

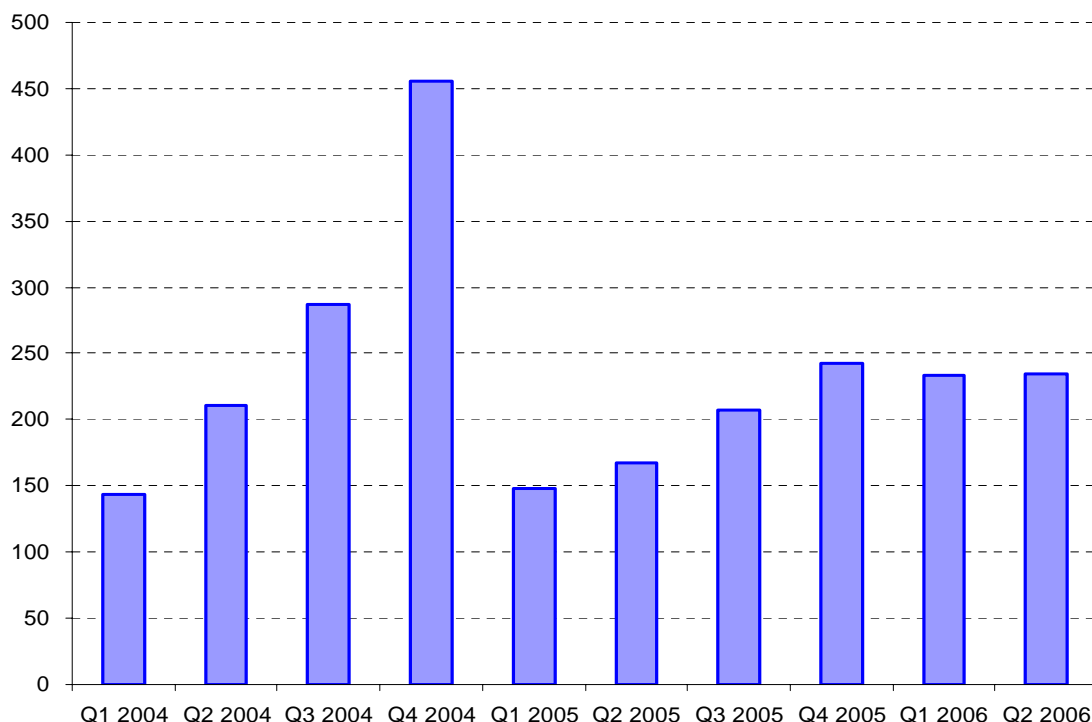


Management Discussion and Analysis 2Q 2006

Asian Property Development Public Company Limited (AP.BK / AP TB) reported a net profit of 234.4 million Baht (EPS of 0.10 Baht/share) in Q2 2006, substantially rising 40.4% year-on-year. However, this net profit remained stable from the previous quarter. The strong performance led to high growth of 48.3% in net profit of 467.8 million Baht in the first half of this year compared to the same period of last year.

Revenues in Q2 2006 were 1,736 million Baht, up 28.3% YoY. However, Q2 2006 revenues reflected only operations of the property development business while Q2 2005 revenues included our subsidiary Pre-Built Plc., a contractor. Stripping out construction revenues from Pre-Built of 261 million Baht in Q2 2005, our revenues from the core property development business in this quarter significantly grew 59.0% year-on-year. Revenues from the property development in the first half of this year jumped up 80.6% versus the same period in the prior year. The strong net profit and revenues in the first half of this year were due mainly to strong booking from many projects launched since late last year, driving to high income recognition in early this year.

Figure 1 Net Profit (million Baht)



