, a company representative has participated in the Children's Day activity, which is held on Saturday 9<sup>th</sup> January 2010 at the stadium of Wang Thong Land police station, in order to present the awards and gifts to the children.

## Details of Related Transaction

### Details of Related Transaction at the end of December 31, 2008 and December 31, 2009

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2008	Dec 31, 2008		
a) Baan Rock Garden, Plc., Ltd. (BROCK) and Rock Garden Group, Co., Ltd. (ROCK GROUP)	<ul style="list-style-type: none"> <li>ROCK GROUP is an associate company of BROCK and its subsidiaries, with common Executives and Major Shareholders.</li> <li>Common Executives and Major Shareholders:</li> <li>1. Mr. Virat Chinprapinorn: Holding 122,500 shares of ROCK GROUP (0.61% of paid-up registered capital)</li> <li>2. Mrs. Naowanit Silaprarat: Holding 550,000 shares of ROCK GROUP (2.75% of paid-up registered capital)</li> <li>3. Mrs. Naowarat Suthamjariya: Holding 100,000 shares of ROCK GROUP (0.50% of paid-up registered capital)</li> <li>Common Shareholders:</li> <li>1. Mrs. Nongnoi Silaprarat: Holding 9,072,500 shares of ROCK GROUP (45.36% of paid-up registered capital)</li> <li>2. Mrs. Naowanui Silaprarat: Holding 7,980,000 shares of ROCK GROUP (39.90% of paid-up registered capital)</li> </ul>	1. Office rental 1.1 Office rental for Head Office  1.2 Service charge  1.3 Electricity charge	1.10	1.24	- BROCK is currently renting 3-floor space from ROCK GROUP, spanning 690 square meters, at 150 Baht per-square-meter rental rate per month (Increased from 97 Baht-per-square-meter rental rate per month since May 1, 2007), Total amount is 103,500 Baht per month. The contract lasts 3 years, starting January 1, 2005, and can be renewed every 3 years. - BROCK pays ROCK GROUP for service charge of 51,681 Baht per month, 690 square meters, at 74.90 Baht per-square-meter rental rate per month (Increased from 70 Baht-per-square-meter rental rate per month since May 1, 2007) This service is including water, security guard, and other services. - ROCK GROUP installed an electrical meter and charged the fee is based on actual usage.	- The current rental rate of 150 Baht per square meter per month that the Company pays ROCK GROUP is comparable to the rental of nearby office buildings.  - The service charge rate of 74.90 Baht per month is comparable to the rate charged by other office buildings in the same area.  - the fee is based on actual usage and rate charged by other office buildings in the same area  * The Audit Committee considers the rental and the service charge rational. Furthermore, after the installation of the electrical meters, so that the Company can pay per actual usage just as other tenants do, the Audit Committee also determines that the electrical charge is reasonable.

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2008	Dec 31, 2008		
b) Baan Rock Garden, Plc., Ltd. (BROCK) and Executives/ Shareholders/ Other persons with potential conflict of interest	The person with potential conflict of interest is hereby identified as Mr. Saksom Jamornmarn, who is the father-in-law of a Major Shareholder, Mrs. Naowanart Jamornmarn.	1. Long-term loan 1.1 Long-term loan 1.2 Estimated accrued interest on this loan 1.3 Estimated interest, payable by land.	- 1.32 - -	- 1.32 - -	- BROCK was not to pay for the cost of this fund in cash. Instead, a vacant land of equal value had to be transferred to the lender by November 30, 2006. Hence the Company must transfer its land of 1-rai in size, located in T. Koh-Kaew, A. Muang, Phuket, valued at 1.32 million Baht, to Mr. Saksom. The land was equal in value to the loan interest rate of 2.21% per year.	- The Company required such loan to use as its working capital. The transaction was considered to be beneficial to the Company's financial status, as the cost of fund was equivalent to an interest rate of 2.21% per annum. The loan was paid in full amount as of November 30, 2006. And end of December 31, 2007 The Company has not transferred the land to the lender.  * The Audit Committee perceived that the loan transaction provided the Company with financial advantage, compared to loans that the Company would, otherwise, have borrowed from elsewhere. The transfer of its land as repayment had no effect on sales of the Company's projects. Hence the transaction was necessary and sensible.

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2008	Dec 31, 2008		
b) Baan Rock Garden, Plc., Ltd. (BROCK) and Executives/ Shareholders/ Other persons with potential conflict of interest	The Shareholder is hereby identified as Mrs. Nongnoi Silaprarat.	2. Long-term loan 2.1 Long-term loan 2.2 Estimated accrued interest on this loan 2.3 Estimated interest, payable by land.	- 5.30 -	- 5.30 -	- BROCK was not to pay for the cost of this fund in cash. Instead, a vacant land of equal value had to be transferred to the lender by November 30, 2006. Hence the Company must transfer its land of 4-rai in size, located in T. Koh-Kaew, A. Muang, Phuket, valued at 5.30 million Baht, to Mrs. Nongnoi. The land was equal in value to the loan interest rate of 3.93% per year.	- The Company required such loan to use as its working capital. The transaction was considered to be beneficial to the Company's financial status, as the cost of fund was equivalent to an interest rate of 3.93% per annum. The loan was paid in full amount as of November 30, 2006. On June 31, 2007 Brock was not to pay for the cost of fund to be transferred the land to the lender.  * The Audit Committee perceived that the loan transaction provided the Company with financial advantage, compared to loans that the Company would, otherwise, have borrowed from elsewhere. The transfer of its land as repayment had no effect on sales of the Company's projects. Hence the transaction was necessary and sensible.

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2008	Dec 31, 2008		
C) Baan Rock Garden, Plc., Ltd. (BROCK) and Yamu Property Development Company Limited (Yamu Property)	- Yamu Property is a venture capital organization between BROCK and Swedish investors. BROCK hold shares 50% of registered shares capital. (The Swedish investors hold remaining 50% of registered shares capital.)	Long term loan	3.0	3.2	No interest payment. (The other side of shareholders (The Swedish investors) Paid long term loan in which equal amount for to Yamu Property with no interest payment.)	BROCK lent 50% of longterm loan to Yamu Property amount 3 M without interest charge (50% remaining (3 M) was paid by Swedish investors) for working capital and project development of Yamu Property. This long term loan is financial supporting to related company with none charge interest of 2 sides of shareholder in the equal percentage that would be a benefit to BROCK in the future.  * The Audit Committee reviewed this transaction and determined which transaction was necessary and reasonable.



## 2009 Financial Position and Operating Performance

### Business performance overview

In 2006, the real estate industry slowed down a great deal, due to the consumers' lack of confidence in the national political status, as well as a reduced demand for townhouses and increased interest rates, which drove the purchasing power to fall down, even after the inflation was lessened, and the interest rates became stable. It was the turning point in consumer behavior, as they adjusted to the environment. The demands shifted toward condominiums and town homes. However, the Company still continued to sell and to realize income from the projects that it started in 2004 and 2005. 17 more units were sold in "Baan Rock Garden Meng-Jai." as well as 55 more units in "Baan Rock Garden Bypass 1" and "Baan Rock Garden Bypass 2." Moreover, the realization of revenues from selling 28 units in "Baan Rock Garden Bypass 3" began.

In 2007, the deceleration of the real estate industry continued from the previous year. There were many contributing factors, such as the unstable state of Thailand's politics, the U.S. economic regression due to wide-spread sub-prime loans, and the ongoing fluctuation of world market oil price. The result was the escalating competition in the real estate market. Nevertheless, the Company maintained its strategy to generate income from the areas where economic growth was still perceptible. For example, it started 2 more development projects in Phuket, the "Baan Rock Garden Bypass 4," 82 units of which were sold, and the "Baan Rock Garden Bypass 5," 94 units of which were sold.

Thus the Company realized revenues in 2007 from 4 projects, "Baan Rock Garden Bypass 2," (4 units), "Baan Rock Garden Bypass 3," (48 units), "Baan Rock Garden Bypass 4," (51 units), and "Baan Rock Garden Bypass 5," (20 units).

