

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

1. General Information

Registered Office

The City Sports and Recreation Public Company Limited Address 2 Navatane Rd., Kannayao, Bangkok, 10230. Registration no. 0107536000552 (Previous no. Bor Mor Chor 129)

Telephone 0-2376-1693-5, 0-2376-1034-6 Fax 0-2376-1685

E-Mail : info@navatane.com

Business Operation

To operate tourism and entertainment which is golf course service under the name of the Navatane golf course and provide other services and facilities, i.e. the restaurant, locker rooms, conference rooms and the golf shop in clubhouse building and caddy service.

Registered share capital

20,500,000 ordinary shares of Baht 10 each, in total amount of Baht 205,000,000 has issued and paid-up share capital

Share Registrar

Thailand Securities Depository Co., Ltd.

No. 62 The Stock Exchange of Thailand Building, 4th, 6th - 7th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110

Telephone : 0-2229-2800

Facsimile : 0-2359-1262-3

Certified Public Accountants

The S.K. Accountant Service Co., Ltd. Subsidiaried Mr. Somchai Kurujitkosol, Certified Public Accountant no.3277, or Mr. Ampol Chamnongwat Certified Public Accountant no. 4663 or Miss. Waranya Puttasatien, Certified Public Accountant no. 4387 or Mr.Naris Saowalagsakul, the authorized auditor no. 5369. No. 128/150-153 Phayathai Plaza Building, 14th floor, Phayathai road, Thung-Phayathai, Ratchthevee, Bangkok, 10440

Telephone : 0-2214-6465-70

Facsimile : 0-2215-4772

Advisor or manager of management contract

Royal Princess Co., Ltd (Dusit Thani Group) No. 269 Larnluang Road, Wat Somanat, Pomprapsatrupaay, Bangkok 10100

Telephone : 0-2281-3088

Facsimile : 0-2280-1314

Letter of Board of Directors

In 2007, the company maintains the golf course standard in the first class even in former years, however, the economic crisis of Thailand caused from the economics slow down in entire world. Besides, the Thailand political policy slightly affected to the number of golf member as well. In general, the Navataneer annual result is another satisfied year comparing to several factors or the competitions in present economic circles.

The total company revenue is 172.29 million Baht in 2007 which is above the previous year 4.19 million Baht. And that of expense is 77.46 million Baht. The net profit after cooperate income tax is 70.19 million Baht, being over than the previous year 5.54 million Baht. Earnings per share is 3.42 Baht

The board of directors and the management hopes that the business operation running by policy of holding the famous course and business ethnics of management & associates team and care to preserve the interest of the company for the minor shareholders which is one part of supporting the Navataneer as long as the international golf course standard in order to make the shareholders' confidence. The board of directors, the management and the associates give thank you to all shareholders which always support and participate in the company success passed through years.

(Dr. Sukum Navapan)
The chairman of the board of directors

Audit Committee Report

The audit committee is composed of 3 independent directors, Mr. Chakchai Panichapat is the chairman of the audit committee, Mr. Nibhond Charanvas and Gen. Paiboon Kanchanapiboon are audit committee members.

The Audit Committee has performed with total responsibility in compliance with the Audit Committee Charter approved by the Board of Directors and the requirements of the Stock Exchange of Thailand, which is fully independent

In 2007, the Audit Committee has 4 meetings to review and report the matters which are summarized as follows:

- To review the performance of the Company to ensure compliance with the regulations of the Stock Exchange of Thailand
- To review ethnics of the management, the associates and the shareholders
- To ensure the result of the risks assessment from the risk committee which all operations can be prevented.
- To review the Company's financial reporting quarterly and annually.
- To review performance and audit result of internal audits
- To select and nominate an external auditor, including recommendation of remuneration of the external auditor to the board of directors and the shareholders.
- To review the performance of the company to ensure compliance with the securities and regulations of the exchange.

The Audit Committee gives the opinion that the company has clearly focused on the operation targets. And the company has a proper financial reporting process to disclose its financial information, in which the financial statements are correct, sufficient and credible.

