

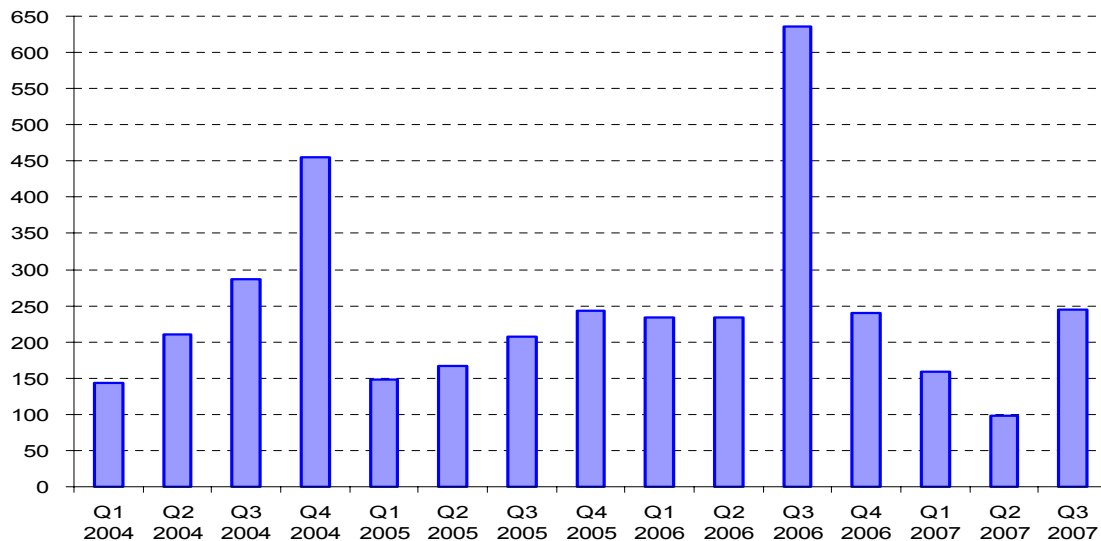


## Management Discussion and Analysis Q3 2007

**Asian Property Development Public Company Limited** (AP.BK / AP TB) reported Q3 2007 net profit of 244.2 million Baht or EPS of 0.11 Baht/share. This was down 61.6% year-on-year due to an extra gain from selling the City Asset Fund in the same period last year (see Figure 1). Stripping out the extra gain of about 550 million Baht in Q3 2006, the net profit in Q3 2007 was 183.3% and 148.8% higher than Q3 2006 and Q2 2007, respectively. The big improvement was derived from stronger revenues of 2,123 million Baht, up 109.7% YoY and 52.0% QoQ. The company has started transferring our condominium Baan Klang Krung (Siam-Patumwan), accounting for 42% of total revenues in Q3 2007 (see figure 2).

For the 9 months performance, the company achieved the net profit of 501 million Baht and revenues of 4,934 million Baht. Gross margin for 9 months was 32.3% compared to 31.4% for the same period last year.