In 2008, overall domestic real estate business was obviously slow down due to problems persistent from 2007. Main problems were stability of domestic politics and economic recession in United States of America and European countries. As a result, the Company needed to closely monitor those situations in order for the Company to be able to revise business strategies to compete with other developers during the period of economic recession and more severe competition. The Company's strategy was still focusing on the development of project within the areas where economies were continuously growth. The Company also focused on offering products that met customers' need. As a result, in 2008, the Company was still able to continuously sell houses.

During the beginning of 2008, the Company had one more project to be developed, which was Baan Rock Garden Airport 1 at Samutprakarn located near Suvarnabhumi International Airport. The Company had recognized revenue from the sale of houses in this project since August 2008. Besides, the Company started developing the projects on Baan Rock Garden Airport 2 and Baan Rock Garden Airport 3 around the end of 2008. The Company expected that revenues from those two projects would be able to recognize by the end of 2009 and 2010, respectively.

From the continuing projects development, the Company realized revenues in 2008 from 5 development projects "Baan Rock Garden Bypass 2," "Baan Rock Garden Bypass 3," "Baan Rock Garden Bypass 4," "Baan Rock Garden Bypass 5," and "Baan Rock Garden Airport 1" in totally 138 units.

In 2009, the Thai real estate sector continued to have affected from a world economic recession and the domestic political instability, causing a slowdown in the Thai real estate sector. Although the government had used the monetary and fiscal policies to stimulate the economy, this had not been successful as the target customers of the company had delayed their buying decision on house. As such, in 2009, only 58 units from 6 projects, which were the "Baan Rock Garden Bypass 2," "Baan Rock Garden Bypass 3," "Baan Rock Garden Bypass 4," "Baan Rock Garden Bypass 5," "Baan Rock Garden Airport 1" and "Baan Rock Garden Airport 2", had been sold.

**Revenues**

The company had the sales revenue of 246.32 million Baht, 279.39 million Baht and 114.35 million Baht in 2007, 2008 and 2009, respectively. The sales revenues from each project could be summarized as follows:

Sales from project	2007		2008		2009	
	units	Bt. million	units	Bt. million	units	Bt. million
Baan Rock Garden Bypass 2	4	5.27	2	3.95	1	1.95
Baan Rock Garden Bypass 3	48	99.49	2	2.96	3	7.63
Baan Rock Garden Bypass 4	51	95.22	18	37.49	4	10.23
Baan Rock Garden Bypass 5	20	46.34	70	158.77	4	11.34
Baan Rock Garden Airport 1	-	-	46	76.22	39	64.62
Baan Rock Garden Airport 2	-	-	-	-	7	18.58
<b>total</b>	<b>123</b>	<b>246.32</b>	<b>138</b>	<b>279.39</b>	<b>58</b>	<b>114.35</b>

The company had the sales revenue in 2007 of 246.32 million Baht or accounting of 19.88% whereby these were mainly from the sales of detached houses from “Baan Rock Garden Bypass 3” and “Baan Rock Garden Bypass 4” projects as the house prices of these projects were higher than those of “Baan Rock Garden Bypass 1” and “Baan Rock Garden Bypass 2” projects.

In 2008, the company’s sales revenue was 279.39 million Baht increased from that of 2007 about 33.08 million Baht or 13.43%. This was because the Company had more development projects and was able to recognize revenues after transferred the rights from Baan Rock Garden Airport 1 around the end of 2008. Moreover, there were ongoing sales of Baan Rock Garden Bypass Phase 2, 3, 4, and 5 at Phuket Province.

In 2009, the company’s sales revenue was 114.35 million Baht, decreasing from the figure in 2007 by 165.04 million Baht or accounting of 59.07%. This was resulted from a delay in making buying decision of customers. In 2009, the company had recognized additional incomes from “Baan Rock Garden Airport 2” project.

In 2007, the company had other incomes of 10.30 million Baht whereby these other incomes comprised of the management fees of 0.60 million Baht, public service fees and other incomes of 4.9 million Baht, interest incomes from their deposits with the banks of 4.74 million Baht.

In 2008, the other incomes of the company were 7.46 million Baht, comprising of 3.85 million Baht of interest incomes and 3.50 million Baht of public service fees. These had decreased from the 2007 figures by 2.84 million Baht or accounting of 27.58%. This was caused from a decrease in the interest incomes as the interest rate in 2008 was less than that in 2007 due to an economic recession.

The other incomes of the company in 2009 were 4.23 million Baht, comprising of interest incomes of 2.53 million Baht and public service fees of 1.69 million Baht. The 2009 other incomes had dropped from the 2008 figures by 3.23 million Baht or accounting of 43.32% due to a decrease in interest income as the company had less deposits in 2009 than those in 2008.

**Cost of sales and expenses.****Cost of Sales**

The details of the company's costs of sales are summarized in the table below:

(Unit: million Baht)

<b>Projects</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Baan Rock Garden Bypass 2 :</b>			
Cost of land	0.20	0.09	0.05
Cost of project development	1.63	1.46	0.73
Cost of allocation of public properties in the project	0.40	0.18	0.09
<b>Baan Rock Garden Bypass 3 :</b>			
Cost of land	5.11	0.17	0.45
Cost of project development	29.46	0.91	1.71
Cost of allocation of public properties in the project	7.27	0.24	0.64
<b>Baan Rock Garden Bypass 4 :</b>			
Cost of land	4.45	1.52	0.46
Cost of project development	28.89	11.52	2.82
Cost of allocation of public properties in the project	7.67	2.36	0.72
<b>Baan Rock Garden Bypass 5 :</b>			
Cost of land	1.54	9.30	0.64
Cost of project development	15.60	49.01	3.24
Cost of allocation of public properties in the project	3.30	11.07	0.76
<b>Baan Rock Garden Airport 1 :</b>			
Cost of land	-	6.89	6.00
Cost of project development	-	36.03	29.86
Cost of allocation of public properties in the project	-	7.15	6.24
<b>Baan Rock Garden Airport 2 :</b>			
Cost of land	-	-	1.80
Cost of project development	-	-	7.97
Cost of allocation of public properties in the project	-	-	1.49
<b>Total</b>	<b>105.52</b>	<b>137.90</b>	<b>65.67</b>

The company had cost of sales in 2008 of 137.90 million Baht, increasing from the 2007 figure (105.52 million Baht or accounting of 42.84% of sales) by 32.38 million Baht or accounting of 30.68%. An income in 2008 was in the same direction as the cost of sales. It had increased from the 2007 figure by 13.43% while the 2008 cost of sales to sales ratio was at 49.36%. This ratio had increased from the 2007 figure (42.84%). The cost of sales ratio in 2008 had slightly increased due to a slightly higher cost of “Baan Rock Garden Airport 1” project than those of other projects in Phuket.

The cost of sales in 2009 was 65.67 million Baht, decreasing from the 2008 figure by 72.23 million Baht or accounting of 52.38%. This was in the same direction as the sales revenue in 2009 which dropped from the 2008 figure by 165.04 million Baht or accounting of 59.07%.

#### **Sales and administrative expenses**

In 2008, the Company's selling and administrative expenses was 36.33 million Baht decreased from that of 2007 about 4.58 million Baht of 11.20% due to government's measure on the relaxation of special business tax to boost economy. Selling and administrative expenses mainly comprised (1) commission fee of 3.86 million Baht, special business tax of 2.13 million Baht, marketing and advertising expense of 1.95 million Baht, (2) salaries to management and employees of 9.29 million Baht, and (3) office rental fee of 1.95 million Baht.

In 2009, the company had selling and administrative expenses of 28.30 million Baht, decreasing from the 2008 figure by 8.03 million Baht or accounting of 22.11%. This was from the government's measure on the relaxation of specific business tax to boost economy in 2009 and the company's reduction of administrative expenses. The selling and administrative expenses comprised of (1) commission fee of 1.71 million Baht, specific business tax of 0.13 million Baht, marketing and advertising expenses of 1.30 million Baht, (2) salaries of the management and employees of 9.48 million Baht, and (3) office rental fees of 2.14 million Baht.

#### **Interest expenses**

In 2009, the company did not have interest expenses but in 2008 it was at 0.11 million Baht which was closer to the 2007 figure. This had shown that the company tried to make the greatest use of its own capital rather than making a loan, especially in a continued economic recession in order to reduce the interest burden.