Source: Asian Property Development

If you have any question, please feel free to e-mail to pumipat@ap-thai.com

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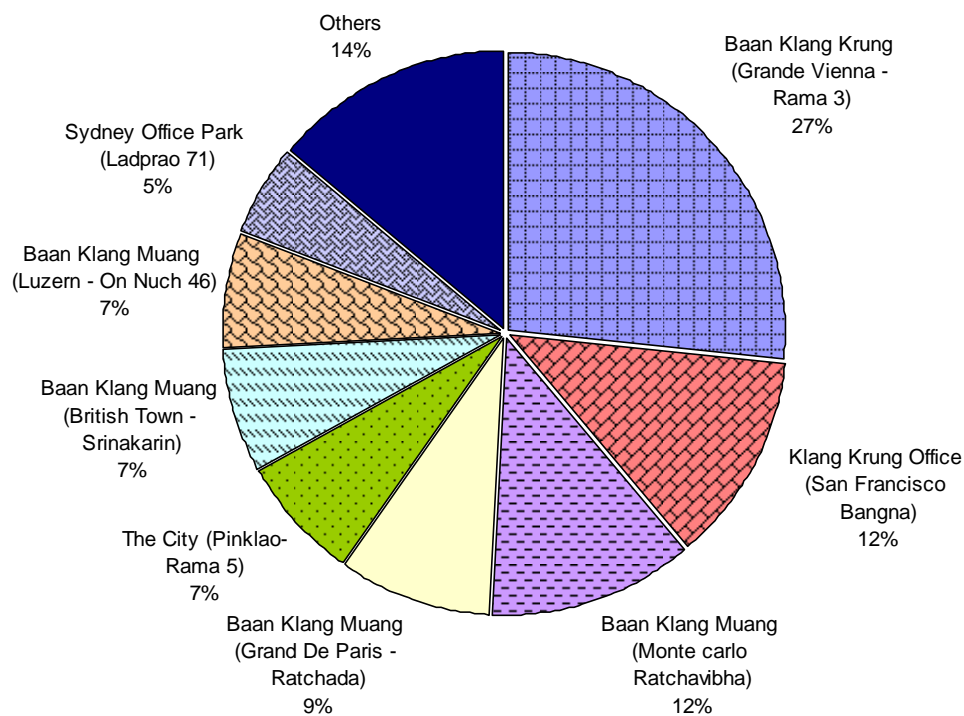


The key project contributed to the strong income in 1H 2006 was Baan Klang Krung (Grand Vienna Rama 3), accounting for a high of 30% of total, while Klang Krung Office Park (San Francisco - Bangna) and Baan Klang Muang (Grand De Paris - Ratchada) contributed approximately 10% each.

Revenues in Q2 2006 mainly came from the following projects.

Baan Klang Krung (Grand Vienna Rama 3)	27%
Klang Krung Office Park(San Francisco Bangna)	12%
Baan Klang Muang (Monte carlo Ratchavibha)	12%
Baan Klang Muang (Grand De Paris Ratchada)	9%
The City (Pinklao-Rama 5)	7%
Baan Klang Muang (British Town Srinakarin)	7%
Baan Klang Muang (Luzern - On Nuch 46)	7%
Sydney Office Park (Ladprao 71)	5%
Others	14%

Figure 2 Breakdown of Property Development Revenues by projects in Q2 2006



Source: Asian Property Development

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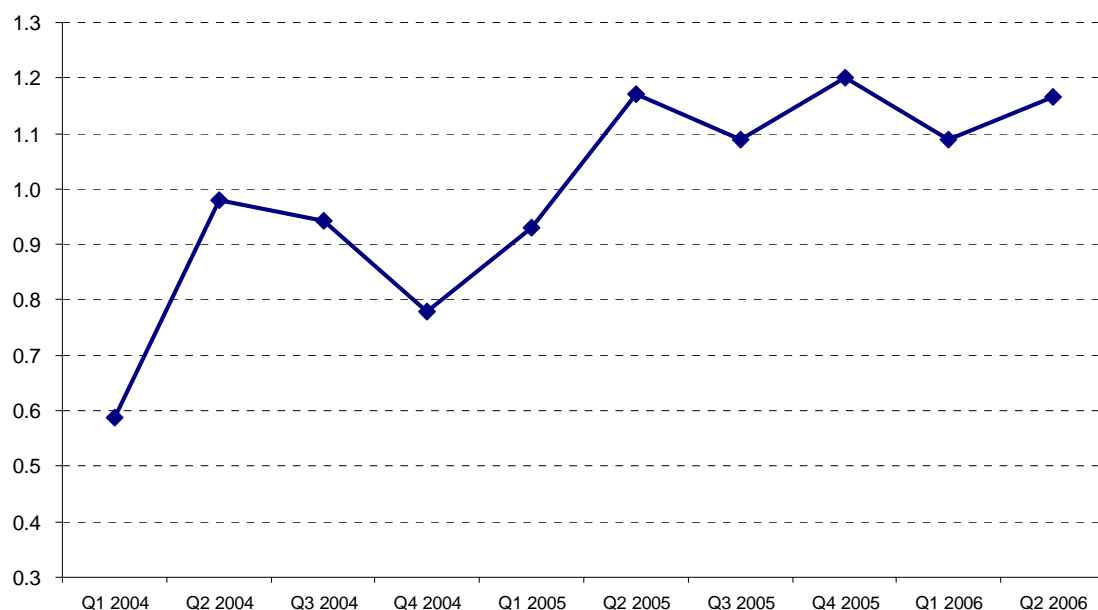
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Our Gross Margin in Q2 2006 was 30.9%, lower than 33.1% in Q2 2005 and 32.7% in Q1 2006 because the company sold a plot of land at about 114 million Baht at about the book value (minimal margin). This plot of land was booked under Trillion Development Ltd. which earlier planed to develop low-end townhouses (850,000 Baht/unit) joining between Pre-Built (60%) and AP (40%). Until year 2005, one of the SEC's requirements for Pre-Built to be listed on the Stock Exchange of Thailand (SET) was the sale of Trillion to AP. As a result, the business model of AP's 100%-owned Trillion has been changed from its own construction to outsourcing, pulling margins down from 30% initially to only 18%. Finally, the company decided to cease its operations by selling this plot of land without any loss. Excluded the sale of this plot of land, gross margin of normal property development was 32.5%, similar to the previous quarter. Our SG&A as a percentage of sales was 12.1% while the tax rate was at a low of 22.8% in Q2 2006.