**Figure 1 Net Profit (million Baht)**

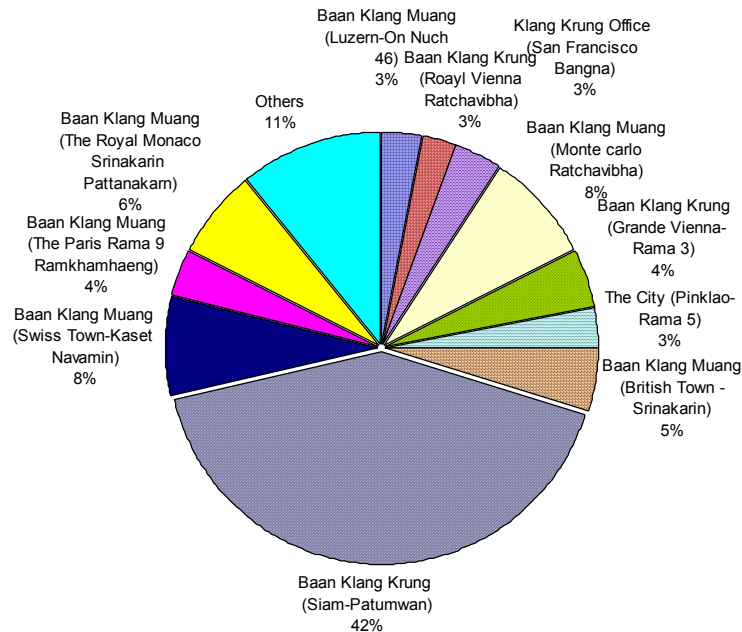


Source: Asian Property Development

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**Figure 2 Breakdown of Property Development Revenues by projects in Q3 2007**



Source: Asian Property Development

**Gross Margin** in Q3 2007 improved to 33.4% from 30.8% in Q2 2007 and 30.5% in Q3 2006 to reflect a larger contribution from the higher margin condominium project. SG&A expenses in Q3 2007 increased 38.9% YoY and 25.3% QoQ due to some advertising expenses of launching our 3 Life condominiums in the quarter as well as Specific Business Tax of 3.3% and Transfer Fee of 2%. However, the improvement of operations in the quarter could help lower SG&A as a percentage of revenues to 14.9% versus 18.1% in the prior quarter. In addition, the effective tax rate remained high at 33.1% in Q3 2007 although it came down from 36.5% in Q2 2007. This reflected a large cash receipt from downpayment of our condominium projects in the quarter. **Net Debt to Equity** remained manageable at only 0.87x in Q3 2007, slightly up from 0.78x in Q2 2007, given the net debt of 4,448 million Baht.

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## OUTLOOK

Our sales booking in Q3 2007 was still high at 4.66 billion Baht, driving our 9 months 2007 sales booking to 13.67 billion Baht compared to only 8.07 billion Baht for the full year of last year. In Q3 2007, we successfully launched our 3 new "Life" condominium projects (96% sold in Paholyothin 18, 91% in Sukhumvit 65 and 97% in Ratchada-Huaykwang as of 13 Nov 2007). As a result, sales backlog (already sold but not yet recognized income) reached a high of 15.54 billion Baht as of Q3 2007, of which 1.73 billion Baht from low-rise development (Townhouses and Single Detached Houses) are expected to be recognized within the next two quarters. On the other hand, the sales backlog of 13.81 billion Baht from condominium will be majority booked in 2009 and 2010 (see Figure 7).

We expect revenues in Q4 2007 to be solid as the majority of units of the Baan Klang Krung (Siam-Patumwan) condominium project will be transferred. In the meantime, we are now trying to transfer some units of The Address (Sukhumvit 42) in this quarter. Overall, we should be able to perform the best in Q4 on the quarter basis of this year. In November 2007, we plan to launch a new townhouse project - Baan Klang Muang (Krungthep Kreetta) with 113 units worth 310 million Baht located nearby our existing project, Baan Klang Muang (The Paris Rama 9-Ramkhamhaeng).

**Figure 3 Summary of Projects (million Baht) (as of 13 Nov 2007)**

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	1 Oct-13 Nov 2007
Beginning backlog	6,084	6,781	8,912	12,993	15,541
Booking	2,747	3,541	5,469	4,657	1,223
Income recognition	(2,050)	(1,410)	(1,388)	(2,109)	-
<b>Ending backlog</b>	<b>6,781</b>	<b>8,912</b>	<b>12,993</b>	<b>15,541</b>	<b>16,764</b>
- from townhouses and single detached houses (SDH)				1,728	2,359
- from condominiums				13,813	14,405

Source: Asian Property Development

On the land acquisition, we have already spent 2.61 billion Baht for 9 months. Moreover, we expect at least 1.3 billion Baht additional land acquisition in Q4 2007, matching with our expectedly strong cash inflow from increasing revenues. In October 2007, we already acquired three more plots of land as following.