(Mr. Chakchai Panichapat)
Chairman of the audit committee
February 25th 2008

2. Financial information

Significant financial ratios on 31st December for 3 former years

Financial Ratio	Unit	2007	2006	2005
<u>Liquidity Ratio</u>				
Current Ratio	times	3	6	13
Cash from Operating Ratio	times	1	5	6
Collection days	Days	1.7	1.5	1
Average number of days sales	Days	10	9	10
Payment days	Days	5	4	4
<u>Profitability Ratio</u>				
Gross Profit Margin	%	65.08	63.20	64.44
Cash ratio to profitability	%	93.00	109.63	117.68
Net Profit	%	40.74	38.46	39.07
Return on Equity	%	3.30	2.71	2.48
<u>Efficiency Ratio</u>				
Return on Asset	%	3.27	2.70	2.47
Return on Fix Asset	%	4.79	3.91	3.57
Asset Turnover	times	0.08	0.08	0.06
<u>Financial Ratio</u>				
Dept to Equity Ratio	times	0.009	0.007	0.006
Dividend Payout Ratio	%	64.25	69.76	68.32

3. Nature of Business

The company limited was registered as in 1970, in regard to registered share capital is total amount of Baht 20 Million, by Dr. Sukum Navapan, the chairman of Navatane group. The founder's vision of Navatane golf course has 18 holes, 72 pars approximated area 400 rais. Robert Trent Jones, Junior is world-renowned Architect and its grand opening was in 1973. In 1975, Navatane was selected by the International Golf Federation to be honorary venue for the 23rd Golf World Cup. In 1992, Navatane was granted in the Securities in the Stock Exchange of Thailand under monogram "CSR" which is current in the tourism and entertainment category. The company provides the service business in Navatane Golf Course's name in accompany with several other facilities, such as a golf cart & a caddy service and the clubhouse which are composed of a restaurant, a locker room, a conference room and golf shop. The daily operating hours is 05.30-18.00 hrs. (time is flexible according to climate & seasons) The service for members and their family are first priority and our policy is also keep going on the international standard of ideal golf course's quality and wonderful service.

3.1 Nature of products or service (from revenue structure)

The golf course service which is identified by the revenue structure is related to business operation. The weather which will be generally influenced through operation more or less depends on its location. Navatane golf course is mostly affected in rainy season. Therefore, if during few days deluged rain, the players cannot do golf swing, it can unfortunately predict the decrease of the green fee package. However, rainy season in Bangkok would not be impacted to our service since it is short raining period and quite good drainage. For the relating revenue structure composed of golf course fee (Green fee), membership fee, golf cart rental, restaurant revenue, interest income & dividend received, sales of current investment and other incomes. The result in past 2 years is followed

	2007 (Baht)	2006(Baht)
Green Fee	61,274,816.87	64,939,548.78
Membership Due	38,205,122.35	37,248,165.59
Revenue from Rental of Golf Cart	26,550,119.38	25,805,223.67
Restaurant Income	23,988,711.16	24,508,355.96
Interest and Dividend Income	15,617,183.40	11,407,298.44
Profit from Investment for sales	1,383,149.63	22,264.03
Others	5,269,905.89	4,170,817.78
TOTAL REVENUES	172,289,008.68	168,101,674.25

3.2 Marketing and competitive position

In 2007, all businesses in Thailand have encountered to the crisis or critical situation and the run away market. Therefore, for monitoring economics, the business usually focuses on the marketing competition, tactics and promotions. As golf course business get an equal effect as the number of Thais & foreigners who are supposed to go to the course, is decreased. Thus, the golf courses have also high competitive rates and services in order to attract the customers come to use service at that golf course.

The main Sales & Marketing targets of Navatane golf course are the members and the members' guests or families. This course has highlights which are traditional, well known among Thais & foreigner golf lovers as well as keeping the good service & quality of the course. Those highlights make the customer being comfortable & convenient. Besides, a reasonable number of the players in the course is important and they can play all 18 holes by 4 hours which other courses' playing in Bangkok and boundary would be take 5-6 hours

3.3 Significant change from previous year - None -

4. Risk factors

The golf course service business has huge amount of investment in the beginning referring to the figure of exceed debt to equity and loaded payment of borrowings' interest. Navatanee golf course which has being run this business for over 30 years, has the stable financial security. This evidence is to maintain equalized ratio of capital structure. Moreover, the company was registered by Thai major shareholders, no other associated & subsidiary companies, which is convenient for operation and there has been dividend paid to the shareholders since 1998. In conclusion, the risk factors which mainly impact to company business are classified accordingly.