#### **Gross Profits**

In 2007, the gross profit ratio rose to 57.16%. The growth of 9.31% was attributed by the cost ratio, due to the price increase during the year 2007, and the improvement in the effectiveness of the construction cost management.

In 2008, gross profit ratio of the Company was 50.64% decreased from that of 2007 about 11.40%. The reason of such decrease was that in 2008, the Company had developed and recognized sales revenue of Baan Rock Garden Airport 1 Project at Samutprakarn Province. The cost of such project was higher than any other projects of the Company in Phuket Province. As a result, overall gross profit ratio of the Company slightly decreased from that of last year.

In 2009, the company had the gross profit ratio of 42.57%, decreasing from the 2008 figure by 15.94%. The reason for a drop was that in 2009 the company had recognized the revenue of its property development, which was Baan Rock Garden Airport 1 and Baan Rock Garden Airport 2 projects in Samutprakarn. The costs of these projects were higher than those of projects in Phuket. As such, this had caused this year gross profit ratio to slightly decrease when comparing to last year figure.

**Operating profits and net profits**

The company had the operating profit ratio and net profit ratio in 2007 of 44.73% and 31.76%, respectively. The operating profit ratio and the net profit ratio in 2008 were 40.31% and 29.30%, respectively, decreasing from last year figures by 9.89% and 7.77%, respectively. This was due to a decrease in the 2008 gross profit ratio.

In 2009, the company had the operating profit ratio of 21.52% and net profit ratio of 15.41%, decreasing from the 2008 figures by 46.61% and 78.41%, respectively, due to a drop down in sales revenue in 2008.

The company's net profits in 2008 and 2007 were 84.04 million Baht and 81.51 million Baht, respectively. The 2008 net profits slightly increased from the 2007 net profits by 2.53 million Baht or accounting of 3.10% due to the increase in sales revenue and a decrease in sales and administrative expense in 2008. In 2009, the net profits of the company were at 18.28 million Baht, decreasing from the 2008 figure, whereby this had been the same direction as the sales revenue in 2009 which was decreasing.

**Return to Equity**

In 2007, the company's rate of returns to Equity was 6.97% increased from that of 2006 due to the increase in net profits of 2007. The company announced dividends to shareholders for 2007 at the rate of 0.040 Baht per share or 49.07% of net profits of 2007.

In 2008, the company's rate of returns to Equity was 6.90% comparable to that of 2007, which illustrated that the Company was able to maintain rate of returns to Equity. The Company announced dividends to shareholders for 2008 at the rate of 0.045 Baht per share or 53.55 % of net profits of 2008.

The company's rate of return to equity in 2009 was at 1.49%, decreasing from the 2007 figure or accounting of 78.41% due to the decrease in sales revenue and net profits of the company when comparing to the 2008 figure.

## Financial Statements

### Assets

The main components of the Company's assets in 2007, 2008, and 2009 about 87.05%, 86.67% and 94.56% respectively are the costs of real estate development and For 2009, costs of real estate development and lands devolvement costs were 45.88% and 48.68% of total assets, respectively. The details of costs of property development and undeveloped lands were summarized below:

(Unit: Bt. million)

Costs of property development :	2007	2008	2009
● Projects being developed – completed: Baan Rock Garden Bypass 2	3.96	2.16	1.10
● Projects being developed – completed: Baan Rock Garden Bypass 3	12.26	11.02	8.42
● Projects being developed – completed: Baan Rock Garden Bypass 4	26.73	13.30	9.88
● Projects being developed – completed: Baan Rock Garden Bypass 5	65.36	4.85	-
● Projects being developed – completed: Baan Rock Garden Bypass 6	193.59	211.16	246.65
● Projects being developed – completed: Baan Rock Garden Airport 1	47.85	93.76	54.72
● Projects being developed – completed: Baan Rock Garden Airport 2	-	83.66	160.29
● Projects being developed – completed: Baan Rock Garden Airport 3	-	87.37	90.61
<b>Total</b>	<b>349.75</b>	<b>507.28</b>	<b>571.67</b>
Undeveloped land :			
● Vacant land: 3.5 rai – Soi Vacharapol, Bangkok	38.18	38.18	38.18
● Vacant land: 506 rai – Tumbol Pa Klog, Amphur Talang, Phuket*	507.80	507.80	507.80
● Vacant land: 104 rai – Tumbol Baan Pae, Amphur Muang, Rayong	60.62	60.62	60.62
● Vacant land: Amphur Bang Sao Thong, Samut Prakarn**	137.47	-	-
<b>Total</b>	<b>744.07</b>	<b>606.60</b>	<b>606.60</b>

\* : Baan Rockgarden Airport 2 and 3 were developed in 2008

The cost of property development as of 31 December 2007 was at 349.75 million Baht from the revenue recognition of their 6 projects.

Costs of real estate development and land development cost of 2008 were 507.28 million Baht increased from that of 2007 about 157.53 million Baht or 45.04% as the Company just started developing another 2 projects, which were Baan Rock Garden Airport 2 and 3. Revenues of those two projects would be able to recognize by the mist of 2009 – 2010. However, as at the end of 2008, the Company was able to recognize revenues from 5 projects on hand, which were Baan Rock Garden Bypass 2, 3, 4, and 5, as well as Baan Rock Garden Airport 1.

The company's cost of property development as of 31 December 2009 was at 571.67 million Baht, increasing from the 2008 figure by 64.39 million Baht or accounting of 12.69% as the company had continually developed the Baan Rock Garden Airport 2 project, Baan Rock Garden Airport 3 project and Baan Rock Garden Bypass 6 project. These had caused the company to enable to recognize the revenues of total 7 projects which were the Baan Rock Garden Bypass 2, Baan Rock Garden Bypass 3, Baan Rock Garden Bypass 4, Baan Rock Garden Bypass 6, Baan Rock Garden Airport 1, Baan Rock Garden Airport 2 and Baan Rock Garden Airport 3 projects.

The company had the undeveloped land bank in 2007 of 744.07 million Baht due to a purchase of the plot of land of 42-1-41 rai at Bang Sao Tong District, Samutprakran for its future development projects of 78.98 million Baht.

In 2008, the undeveloped land bank of the company was at 606.60 million Baht, which comprised of the plots of lands at Soi Watcharaphon in Bangkok, Pa Klog District in Phuket and Baan Pae District in Rayong, decreasing from the 2007 figure by 137.47 million Baht. Such decrease was due to 2 additional property development projects of the company in Samutprakran which were Baan Rock Garden Airport 2 and Baan Rock Garden Airport 3 projects, therefore, these plots of lands had been moved and recorded as cost of property development.

In 2009, the undeveloped land bank of the company has not changed from those in 2008 as the company expected that for the next 2-3 years the company would still have adequate plots of lands for its future property development projects. However, the company continually looked for additional plots of lands for its future business opportunity.

#### **Account receivables**

The Company recognizes the whole revenue from the sale of real estate as revenue when the sellers have transferred the material risk and benefit in such real estate to purchasers. When there is the arrangement of the contract of purchase and sell which is enforceable according to the law, the first down payment and installment fee which received but not yet counted to recognize as revenue will be recorded as deposit receipt from the sale of real estate. Therefore, the Company normally has no account receivables from sales of its real estate. However, in 2009 the company had received the post date cheque of 0.23 million Baht for the house payment whereby the cheque would be due in 2011.

#### **Cash Flows and Liquidity**

In 2008, The Company had cash inflow from operating activities of 50.33 million Baht, decreasing from the 2007 figure which was 54.55 million Baht by 4.21 million Baht. Although the sales revenue of the company in 2008 was higher than those in 2007 by 13.43%, the cost of sales was also higher. As such, this had caused the cash inflow from operating activities to decrease.

In 2009, The Company's cash inflow from operating activities was 57.01 million Baht which was different from the 2008 figure as the net profits of the company had decreased, causing the cash inflow to be less. Moreover, with a continued property development projects, this had caused the overall cash flow from operating activities in 2009 to be cash outflow.