- (1) Life @ Ratchada - Huay Kwang II. This condominium project is very near our previous project Life @ Ratchada - Huay Kwang (already sold 97% as of 13 Nov 2007). The 1.65 billion Baht project is again right next to the MRT Huay Kwang station and expected to launch in Q1 2008.
- (2) The City (Rattana-tibet). This will be a Single Detached House project with 217 units and 1.2 billion Baht project value.
- (3) Baan Klang Muang (Sukhumvit 113) and The City (Sukhumvit 113). This 47-rai plot of lands will be divided into Townhouses and Single Detached Houses with a combined value of 1,130 million Baht. (see Figure 6)

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The company has acquired more plots of land for developing low-rise projects as we are closing down some of our existing townhouse projects, for example, Baan Klang Muang (The Paris Ratchavibha), Sydney Office Park (Ladprao 71), Baan Klang Muang (Grand De Paris Ratchada). In general, a plot of land for low-rise development is needed about one year for site preparation and infrastructure, meaning that we will be able to launch these new low-rise projects in mid next year at the earliest. However, revenues of low-rise projects will come in quickly approximately within 6 months after sales booking.

**Figure 4 Financial summary**

	Q3 2007	Q2 2007	Q1 2007	2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2005	2004	2003
Revenues from Property Development (Btm)	2,109	1,388	1,410	6,344	2,050	1,012	1,736	1,546	4,490	4,793	4,312
YoY Chg (%)	108.3%	-20.0%	-8.8%	41.3%	36.8%	-13.8%	59.0%	113.2%	-6.3%	11.2%	79.0%
Consolidated Revenues (Btm)	2,123	1,396	1,415	6,344	2,050	1,012	1,736	1,546	5,258	5,740	4,757
YoY Chg (%)	109.7%	-19.6%	-8.5%	20.7%	36.8%	-25.7%	28.3%	48.3%	-8.4%	20.7%	76.1%
QoQ Chg (%)	52.0%	-1.3%	-31.0%		103%	-41.7%	12.3%	3.1%			
Gross profit from Property Development (Btm)	696	421	451	1,996	647	308	536	505	1,551	1,821	1,674
Gross margin from Property (%)	33.0%	30.4%	32.0%	31.5%	31.5%	30.5%	30.9%	32.7%	34.5%	38.0%	38.8%
Overall Gross profit (Btm)	710	430	456	1,996	647	308	536	505	1,683	2,004	1,771
Gross margin (%)	33.4%	30.8%	32.2%	31.5%	31.5%	30.5%	30.9%	32.7%	32.0%	34.9%	37.2%
Operating profit (Btm)	394	178	232	1,043	315	81	325	324	976	1,369	1,441
Operating margin (%)	18.6%	12.7%	16.4%	16.4%	15.4%	8.0%	18.7%	21.0%	18.6%	23.9%	30.3%
Net profit from normal operations (Btm)	244	98	158	794	240	86	234	233	645	1,010	1,192
YoY Chg (%)	183.3%	-58.1%	-32.2%	23.2%	13.2%	-49.9%	40.4%	148.8%	-36.2%	-15.2%	73.6%
Net profit (Btm)	244	98	158	1,344	240	636	234	233	765	1,097	1,192
YoY Chg (%)	-61.6%	-58.1%	-32.2%	75.7%	-1.0%	207.5%	40.4%	57.2%	-30.3%	-7.9%	73.2%
QoQ Chg (%)	148.8%	-38.0%	-34.1%		-62.3%	171.5%	0.4%	-3.7%			
EPS (Bt)	0.11	0.04	0.07	0.59	0.10	0.28	0.10	0.10	0.34	0.48	0.53
Total assets (Btm)	12,328	11,110	10,465	10,418	10,418	10,851	10,804	10,565	10,291	9,247	6,620
Equity (Btm)	5,118	4,804	5,213	5,048	5,048	4,736	4,099	4,213	3,983	4,266	3,325
Outstanding debt (Btm)	5,340	4,663	3,902	4,031	4,031	4,785	5,502	5,156	5,303	4,030	2,471
Net debt (Btm)	4,448	3,767	3,264	3,124	3,124	3,554	4,782	4,593	4,787	3,322	1,507
Net debt to equity (x)	0.87	0.78	0.63	0.62	0.62	0.75	1.17	1.09	1.20	0.78	0.45
ROE (%) (average equity)	N/A	N/A	N/A	29.8%	N/A	N/A	N/A	N/A	18.5%	28.9%	47.4%