Net debt to equity stood at 1.17x, same as Q2 2005 but slightly increased from 1.09x in Q1 2006 given high backlog we have currently. Unrealized gain from Q-CON booked under equity still continued to decline to a loss of 20 million Baht in Q2 2006, compared to a gain of 258 million Baht in Q2 2005.

Figure 3 Quarterly Net Debt to Equity Ratio (x)



Source: Asian Property Development



OUTLOOK

Sales backlog as of Q2 2006 was 4.95 billion Baht and 5.65 billion Baht as of 15 August 2006, of which 1.76 billion Baht will be booked within this year and 3.88 billion Baht will be booked in 2007 onwards. The backlog expected to be recognized this year of 1.76 billion combined with revenues in 1H 2006 already reached 4.93 billion Baht, above our full year revenues from the property development last year of 4.49 billion Baht. Even though we do not expect to see a quick turn around in the property market, political stability should more or less improve the sentiment of the overall market. However, volatile oil prices remain one of our major concerns.

Figure 4 Summary of Projects (million Baht) (as of 15 Aug 2006)

	Q4 2005	Q1 2006	Q2 2006	15 Aug 2006
Beginning backlog	4,201	4,940	5,087	4,954
Booking	2,238	1,693	1,490	692
Income recognition	(1,499)	(1,546)	(1,623)	-
Ending backlog	4,940	5,087	4,954	5,646
- recognized within year 2006			1,403	1,759
- recognized year 2007-8 (condominium)			3,551	3,887

Source: Asian Property Development

The company officially launched two new projects within Q2 2006. The first one was launched early in the quarter called Vogue @ Siam (224 total units, 1.1 billion Baht project value) and already sold 55% in terms of units. The second one was Baan Klang Krung (The Nice Ratchavibha), 50 units of single detached houses with the project value of 670 million Baht. The rate of sales is not bad, given already sold 11 out of 50 units (or 22%) so far. In fact, we have formally launched another condominium project "Life @ BTS Tapra" (672 total units, 1.1 billion Baht project value) in July 2006, with the achievement of 30% sold so far. Although sales of condominium projects will not expect to be realized within this year, they show strong demand in the market segmentation.

Our land acquisition budget this year has been already committed for about 1.2 billion Baht, with 800 million Baht already paid year-to-date. Two plots of lands were acquired in Q2 2006. One is Vogue @ Sukhumvit 42 (low-rise condo 310 units, 1.0 billion Baht project value) and we expect to launch in Q4 2006 at about 60,000 Baht/sq.m., with 3-5 million Baht/unit in average. This project is only 200-300 meters walk to BTS Ekkamai. The other one is planned to develop home offices called Klang Krung Office Park (Chokchai 4 - Sena) (10 rais, 79 units, 500 million Baht project value).

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Figure 5 Financial summary

	Q2 2006	Q1 2006	2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2004
Revenues from Property Development (Btm)	1,736	1,546	4,490	1,499	1,174	1,092	725	4,793
YoY Chg (%)	59.0%	113.2%	-6.3%	-25.9%	-8.2%	11.0%	43.1%	11.2%
Consolidated Revenues (Btm)	1,736	1,546	5,258	1,499	1,363	1,353	1,043	5,740
YoY Chg (%)	28.3%	48.3%	-8.4%	-35.7%	-0.1%	3.2%	42.3%	20.7%
QoQ Chg (%)	12.3%	3.1%		10.0%	0.7%	29.8%	-55.3%	
Gross profit from Property Development (Btm)	536	505	1,551	491	393	412	254	1,821
Gross margin from Property (%)	30.9%	32.7%	34.5%	32.8%	33.5%	37.7%	35.1%	38.0%
Overall Gross profit (Btm)	536	505	1,683	491	435	448	309	2,004
Gross margin (%)	30.9%	32.7%	32.0%	32.8%	31.9%	33.1%	29.7%	34.9%
Operating profit (Btm)	325	324	976	291	258	251	176	1,369
Operating margin (%)	18.7%	21.0%	18.6%	19.4%	18.9%	18.6%	16.9%	23.9%
Net profit (Btm)	234	233	765	243	207	167	148	1,097
YoY Chg (%)	40.4%	57.2%	-30.3%	-46.7%	-28.0%	-20.8%	3.3%	-7.9%
QoQ Chg (%)	0.4%	-3.7%		17.2%	23.9%	12.4%	-67.4%	
EPS (Bt)	0.10	0.10	0.34	0.11	0.09	0.07	0.07	0.48
Total assets (Btm)	10,804	10,565	10,291	10,291	9,266	9,570	9,900	9,247
Equity (Btm)	4,099	4,213	3,983	3,983	3,824	3,708	4,259	4,266
Outstanding debt (Btm)	5,502	5,156	5,303	5,303	4,530	4,755	4,584	4,030
Net debt (Btm)	4,782	4,593	4,787	4,787	4,163	4,347	3,965	3,322
Net debt to equity (x)	1.17	1.09	1.20	1.20	1.09	1.17	0.93	0.78
ROE (%) (average equity)	N/A	N/A	18.5%	N/A	N/A	N/A	N/A	28.9%