In 2007, The Company still had net cash outflow from investment activities of Bt. 80.74 million due to the purchase of additional 42 rai of land bank in Amphur Bang Sao Thong, Samut Prakarn for support future development projects which 78.97 million Baht. The Company also paid Bt. 1 million Baht in cash to invest in a venture capital organization in the name of Yamu Property Development company Limited.



For 2008, the Company's cash flow from investing activities showed net outflow of 36.75 million Baht decreased from that of 2007 about 43.99 million Baht as, in 2008, the Company had not yet invest in additional lands bank for future development projects. The summary details of overall investments of 2008 were (1) invested in short term investments for returns of 32 million Baht, and (2) provided long term loans to Yamu Property Development to use as working capital of 3 million Baht.

In 2009, The Company had cash inflow from investment activities of 31.61 million Baht as the company had used its short term investment of 32 million Baht in 2008 to be used as its working capital during the year.

In 2007, The Company's cash flow from financing activities showed in 26.96 Million Baht form the dividend payment of 2006 during in 2007 amount 30 million Baht and in 2008 the Company's cash flow from financing activities showed net outflow of 40.83 million Baht increased from that of last year of 10.87 million Baht due to dividend payment of 2007 of 40 million Baht during the year.

In 2009, The Company had cash outflow from financing of 45 million Baht due to its 2008 dividend payment made during the year.

As for liquidity, the company had liquidity ratio of 10.18 in December 2006 and 20.24 in 2008 which increased from the 2007 figure by 10.16 as the company had higher cost of property development and lower current liabilities.

In 2009, the company had the liquidity ratio of 29.21, increasing from the 2008 figure by 8.96 due to an increase in projects in 2009.

#### **Sources of funds**

#### **-Liabilities-**

As of 31 December 2007, the company had total liabilities of 61.33 million Baht. Of that amount, 12.04 million Baht was accounts payable, 11.70 million Baht was accrued corporate income tax and 9.14 million Baht was performance bond from the contractors.

The Company had total liabilities as of 31 December 2008 of 45.93 million Baht, decreasing from the 2007 figure by 15.40 million Baht. Such decrease was due to a decrease in accounts payable of 4.66 million Baht and deposits received in advance from the sales of property of 6.54 million Baht.

As of 31 December 2009, the company had total liabilities of 33.56 million Baht, decreasing from the 2008 figure by 12.37 million Baht. The decrease was a result of a decrease in accrued corporate income tax of 10.39 million Baht as the sales revenue and profits to be calculated the corporate income tax had decreased from those in 2008. Details of total liabilities as of 31 December 2009 could be summarized as follows:

- (1) Accounts payable of 8.67 million Baht (which were the accounts payable who were not related parties)
- (2) Interest payment on loan of approximately 6.63 million Baht (the company had obligation to pay interest to the creditor for their long term loans in the form of land.)
- (3) Accrued corporate income tax of 1.98 million Baht and
- (4) Performance bond of 11.11 million Baht



The Company's ability to pay for the interests as of December 31, 2007 and 2008 was at the ratio of 706.56 and 716.96, respectively, and no interest payment in 2009. The Company did not generate any further debt in 2007 and 2008 and in 2009 the Company did not have the debt with interest payment condition. Thus the Company had only small payable interest liability, since it had mostly relied on funding from shareholders. In searching for sources of funds in the future, the Company and its subsidiaries will first consider its financial structure, as well as the ability to settle the liability using the Company's cash flow from its operation. Regarding funding from financial institutions, the Company currently maintains good relationship with many of them, such that they provide credits to a number of the Company's customers. Additionally, the Company possesses assets that can be used as collaterals, such as lands that are being developed. Thus, the Company is confident in its liquidity to support future expansion.

#### **-Shareholder's equity-**

The Company had the shareholders' equity at end of December 2007 of 1,195.22 million Baht. These included paid-up capitals of 1,000 million Baht, premium on common stocks of 32.12 million Baht, adjusting entry from the merger and acquisition of 1.15 million Baht, legal reserves of 9.40 million Baht, and the retained earning of 152.55 million Baht.

As at the end of 2008, shareholders' equity was 1,239.26 million Baht increased from that of 2007 about 44.04 million Baht. The increase in shareholders' equity was from the increase in net profits of 2008 after dividend payment deduction. Shareholders' equity as at the end of 2008 comprised paid in capital of 1,000 million Baht, paid in capital in excess of par of common stocks of 32.12 million Baht, adjusting entry associated with consolidation of 1.15 million Baht, regulatory reserve of 13.65 million Baht, and retained earnings from the operation of 193.34 million Baht.

As of 31 December 2009, the company had the shareholders' equity of 1,212.53 million Baht, decreasing from the 2008 figure by 26.73 million Baht due to a decrease in the 2009 dividend payment and net profits. The shareholders' equity at end of December 2009 comprised of paid-up capital of 1,000 million Baht, premium on common stocks of 32.12 million Baht, adjusting entry from the merger and acquisition of 1.15 million Baht, legal reserves of 14.65 million Baht and retained earning of 164.61 million Baht.

#### **-Capital structure-**

The debt to equity ratio as of 31 December 2007, 2008 and 2009 were 0.05, 0.04 and 0.036, respectively. These ratios were not much different from one another, showing that the company's funding policy did not emphasize to generate the debts during a periods of economic slowdown in 2006 and 2007 and the economic recession in 2008 and 2009.

## Independent Auditor's Report

To the Shareholders of Baan Rock Garden Public Company Limited

I have audited the accompanying balance sheets in which the equity method is applied and separate balance sheet as at December 31, 2009 and 2008, the related statement of income in which the equity method is applied and separate statement of income, change in shareholders equity and cash flow for the year ended then ended of Baan Rock Garden Public Company Limited. The management is responsible for correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2009 and 2008, the results of operations and its cash flow for the year then ended of Baan Rock Garden Public Company Limited, respectively, in accordance with generally accepted accounting principle.

SP Audit Company Limited



(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok

February 1, 2010

## Financial Statements

### Baan Rock Garden Public Company Limited

#### Balance Sheets

As at December 31, 2009 and 2008

(Unit : Baht)

		Financial statement in which the equity method is applied		Separate financial statements	
	Notes	2009	2008	2009	2008
<u>Assets</u>					
Current Assets					
Cash and cash equivalents		50,727,339.38	121,125,904.01	50,727,339.38	121,125,904.01
Short-term investment	4.1,5	-	32,000,000.00	-	32,000,000.00
Trade accounts and notes receivable, net	6	235,000.00	-	235,000.00	-
Cost of real estate development	7	571,672,840.52	507,284,350.59	571,672,840.52	507,284,350.59
Other current assets, net		7,757,171.95	7,474,257.95	7,757,171.95	7,474,257.95
Total Current Assets		630,392,351.85	667,884,512.55	630,392,351.85	667,884,512.55
Non-Current Assets					
Investments in joint venture, net	8	373,003.18	402,516.08	373,003.18	1,000,000.00
Long - term loan to joint venture	4.1	3,200,000.00	3,000,000.00	3,200,000.00	3,000,000.00
Land development cost, net	9	606,596,765.01	606,596,765.01	606,596,765.01	606,596,765.01
Equipment, net	10	2,740,249.49	4,222,886.22	2,740,249.49	4,222,886.22
Pledged deposits at financial institutions	11	1,637,211.23	1,610,840.75	1,637,211.23	1,610,840.75
Intangible asset, net		524,864.02	787,656.02	524,864.02	787,656.02
Other non-current assets		631,449.00	684,882.50	631,449.00	684,882.50
Total Non-Current Assets		615,703,541.93	617,305,546.58	615,703,541.93	617,903,030.50
Total Assets		1,246,095,893.78	1,285,190,059.13	1,246,095,893.78	1,285,787,543.05

Notes to financial statements are an integral part of these financial statements.