Source: Asian Property Development

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**Figure 5 Ongoing Projects**

	Type	Rai	No of units	Project value (Btm)	Launch year	Completion (last unit transferred)	% sold (in unit as of 30 Sep 07)	Available for sales (Btm)
Place & Park	SDH	91.6	275	800		N/A		
The City (Rama 5 - Pinklao)	SDH	90.0	283	1,700	Q3 2004	Q4 2008	78%	378
The City (Pinklao)	SDH	38.0	88	700	Q3 2004	Q4 2007	85%	103
The City (Pinklao) Phase II	SDH	115.7	288	1,600	Q2 2007	Q4 2010	38%	989
Baan Klang Muang (British Town Srinakarin)	TH	43.5	413	1,630	Q1 2005	Q4 2008	87%	213
Baan Klang Krung (Siam - Patumwan)	Condo	4.7	580	2,900	Q1 2005	Q2 2008	100%	0
Baan Klang Muang (The Paris Ratchavibha)	TH	17.0	137	737	Q2 2005	Q4 2007	100%	0
Sydney Office Park (Ladprao 71)	TH	11.5	76	669	Q4 2005	Q4 2007	100%	0
Baan Klang Muang (Grand De Paris Ratchada)	TH	18.0	209	870	Q4 2005	Q4 2007	100%	0
Baan Klang Krung (Grande Vienna Rama III)	TH	18.2	205	1,420	Q4 2005	Q4 2007	100%	7
Baan Klang Krung (Grande Vienna Rama III)	SDH	13.1	24	500	Q4 2005	Q4 2008	58%	208
Baan Klang Muang (Luzern On-nut 46)	TH	26.1	299	880	Q4 2005	Q4 2008	60%	353
Baan Klang Muang (Monte-carlo Ratchavibha)	TH	26.9	261	1,273	Q1 2006	Q4 2008	82%	229
Klang Krung Office Park (San Francisco Bangna)	TH	19.0	110	1,100	Q1 2006	Q4 2007	99%	10
The Address Siam	Condo	1.6	224	1,100	Q2 2006	Q4 2008	89%	118
Baan Klang Krung (The Nice Ratchavibha)	SDH	18.2	50	670	Q2 2006	Q4 2008	38%	415
Life @ BTS Tapra	Condo	4.1	672	1,100	Q3 2006	Q2 2009	83%	190
Baan Klang Krung (The Royal Vienna Ratchavibha)	TH	35.6	330	1,400	Q4 2006	Q4 2009	25%	1,048
Baan Klang Muang (The Royal Monaco Srinakarin-Pattanakarn)	TH	24.7	309	900	Q4 2006	Q4 2008	61%	355
Baan Klang Muang (Swiss Town Kaset Navamin)	TH	31.2	320	990	Q4 2006	Q4 2008	65%	343
Baan Klang Muang (The Paris Rama 9-Ramkhamhaeng)	TH	19.1	297	740	Q4 2006	Q4 2008	63%	274
The Address Sukhumvit 42	Condo	2.7	214	700	Q4 2006	Q2 2008	94%	43
Life @ Ratchada	Condo	4.1	474	950	Q4 2006	Q3 2009	99%	6
The Address Chidlom	Condo	4.5	597	3,000	Q1 2007	Q2 2010	65%	1,055
Life @ Sathorn 10	Condo	1.4	286	1,000	Q2 2007	Q2 2011	99%	10
Life @ Paholyothin-Aree	Condo	2.0	357	950	Q2 2007	Q4 2010	100%	0
Life @ Ratchada-Suthisan	Condo	2.9	484	1,200	Q2 2007	Q4 2010	100%	0
Life @ Paholyothin 18	Condo	1.9	183	340	Q3 2007	Q4 2009	86%	46
Life @ Sukhumvit 65	Condo	2.5	540	1,500	Q3 2007	Q2 2011	76%	356
Life @ Ratchada-Huay Kwang	Condo	2.5	480	1,200	Q3 2007	Q4 2010	81%	230
								<b>6,982</b>