4.1 Operating income risk

In golf course business, yearly revenue has relied on several factors, one of them is the guests' favor, time for going a round of golf, climate. The company therefore approved capital expenditure of golf course improvement in 1995-1996. The drainage system was added in order that the course will be ready of service in 30 minutes after rain.

In 2007, since the business crisis in Thailand didn't much effect to the company, the total revenues from business operation decreased at 1.38 Million Baht. The revenue from dividend received, interest income and profit however increased from previous year investments 5.57 Million Baht which caused of the total revenue increased 4.19 Million Baht.

4.2 Operating expense risk

To maintain the international standard in quality of the course, the golf course operation has to order the imported fertilizers and chemical supplies which also get influenced from foreign exchange rates. Furthermore, in Thailand there are a small number of dealers themselves who set the fertilizer and chemical supply prices more than depending on the customer demand from the market. In 2007, the company has built up an expense of buying materials, fertilizers, spare parts and chemical supplies which are 34% of the total cost.

4.3 Financial risk

As in 1996, the company has increased the capital amount at 172.2 million Baht with one purpose of the sports complex plan. The company has set up the budget at 110 million Baht. In order that support the service business for the regular guests which causes of revenue increased as well. But the economy from 1997 waited for recovering, the company had postponed investment but turn to invest for short term business which was made the high ratio of interest income at 20-22% of the total revenue. Afterwards, during in 1999-1991, the company gained the much lower amount of interest income since the interest rates in general market trending to be decreased. However, to redeem interest which has gone from its income, the company managed the risk with investment in the securities and low risk funds. Therefore, in 2005-2007, the company had the revenue from interest and dividend & profit from funds at 7-10% of the total revenue.

4.4 Administrative and management risk

On the 4th April 2007, the group of Dr. Sukum Navapan, the shareholder and the related person pursuant to the section 258 hold 15,344,865 company's shares or equivalent to 74.84 % of the total shares sold. Dr. Sukum Navapan's group can control most approvals in the shareholders meeting, for example remuneration of directors or asking for other approvals which need to be voted by majority of the shareholders. Except, the approvals which the laws or the company's rules fixed to get vote amount of 3 from 4 parts in the shareholders meeting or any others which the group of Dr. Sukum Navapan and the related persons get benefit involved, in compliance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, they will never have gotten right of any votes.

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5. Shareholding and management structure

The major shareholders structure on the 4th April 2007 when the register book has stopped signing, the share transfer breaking and the dividend received.

Names	share held	%
1. Dr. Sukum Navapan and related persons	15,344,865	74.85
2. Ms. Prim Guna-Kasem	683,500	3.14
3. Mr. Phornsake Karnjanajaree	602,000	2.94
4. Mr. Jaya Jayananda	315,100	1.54
5. Uahwattanasakul Co., Ltd.	199,998	0.98
6. Mr. Chayanad Osathanugrah and related persons	148,899	0.73
7. Mr. Chatree Sophonpanich	141,750	0.69
8. Bangkok Commercial Asset Management Co.,Ltd.	133,333	0.65
9. Mr. Suwit Laohapholwattana	120,950	0.59
10. Mr. Taweesak Jayananda	113,500	0.50

The company organization structure in 2007 is composed of the board of directors, the executive board of directors, the audit committee, the nomination committee & the remuneration committee and the management

1. The board of directors

1. Dr. Sukum Navapan	Chairman
2. H.E. ACM. Kamthon Sindhavananda	Director
3. Mr. Chalermphan Srivikorn	Director
4. Mr. Chackchai Panichapat	Director
5. Mr. Nibhond Charanvas	Director
6. Gen. Paiboon Kanchanapiboon	Director
7. Mrs. Maevadi Navapan	Director
8. Mr. Taweesak Jayananda	Director
9. Ms. Prim Guna-Kasem	Director
10. Mr. Kittidej Charusathiara	Director
11. Mr. Chayanad Osatshanugrah	Managing Director

Term given to the direct: in every 3 years (directors' detail has shown on page 22-29)

Authorized directors related to the company is Mr. Sukum Navapan who signed and stamped the significant company brand or other two directors co-signed and stamped the significant company brand