## Baan Rock Garden Public Company Limited

## Balance Sheets

As at December 31, 2009 and 2008

(Unit : Baht)

		Financial statement in which the equity method is applied		Separate financial statements	
	Notes	2009	2008	2009	2008
<u>Liabilities and Shareholders's Equity</u>					
Current Liabilities					
Trade accounts payable		8,654,631.36	7,377,664.05	8,654,631.36	7,377,664.05
Current portion					
- Estimation of liabilities - interest of loan	4.1	6,627,996.31	6,627,996.31	6,627,996.31	6,627,996.31
Deposit receipt from disposal of real estate		1,651,500.00	3,104,800.00	1,651,500.00	3,104,800.00
Accrued corporate income tax		1,979,948.80	12,366,385.54	1,979,948.80	12,366,385.54
Other current liabilities		2,669,602.62	3,517,183.00	2,669,602.62	3,517,183.00
Total Current Liabilities		21,583,679.09	32,994,028.90	21,583,679.09	32,994,028.90
Non-Current Liabilities					
Performance retention receipt from contractor		11,105,641.96	11,392,614.25	11,105,641.96	11,392,614.25
Other non-current liabilities		872,118.77	1,543,707.20	872,118.77	1,543,707.20
Total Non-Current liabilities		11,977,760.73	12,936,321.45	11,977,760.73	12,936,321.45
Total Liabilities		33,561,439.82	45,930,350.35	33,561,439.82	45,930,350.35

Notes to financial statements are an integral part of these financial statements.



## Baan Rock Garden Public Company Limited

## Balance Sheets

As at December 31, 2009 and 2008

(Unit : Baht)

	Notes	Financial statement in which the equity method is applied		Separate financial statements	
		2009	2008	2009	2008
Shareholders' Equity					
Share capital	12				
Authorized share capital					
1,000,000,000 ordinary shares, at par value of Baht 1.00		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Issued and paid-up share capital					
1,000,000,000 ordinary shares, at par value of Baht 1.00		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Premium on share capital		32,123,085.07	32,123,085.07	32,123,085.07	32,123,085.07
Surplus from reorganisation under the same control		1,149,466.83	1,149,466.83	1,149,466.83	1,149,466.83
Retained earnings					
Appropriated					
Legal reserve	13	14,650,000.00	13,650,000.00	14,650,000.00	13,650,000.00
Unappropriated		164,611,902.06	192,337,156.88	164,611,902.06	192,934,640.80
Total Shareholders' equity of the Company		1,212,534,453.96	1,239,259,708.78	1,212,534,453.96	1,239,857,192.70
Total Liabilities and Shareholders' Equity		1,246,095,893.78	1,285,190,059.13	1,246,095,893.78	1,285,787,543.05

Notes to financial statements are an integral part of these financial statements.

**Baan Rock Garden Public Company Limited**  
**Statements of Income**  
**For the years ended on December 31, 2009 and 2008**

(Unit : Baht)

		Financial statement in which the equity method is applied		Separate financial statements	
	Notes	2009	2008	2009	2008
Revenue of sales					
Revenues from sales		114,346,700.00	279,389,950.00	114,346,700.00	279,389,950.00
Other income		4,226,902.18	7,458,129.11	4,226,902.18	7,458,129.11
Total revenue		118,573,602.18	286,848,079.11	118,573,602.18	286,848,079.11
Expense					
Cost of sales		65,671,247.42	137,901,051.08	65,671,247.42	137,901,051.08
Selling expenses		4,699,277.65	7,594,615.20	4,699,277.65	7,594,615.20
Administrative expenses		18,854,797.20	23,884,157.42	18,854,797.20	23,884,157.42
Management benefit expenses		4,740,247.00	4,846,368.31	4,740,247.00	4,846,368.31
Other expenses		-	-	626,996.82	-
Total expense		93,965,569.27	174,226,192.01	94,592,566.09	174,226,192.01
Profit before finance cost and income tax		24,608,032.91	112,621,887.10	23,981,036.09	112,621,887.10
Finance cost		-	(109,931.15)	-	(109,931.15)
Interest in joint venture		(29,512.90)	(49,195.63)	-	-
Net profit before income tax		24,578,520.01	112,462,760.32	23,981,036.09	112,511,955.95
Income tax	14	(6,303,774.83)	(28,422,369.93)	(6,303,774.83)	(28,422,369.93)
Net profit		18,274,745.18	84,040,390.39	17,677,261.26	84,089,586.02
Basic earnings per shares (Unit : Baht)	15	0.02	0.08	0.02	0.08
Number of ordinary shares (Unit : Share)		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

Notes to financial statements are an integral part of these financial statements.

## Baan Rock Garden Public Company Limited

## Changes in Shareholders' Equity in which the Equity Method is Applied

For the year ended on December 31, 2009 and 2008

	Notes	Issued and paid-up share capital	Premium on Share capital	Surplus from reorganisation under the same control	Retained earnings		Total
					Appropriated	Unappropriated	
					legal reserve		
As at January 1, 2008		1,000,000,000.00	32,123,085.07	1,149,466.83	9,400,000.00	152,546,766.49	1,195,219,318.39
Net profit for the year		-	-	-	-	84,040,390.39	84,040,390.39
Total revenue (expense) recognised in the year		-	-	-	-	84,040,390.39	84,040,390.39
Legal reserve	13	-	-	-	4,250,000.00	(4,250,000.00)	-
Dividend paid	13	-	-	-	-	(40,000,000.00)	(40,000,000.00)
As at December 31, 2008		1,000,000,000.00	32,123,085.07	1,149,466.83	13,650,000.00	192,337,156.88	1,239,259,708.78
Net profit for the year		-	-	-	-	18,274,745.18	18,274,745.18
Total revenue (expense) recognised in the year		-	-	-	-	18,274,745.18	18,274,745.18
Legal reserve	13	-	-	-	1,000,000.00	(1,000,000.00)	-
Dividend paid	13	-	-	-	-	(45,000,000.00)	(45,000,000.00)
As at December 31, 2009		1,000,000,000.00	32,123,085.07	1,149,466.83	14,650,000.00	164,611,902.06	1,212,534,453.96

Notes to financial statements are an integral part of these financial statements.

**Baan Rock Garden Public Company Limited**  
**Separate Statements of Changes in Shareholders' Equity**  
**For the years ended on December 31, 2009 and 2008**

	Notes	Issued and paid-up share capital	Premium on Share capital	Surplus from reorganisation under the same control	Retained earnings		Total
					Appropriated legal reserve	Unappropriated	
As at January 1, 2008		1,000,000,000.00	32,123,085.07	1,149,466.83	9,400,000.00	153,095,054.78	1,195,767,606.68
Net profit for the year		-	-	-	-	84,089,586.02	84,089,586.02
Total revenue (expense) recognised in the year		-	-	-	-	84,089,586.02	84,089,586.02
Legal reserve	13	-	-	-	4,250,000.00	(4,250,000.00)	-
Dividend paid	13	-	-	-	-	(40,000,000.00)	(40,000,000.00)
As at December 31, 2008		1,000,000,000.00	32,123,085.07	1,149,466.83	13,650,000.00	192,934,640.80	1,239,857,192.70
Net profit for the year		-	-	-	-	17,677,261.26	17,677,261.26
Total revenue (expense) recognised in the year		-	-	-	-	17,677,261.26	17,677,261.26
Legal reserve	13	-	-	-	1,000,000.00	(1,000,000.00)	-
Dividend paid	13	-	-	-	-	(45,000,000.00)	(45,000,000.00)
As at December 31, 2009		1,000,000,000.00	32,123,085.07	1,149,466.83	14,650,000.00	164,611,902.06	1,212,534,453.96

Notes to financial statements are an integral part of these financial statements.