Source: Asian Property Development

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Figure 6 Ongoing projects

	Type	Rai	No of units	Project value (Btm)	Launch year	Completion (last unit transferred)	% sold (in unit) (as of Jun 30, 2006)	Available for sales (Btm)
Place & Park	SDH	91.6	275	800		N/A		800
The City (Rama 5 - Pinklao)	SDH	90.0	283	1,700	Q3 2004	Q4 2007	53%	793
The City (Pinklao)	SDH	38.0	88	700	Q3 2004	Q4 2007	69%	215
Baan Klang Muang (British Town Srinakarin)	TH	43.5	413	1,630	Q1 2005	Q4 2007	62%	616
Baan Klang Krung (Siam - Patumwan)	Condo	4.7	580	2,900	Q1 2005	Q4 2007	98%	50
Baan Klang Muang (The Paris Ratchavibha)	TH	17.0	137	737	Q2 2005	Q4 2006	99%	5
Sydney Office Park (Ladprao 71)	TH	11.5	76	669	Q4 2005	Q3 2006	93%	44
Baan Klang Muang (Grand De Paris Ratchada)	TH	18.0	209	870	Q4 2005	Q2 2007	64%	316
Baan Klang Krung (Grande Vienna Rama III)	TH	18.2	205	1,420	Q4 2005	Q4 2007	87%	187
Baan Klang Krung (Grande Vienna Rama III)	SDH	13.1	24	500	Q4 2005	Q4 2007	25%	375
Baan Klang Muang (Luzern On-nut 46)	TH	26.1	299	880	Q4 2005	Q2 2008	27%	645
Baan Klang Muang (Monte-carlo Ratchavibha)	TH	26.9	261	1,273	Q1 2006	Q4 2007	37%	800
Klang Krung Office Park (San Francisco Bangna)	TH	19.0	110	1,040	Q1 2006	Q3 2007	59%	425
Vogue @ Siam	Condo	1.6	224	1,100	Q2 2006	Q4 2008	52%	530
Baan Klang Krung (The Nice Ratchavibha)	SDH	18.2	50	670	Q2 2006	Q4 2007	18%	549
Life @ BTS Tapra	Condo	4.1	672	1,100	Q3 2006	Q1 2009	11%	984
								7,334

Note: % sold as of 30 Jun 2006

Source: Asian Property Development

Figure 7 Projects in the pipeline (planned to be launched)

	Type	Rai	No of units	Project value (Btm)	Land acquisition	Launch year	Completion (last unit transferred)
Baan Klang Krung (The Royal Vienna Ratchavibha)	TH	35.6	330	1,400	Q3 2005	Q3 2006	Q4 2008
Baan Klang Muang (The Royal Monaco Srinakarin-Pattanakarn)	TH	24.7	238	800	Q4 2005	Q4 2006	Q4 2008
Baan Klang Muang (Swiss Town Kaset Navamin)	TH	31.2	320	990	Q4 2005	Q4 2006	Q4 2008
Baan Klang Muang (The Paris Rama 9)	TH	19.1	299	740	Q4 2005	Q4 2006	Q3 2008
Vogue @ Sukhumvit 42	Condo	2.7	310	1,000	Q2 2006	Q4 2006	Q1 2009
Baan Klang Muang (Krungthep Kreeta)	TH	10.9	113	310	Q1 2006	Q2 2007	Q4 2008
Baan Klang Muang (Latpraklao)	TH	24.7	350	900	Q1 2006	Q4 2007	Q2 2010
Klang Krung Office Park (Chokchai 4 - Sena)	TH	10.0	79	500	Q2 2006	Q4 2007	Q4 2009
Total planned-to-be-launched projects		158.9	2,039	6,640			

Note: 1 rai = 0.4 acres = 400 sq.w. = 1,600 sq.m. , * SDH = Single Detached Houses, TH = Townhouses

Source: Asian Property Development

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