*Note: % sold as of 30 Sep 2007*

*Source: Asian Property Development*

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**Figure 6 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 Muang (Krungthep Kreetta)	TH	10.9	113	310	Q1 2006	Q4 2007	Q4 2009
Baan Klang Muang (Chokchai 4 - Sena)	TH	10.0	79	500	Q2 2006	Q1 2008	Q4 2009
Life @ Ratchada-Huay Kwang II	Condo	3.6	659	1,650	Q4 2007	Q1 2008	Q4 2011
Baan Klang Muang (BTS Taksin)	TH	22.6	211	850	Q2 2007	Q3 2008	Q4 2010
The City (Rattanaibet)	SDH	60.0	217	1,200	Q4 2007	Q3 2008	Q4 2011
Baan Klang Muang (Sukhumvit 113)	TH	11.6	124	330	Q4 2007	Q3 2008	Q4 2010
The City (Sukhumvit 113)	SDH	35.6	202	800	Q4 2007	Q3 2008	Q4 2011
Baan Klang Muang (Latpraklao)	TH	24.7	350	900	Q1 2006	Q1 2009	Q4 2011
<b>Total planned-to-be-launched projects</b>		<b>179.0</b>		<b>6,540.0</b>			

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

Source: Asian Property Development

**Figure 7 schedule of condo transfer**

	(million Baht)		% unit sold *	% Estimated transferred					Estimated last unit transferred
	Project value	Total units		2007F	2008F	2009F	2010F	2011F	
<b>Existing Condo of AP</b>									
Baan Klang Krung (Siam - Patumwan)	2,900	580	100%	80%	10%				Q2 2008
The Address Siam	1,100	224	89%		100%				Q4 2008
Life @ BTS Tapra	1,100	672	83%		60%	40%			Q2 2009
The Address Sukhumvit 42	700	214	94%		100%				Q4 2008
Life @ Ratchada - Ladprao 36	950	474	100%			100%			Q3 2009
The Address Chidlom	3,000	597	65%			70%	30%		Q2 2010
Life @ Sathorn Soi 10	1,000	286	99%				90%	10%	Q2 2011
Life @ Paholyothin-Aree	950	357	100%			60%	40%		Q4 2010
Life @ Suthisan	1,200	484	100%			60%	40%		Q4 2010
Life @ Paholyothin 18	340	183	86%		30%	70%			Q4 2009
Life @ Sukhumvit 65	1,500	540	76%				50%	50%	Q2 2011
Life @ Ratchada - Huay Kwang	1,200	480	81%				100%		Q4 2010
	<b>15,940</b>								

\* % sold as of Sep 30, 2007

**Note:** Any potential risk associated with condo projects can be managed as follows:

1) On the financing side, we schedule our condo project investment such that each new condo project can be financed by cash inflow from prior condo project completion as shown in the table above. As a result, we can ensure positive earnings from our existing condo projects over the next 3 years.

2) On the operational side, we internally monitor to make sure that the number of unit sales percentage of our existing condo projects has reached a confident level before starting to acquire new plots of land for new condo development. Currently, each of our existing condo project has already achieved at least 55% of total no. of units for sale.

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