**Baan Rock Garden Public Company Limited**  
**Statements of Cash Flow**  
**For the year ended on December 31, 2009 and 2008**

(Unit : Baht)

	Financial statement in which the equity method is applied		Separate financial statements	
Notes	2009	2008	2009	2008
<b>Cash Flow from Operating Activities</b>				
Net profit before income tax	24,578,520.01	112,462,760.32	23,981,036.09	112,511,955.95
Adjustments to reconcile net profit for cash received (used) from operations				
Loss from impairment of investment	-	-	626,996.82	-
Depreciation and amortisation	1,904,787.72	2,475,878.48	1,904,787.72	2,475,878.48
Gain on disposal of assets	-	(387,216.22)	-	(387,216.22)
Interest in joint venture	29,512.90	49,195.63	-	-
Cost of real estate development reduced to be cost of goods sold	65,671,247.42	137,901,051.08	65,671,247.42	137,901,051.08
Doubtful accounts - advance payments for contractor	231,122.72	-	231,122.72	-
Interest income	(2,532,340.11)	(3,849,081.47)	(2,532,340.11)	(3,849,081.47)
Interest expenses	-	109,931.15	-	109,931.15
Profit from operation before changes in operating assets and liabilities	89,882,850.66	248,762,518.97	89,882,850.66	248,762,518.97
(Increase)decrease in trade accounts and notes receivable	(235,000.00)	-	(235,000.00)	-
(Increase) decrease in cost of real estate development	(129,806,652.35)	(157,860,218.32)	(129,806,652.35)	(157,860,218.32)
(Increase) decrease in other current assets	(1,026,097.65)	(670,501.03)	(1,026,097.65)	(670,501.03)
(Increase) decrease in other non-current assets	(199,651.50)	(134,520.00)	(199,651.50)	(134,520.00)
Increase (decrease) in trade accounts payable	1,276,967.31	(4,659,459.87)	1,276,967.31	(4,659,459.87)
Increase (decrease) in deposit receipt from disposal of real estate	(1,453,300.00)	(6,535,100.00)	(1,453,300.00)	(6,535,100.00)
Increase (decrease) in other current liabilities	(847,580.38)	(21,082.52)	(847,580.38)	(21,082.52)
Increase (decrease) in performance retention receipt from contractor	(286,972.29)	2,257,518.45	(286,972.29)	2,257,518.45
Increase (decrease) in other non-current liabilities	(671,588.43)	(276,635.34)	(671,588.43)	(276,635.34)
Cash generated from operations	(43,367,024.63)	80,862,520.34	(43,367,024.63)	80,862,520.34
Cash receive interest	3,044,401.04	3,337,020.54	3,044,401.04	3,337,020.54
Cash payment interest	-	(109,931.15)	-	(109,931.15)
Cash payment corporate income tax	(16,690,211.57)	(33,755,451.01)	(16,690,211.57)	(33,755,451.01)
Net Cash Provided (Used) from Operating Activities	(57,012,835.16)	50,334,158.72	(57,012,835.16)	50,334,158.72

Notes to financial statements are an integral part of these financial statements.

## Baan Rock Garden Public Company Limited

## Statements of Cash Flow

For the year ended on December 31, 2009 and 2008

(Unit : Baht)

		Financial statement in which the equity method is applied		Separate financial statements	
	Notes	2009	2008	2009	2008
Cash Flow from Investing Activities					
(Increase) decrease in short - term investment		32,000,000.00	(32,000,000.00)	32,000,000.00	(32,000,000.00)
(Increase) decrease in long - term loan to joint venture		(200,000.00)	(3,000,000.00)	(200,000.00)	(3,000,000.00)
Cash used to purchase of equipments		(159,358.99)	(2,403,993.02)	(159,358.99)	(2,403,993.02)
Cash received from disposal of equipments		-	1,179,630.47	-	1,179,630.47
(Increase) decrease in pledged deposits at financial institutions		(26,370.48)	(525,859.42)	(26,370.48)	(525,859.42)
Net Cash Provided (Used) from Investing Activities		31,614,270.53	(36,750,221.97)	31,614,270.53	(36,750,221.97)
Cash Flow from Financing Activities					
Repayment of long - term from financial institutions		-	(831,281.30)	-	(831,281.30)
Dividend paid		(45,000,000.00)	(40,000,000.00)	(45,000,000.00)	(40,000,000.00)
Net Cash Provided (Used) from Financing Activities		(45,000,000.00)	(40,831,281.30)	(45,000,000.00)	(40,831,281.30)
Cash and Cash Equivalent Increase(Decrease)-Net		(70,398,564.63)	(27,247,344.55)	(70,398,564.63)	(27,247,344.55)
Cash and Cash Equivalent at the Beginning of the Year		121,125,904.01	148,373,248.56	121,125,904.01	148,373,248.56
Cash and Cash Equivalent at the End of the Year	16	50,727,339.38	121,125,904.01	50,727,339.38	121,125,904.01

Notes to financial statements are an integral part of these financial statements.

**Baan Rock Garden Public Company Limited****Notes to Financial Statements****December 31, 2009 and 2008**

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**1. General information**

Baan Rock Garden Public Company Limited (“the Company”) is a public limited company and incorporated in Thailand. The Company is listed on Stock Exchange of Thailand. The address of the Company’s registered office is 601 Ramkhamheang 39 Pracha-Uthit Road, Wangthonglang, Bangkok.

The principal activities of the Company involve the business of real estate development in type of allotted houses so as for disposal while there is the project of completed development and being development in progress both at Bangkok, Phuket and Samutprakarn.

**2. Basis of preparation of interim financial statements**

The financial statement in which the equity method is applied and separate financial statements are prepared in Thai language and Thai Baht, and in conformity with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Account Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act., B.E. 2535 (or 1992).

The financial statement in which the equity method is applied and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although the management has most well prepared the figures of estimation from the understanding of events and the things that have been done presently.

The financial statement in which the equity method is applied and separate financial statements issued for Thai report purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The Federation of Accounting Profession (FAP) has issued Notification No.86/2008 regarding Accounting Standards. The notification mandates use of the following new Accounting Standard and Financial Reporting Standard.

TAS No.36 (revised 2007) - Impairment of Assets
FRS No.5 (revised 2007) - Non-current Assets Held for Sale and Discontinued Operations

These accounting standards become effective for the financial statements for fiscal years beginning on or after January 1, 2009. The management has assessed the effect of these accounting standards and believes that they do not have any significant impact on the financial statements for the current year.

The Federation of Accounting Profession (FAP) has issued Notification No.16/2009 regarding Accounting Standards. The notification mandates use of the following new Accounting Standards, Financial Reporting Standards and Accounting Implementation Guides.

	<u>Effective Date</u>
Framework for the Preparation and Presentation of Financial Statements (revised 2007)	26 June 2009
TAS No. 24 (revised 2007) Related Party Disclosures	1 January 2011
TAS No. 40 Investment Property	1 January 2011
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
Accounting Implementation Guide on Leasehold Right	26 June 2009
Accounting Implementation Guide on Business Combinations under Common Control	1 January 2009

The management has assessed the effect of these revised accounting standards, financial reporting standards and accounting implementation guides and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

### 3. Accounting policies

#### 3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

### 3.2 Trade accounts receivable

Trade accounts receivable are carried in the balance sheet at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at balance sheet date. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

### 3.3 Cost of real estate development

Cost of real estate development is reflected according to the cost price or net realizable value whichever is lower. Cost price is composed of cost of land acquisition, land development, project construction cost and public utility system. The Company records the cost of real estate development as cost of goods sold by appropriating the whole cost of development anticipated to incur (by taking the actual cost) to the houses plus land sold in accordance with the basis of area sales.

### 3.4 Land development cost

Land development cost means the land the Company aims to hold for the future benefit and recorded as non current asset by reflecting according to the cost price which may adjust by allowance for asset impairment. The cost price is composed by land fee and other related expense so as to acquire the land.

### 3.5 Investments in joint venture

Joint venture is the entity the Company is materially influential or mutually in the decision making in respect of investment policy and operation but not yet control in such policy. Investment in joint venture is reflected in the financial statements which reflected by investment according to equity method by using equity method. Such method will record participating profit or loss after acquisition on behalf of the Company in joint venture in the statement of income. The accumulated result of the change after the acquisition will be adjusted against book value of investment. Investment in joint venture in the separate financial statements is recorded by cost method after deducting allowance for impairment of investment.

### 3.6 Equipment

Equipment are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses (as if).

The Company depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

	<u>Year</u>
Building improvements	10
Vehicles	5
Office equipment	5

Expenditure incurred for addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalised. Repair and maintenance costs are recognised as an expense when incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

### 3.7 Impairment of assets

The carrying amounts of the Company's assets and also intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Company will recognize impairment losses in the statement of income, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognised as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

### 3.8 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years).

### 3.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### 3.10 Recognition of revenue

The Company recognizes the whole revenue from the sale of real estate as revenue when the sellers have transferred the material risk and benefit in such real estate to purchasers. When there is the arrangement of the contract of purchase and sell which is enforceable according to the law, the first down payment and installment fee which received but not yet counted to recognize as revenue will be recorded as deposit receipt from the sale of real estate.

Other revenue is recognized according to the accrual basis

Interest income is recognized on time proportion basis.

### 3.11 Employee benefits

The Company operates a provident fund which is funded by payments from employees and by the company. The assets for which are held in a separate trust fund. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

### 3.12 Finance costs

Finance costs include interest, amortization of discounts or premiums relating to borrowings, amortization of ancillary costs incurred in arranging borrowings, and finance lease charges. Finance costs are generally expensed as incurred.

### 3.13 Corporate income tax

Income tax expense is calculated from taxable income and recorded based on tax paid and accrued for the year.

### 3.14 Segment information

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments of the Company's operations.

### 3.15 Financial instruments

Financial assets and liabilities carried on the balance sheets include cash and cash equivalents, investment in equity securities, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

### 3.16 Critical accounting estimates, assumption and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.





4. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The principal shareholder of the Company's major shareholder is the Sinlaparat family, holding 65.34% (2008: 65.11%) of the share capital of the Company. Chamaraman family is a shareholder, holding 7.10% (2008 : 7.37%) of the share capital of the Company. Transactions related to companies in which the Sinlaparat family and Chamaraman family are the principal shareholders or directors are recognized as related parties to the Company.

Transactions with related parties during the year ended on December 31, 2009 and 2008 as follows:

4.1 Inter-assets and liabilities

(Unit : Baht)

	Financial statement in which the equity method is applied		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
- Short-term investment				
Ratchthani Leasing Public Company Limited				
Beginning balance	-	-	-	-
Increase during the period	60,000,000.00	-	60,000,000.00	-
Decrease during the period	(60,000,000.00)	-	(60,000,000.00)	-
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- Long - term loan to joint venture				
Yamu Property Development Limited				
Beginning balance	3,000,000.00	-	3,000,000.00	-
Increase during the year	200,000.00	3,000,000.00	200,000.00	3,000,000.00
Decrease during the year	-	-	-	-
Ending balance	<u>3,200,000.00</u>	<u>3,000,000.00</u>	<u>3,200,000.00</u>	<u>3,000,000.00</u>
- Estimation of liabilities-interest of loan				
Beginning balance	6,627,996.31	6,627,996.31	6,627,996.31	6,627,996.31
Interest expenses during the year	-	-	-	-
Repayment	-	-	-	-
Ending balance	<u>6,627,996.31</u>	<u>6,627,996.31</u>	<u>6,627,996.31</u>	<u>6,627,996.31</u>

Shot-term investment is the investment in promissory note, at call, issued by Ratchthani Leasing Public Company Limited and carried interest rate of 4.25% per annum.

Long-term loan to joint venture has contract without repayment schedule and no inter interest charged.

#### 4.2 Inter revenues and expenses

Inter revenues and expenses during the years ended on December 31, 2009 and 2008 are as follow:-

(Unit : Baht)

Financial statement in which the equity method is applied /

Separate financial statements

2009

2008

Rental and Service fee

-Rock Garden Group Co., Ltd

2,145,887.01

1,954,168.00

The Company paid salaries and meeting allowances to its directors and management for the year ended on December 31, 2009 totaling Baht 0.49 million and Baht 4.25 million, respectively (2008 : Baht 0.44 million and Baht 4.40 million, respectively).

#### 4.3 Pricing policies

##### Trading Transactions

##### Pricing Policy

Revenue of sales

Normal price charge to outside parties

Interest payable for long term loan

Interest is payable in the rate which mutually agreed in the contract  
(note no.7)

Office rental

Refer with the market price which locates in the same area.

#### 4.4 Relationship

##### Companies Name

##### Nature of Relationship

Yamu Property Development Limited

Common directors and shareholders

Rock Garden Group Co., Ltd.

Common directors and shareholders

Rock Garden Beach Co.,Ltd.

Common directors and shareholders

C and C N Group Co, Ltd.

Common directors and shareholders

Guilin Panggha Co., Ltd.

Common directors and shareholders

Ratchthani Leasing Public Co., Ltd.

Common directors and shareholders

R G Star Club Co., Ltd.

Shareholding by directors of Company

#### 4.5 Commitments with related parties

As at December 31, 2009, the Company has entered into lease agreements for office space with one related company for 1 year with options to renew. The Company constitutes obligation commitment that has to repay for such rental under these agreements amounting to approximately Baht 0.61 million.

#### 5. Short-term investment

As at December 31, 2008, the Company held fixed deposits with two commercial banks maturity of four to six months amounting of Baht 32.00 million, carried interest rate of 3.40% - 4.00% per annum in the financial statement in which the equity method is applied and the separate financial statements not engaged with the obligation burden.

#### 6. Trade accounts and notes receivable-net

Consisted of :-

	(Unit : Baht)	
	Financial statement in which the equity method is applied / Separate financial statements	
	<u>2009</u>	<u>2008</u>
Notes receivable	235,000.00	-
Trade accounts receivable	423,395.00	423,395.00
Total	658,395.00	423,395.00
<u>Less</u> Allowance for doubtful debt	(423,395.00)	(423,395.00)
Net	235,000.00	-

Outstanding trade accounts receivable as at December 31, 2009 and 2008 can be aged as follow :

	(Unit : Baht)	
	Financial statement in which the equity method is applied / Separate financial statements	
	<u>2009</u>	<u>2008</u>
Overdue not exceeding 3 months	235,000.00	-
Overdue more than 3 months but not exceeding 6 months	-	-
Overdue more than 6 months but not exceeding 12 months	-	-
Overdue more than 12 months	423,395.00	423,395.00
Total	658,395.00	423,395.00
<u>Less</u> Allowance for doubtful debt	(423,395.00)	(423,395.00)
Net	235,000.00	-



7. Cost of real estate development

	Financial statement in which the equity method is applied/ Separate financial statements	
	<u>2009</u>	<u>2008</u>
Houses for sale	94,343,948.00	94,343,948.00
Land development	476,250,525.39	475,852,720.99
Construction in progress	684,324,627.50	554,662,694.55
Total	1,254,919,100.89	1,124,859,363.54
<u>Less</u> Transfer to cost of sales	(682,847,633.95)	(617,176,386.53)
Transfer to property plant and equipment	(398,626.42)	(398,626.42)
Cost of real estate development	571,672,840.52	507,284,350.59

As at December 31, 2009, some part of land and cost of real estate development in the project of development in progress in value of Baht 177.38 millions in the financial statement in which the equity method is applied and the separate financial statements (2008 : Baht 125.09 millions) have been mortgaged as collateral against bank overdraft account and short term loan availment from financial institutes.

As at December 31, 2009, amount in accordance with that performed the contract of purchase and sale until presently carried the amount of Baht 1,474.08 millions (2008 : Baht 1,421.30 millions).

The Company borrows loan from two shareholders while the contract is agreed to repay the loan cost by transferring land after development in number of 5 rais to such borrowers on November 30, 2006 (date which is due for loan repayment). As at December 31, 2009 such land, carried the value of Baht 6.63 millions, has not been transferred to the shareholders (2008 : Baht 6.63 millions).

8. Investment in joint venture, net

The movements of investment in joint venture for the year ended on December 31, 2009 as follows :

	(Unit : Baht)	
	<u>Financial statement in which the equity method is applied</u>	<u>Separate financial statements</u>
Beginning balance	402,516.08	1,000,000.00
Interest in joint venture	(29,512.90)	-
Loss from impairment of investment	-	(626,996.82)
Ending balance	<u>373,003.18</u>	<u>373,003.18</u>

The nature and carrying value of investment in joint venture can be summarised as follows:

<u>Name of joint venture</u>	(Unit : Baht)		% of holding		(Unit : Baht)		Equity method	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Yamu Property Development Co.,Ltd.	2,000,000.00	2,000,000.00	50.00	50.00	1,000,000.00	1,000,000.00	373,003.18	402,516.08
<u>Less</u> Allowance for impairment of investment					(626,996.82)	-	-	-
<u>Net</u>					<u>373,003.18</u>	<u>1,000,000.00</u>	<u>373,003.18</u>	<u>402,516.08</u>

The Company has purchased ordinary shares of Yamu Property Development Co., Ltd. (joint venture) in the rate of 50% of capital already called for paid-up. The Company recognizes interest in joint venture by selecting equity method since the management considers from the actual substance and sees that the other party of joint venture comprises the power in determination of financial and operation policy, especially that is related to the fund raising and marketing. The Company comprises participation in such decision making. Under to the equity method, it is determined that the Company will recognised initial interest in joint venture at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.



The aggregate amounts of each transaction related to the Company's interest in joint venture as at December 31, 2009 and 2008 are as follows:

	(Unit : '000 Baht)	
	<u>2009</u>	<u>2008</u>
Current assets	211,281.11	955,417.47
Non-Current assets	6,954,725.24	5,884,623.00
Current Liabilities	20,000.00	35,080.00
Non-Current liabilities	6,400,000.00	6,000,000.00
Revenue	1,545.88	5,599.11
Expense	(60,500.00)	(103,996.27)

9. Land development cost, net

	(Unit : Baht)	
	Financial statement in which the equity method is applied/ Separate financial statements	
	<u>2009</u>	<u>2008</u>
Cost of land	611,876,065.01	611,876,065.01
<u>Less</u> Allowance for impairment	(5,279,300.00)	(5,279,300.00)
Land development cost, net	<u>606,596,765.01</u>	<u>606,596,765.01</u>

Land development with cost of Baht 38.18 millions is mortgaged as collateral for credit facilities of bank overdraft, long-term loans and letter of guarantee from bank.

10. Equipment, net

Consist of :

Financial statement in which the equity method is applied / Separate financial statement

	(Unit : Baht)		
	Furniture and improvement	Office equipment and vehicle	Total
Cost:-			
As at January 1, 2009	660,563.04	8,517,510.30	9,178,073.34
Purchase	48,685.00	110,673.99	159,358.99
Disposal	-	-	-
As at December 31, 2009	709,248.04	8,628,184.29	9,337,432.33
Accumulated depreciation:-			
As at January 1, 2009	(258,302.73)	(4,696,884.39)	(4,955,187.12)
Depreciation charge	(143,754.91)	(1,498,240.81)	(1,641,995.72)
Disposal	-	-	-
As at December 31, 2009	(402,057.64)	(6,195,125.20)	(6,597,182.84)
Net book value			
As at December 31, 2008	402,260.31	3,820,625.91	4,222,886.22
As at December 31, 2009	307,190.40	2,433,059.09	2,740,249.49
Depreciation in the statements of income			
For the years ended on December 31, 2008			2,212,366.50
For the years ended on December 31, 2009			1,641,995.72

As at December 31, 2009, equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 1.84 million (2008 : Baht 0.84 million).



11. Pledged deposits at financial institutions

As at December 31, 2009, the Company constitutes fixed deposit with merchant bank in amount of Baht 1.64 millions (2008 : Baht 1.61 millions) has been pledged as collateral against the use of electricity, against guarantee of transformer and against guaranteed of maintenance fee of public utility or public service of the Company.

12. Share capital and premium on share capital

The movement of share capital for the year ended on December 31, 2009 and 2008 are as follow:-

	Number of shares (Unit : share)	Ordinary shares (Unit : Baht)
Issued and paid-up share capital (at par value Baht 1.00)		
As at January 1, 2008	1,000,000,000	1,000,000,000.00
Issue of share during the year	-	-
As at December 31, 2008	1,000,000,000	1,000,000,000.00
Issue of share during the year	-	-
As at December 31, 2009	1,000,000,000	1,000,000,000.00

As at December 31, 2009, the total number of registered ordinary shares is in number of 1,000,000,000 shares (2008 : number of 1,000,000,000 shares ) There is par value of Baht 1.00 per share. (2008 : par value of Baht 1.00 per share) Shares capital issued and paid-up in number of 1,000,000,000 shares (2008 : number of 1,000,000,000 shares). There is par value of Baht 1.00 per share. (2008 : par value of Baht 1.00 per share)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

13. Dividend paid and legal reserve

In accordance with the minute of general shareholders meeting held on April 8, 2009, the shareholders approved the payment of annual dividend for the year 2008 of Baht 0.045 per share in total amount of Baht 45.00 million. The Company paid such dividend in April 30, 2009 (2008 : Baht 40.00 millions). The Company is required to set aside annual net profit to legal reserve amounting to Baht 4.25 million (2008 : Baht 4.20 millions).

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

For the year ended on December 31, 2009 and 2008, the Company has transferred net income amounting to Baht 1.00 million and Baht 4.25 million, respectively, to the statutory reserve.

14. Income tax

In 2009 and 2008, corporate income taxed of the Company has been calculated at the rates of 25% on income before income tax, after adding adjusted transaction in accordance with the Revenue Code which is mainly concerning to undeductable expenses, loss on impairment and depreciation of vehicles for the excess cost from Baht 1 million, etc.

15. Basic earnings per share

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

16. Supplemental disclosures of cash flow information

16.1 Cash and cash equivalents consist of :-

(Unit : Baht)

Financial statement in which the  
equity method is applied /  
Separate financial statements

As at

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Cash and cash at financial institution	50,727,339.38	121,125,904.01
Cash at financial institution not exceeding 3 months	-	-
Total	<u>50,727,339.38</u>	<u>121,125,904.01</u>



## 16.2 Non-cash items

During the year ended on December 31, 2009 the Company constitutes the transfer of other non-current assets in amount of Baht 0.25 million to be cost of real estate development.

During the year ended on December 31, 2008 the Company constitutes the transfer of cost of real estate development in amount of Baht 22.63 millions to be cost of land development and transfer of cost of land development in amount of Baht 160.10 millions to be cost of real estate development and also transfer of equipment in amount of Baht 0.11 million to be cost of real estate development.

## 17. Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at net profit before income tax for the year ended on December 31, 2009 and 2008 :

	(Unit : Baht)	
	Financial statement in which the equity method is applied /	
	Separate financial statements	
	<u>2009</u>	<u>2008</u>
Depreciation and amortization	1,904,787.72	2,475,878.48
Doubtful debts	231,122.72	-
Staff costs	6,167,540.00	6,373,290.54
Management benefit expenses	4,740,247.00	4,846,368.31

18. Provident fund

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E.2530. The Company appointed an authorized fund manager to manage the fund on 1 December 2005. Under the plan, employees must contribute 3 percent of their basic salary and the Company is required to make monthly contributions to the fund at the same rate of employees. In the year 2009, the Company contribution to the provident fund was Baht 0.21 million (2008 : Baht 0.22 million)

19. Business segment information

The Company is engaged in property development, by which the management team considers that they are complementary to each other so that they are almost the same business and are operated solely in Thailand by selling their products domestically only. As a result, all of revenues, profit and assets as reflected in these financial statements pertaining to the aforementioned sole business segment and geographic area as said above.

20. Obligation commitment and contingent liability

20.1 As at December 31, 2009, the Company constitutes obligation commitment in the project development and property construction by amount of Baht 15.45 millions (2008: Baht 59.80 millions).

20.2 As at December 31, 2009, the Company constitutes letter of guarantee which issued by a bank to guarantee the repayment of electricity and land allotment by total Baht 14.28 millions (2008: Baht 13.31 millions).

20.3 The Company constitutes credit line of bank overdraft account which has not been withdraw in amount of Baht 5.00 million. There is land development are collateral and there is the Company's directors guarantee.

20.4 The Company has engaged the hiring contract in light of marketing and selling with one company while there is the period of 1 year. The Company is obliged to repay the sale remuneration in the rate of 2.00% of selling prices.

20.5 The Company has performed the contract of area lease to post the advertising sign board with several outside persons while there is the period of one year which the life can be renewable. The Company constitutes the obligation commitment that has to repay the leased fee by amount of Baht 0.26 millions.



21. Approval of financial statements

These financial statements in which the equity method is applied and separate financial statement were authorized for issue by the Company's Authorized Directors on February 1, 2010.

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