The company secretary

The company arranged the company secretary section as Mrs. Patcharaporn Julothai, the administrative manager, is assigned to look after the directors' activities, coordinate all to follow the board's policy, to advise the directors regarding the basis of the company rules and regulations, to prepare regularly the shareholders and the board of directors' meetings in concordance with their minutes taken, the document preparation, follow up the meeting issues, to expose information according to rules & regulations of the Stock Exchange of Thailand, the office of the Securities and Exchange Commission and to communicate among the shareholders

Composition and election of board directors

1. The board of directors is minimum 5 persons and there are directors not lower than a half amount of total directors in the kingdom of Thailand. For the purpose of business operation, the directors can be appointed from outsource who are not our shareholders.

the shareholders' meeting, the company has followed in compliance with the condition of the Office of the Securities and Exchange Commission's procedure and regulation all along. The executive directors' meeting in 2007 however has not been planned the number since the current business operation has directed up to the specific quantitative purposes and the management has arranged the report which always is sent to the Executive Board of Directors. However, the extraordinary meeting if required with the specific agenda in order to report the necessary growth or improvement.

Term of the positions: the position held in the term of the company's directors.

3. Audit committee

According to the rules of the Stock Exchange of Thailand, the board of directors has appointed the audit committee in order to take care of finance, internal system and business organization achieving the targets. The audit committee is composed of 3 independent directors. The following were 4 meetings organized in 2007.

Board member	Rank	Meeting Attendance
Mr. Chackchai Panichapat	Chairman/Independent Director	4
Mr. Nibhond Charanvas	Audit Committee Member/ Independent Director	3
Gen. Paiboon Kanchanapiboon	Audit Committee Member/ Independent Director	4

Definition of audit committee

1. They must not hold shares exceeding 5 % of the registered shares, including the shares held by the close relatives counted refer to information pursuant to sec. 258
2. They must be free of any present, direct or indirect finance and management and business of the company, its listed, associated and subsidiary companies and the major shareholders of the referred company.
3. They must not be any relationship of indirect finance and management concerning of listed & associated & subsidiary companies and the shareholders (in previous entire year). Except, the board of directors have examined and agreed that relation will not impact to the responsibilities and the audit committee give the neutral opinion.
4. They must not be a relative of any executive directors, executive officers or major shareholders of the Company.
5. They must not be acting as a nominee or representative of any directors, major shareholders or other shareholders

As the audit committee's definition is the procedure according to the Notification of the Stock Exchange of Thailand Re: the qualification and the performance of the audit committee on 19 January 1998.

Term given to the directors: in every 3 years and they can be re-appointed as the following duties

1. To review the company's financial reporting process and to ensure accuracy and adequate disclosure.
2. To ensure that the company has suitable and efficient internal control system.
3. To prevent conflict of interest.
4. To ensure the company in compliance with regulations and laws relating to business of the Company.
5. To select and nominate an external auditor of the Company.
6. To prepare a report of the Audit Committee in the annual report
7. To perform any other act as delegated by the board of directors.

In 2007, the audit committee has evaluated the company performance which is in compliance with rules and regulation of the business of the company and the Stock Exchange of Thailand and also stated the

report to the board of director that most of the company performance is on implementation of five principles of good corporate governance. Moreover, the audit committee reviewed a code of ethics and best practices for directors, management and employees, including the self assessment of the directors

4. Nomination committee and remuneration

The nomination and remuneration committee has been set up in accordance with rules and regulation of good corporate governance. With a long experience, knowledge in manage golf course, and reputation of good governance and ethic, company directors were nominated by the shareholder. In September 2007 the committee had held a meeting to review and perform their duties with all the directors attended. The nomination and remuneration committee consists of 3 independent directors as follow:-

- | | |
|--------------------------------|---|
| 1. Mr. Nibhond Charanvas | Chairman, Nomination committee and remuneration |
| 2. Mr. Chackchai Panichapat | Board member |
| 3. Gen. Paiboon Kanchanapiboon | Board member |

Term given to the direct: The position held in the term of the company's directors.

5. Name of Management

- | | |
|----------------------------------|--|
| 1. Dr. Sukum Navapan | CEO |
| 2. Mrs. Maevadi Navapan | Executive Director |
| 3. Ms. Prim Guna-Kasem | Executive Director |
| 4. Mr. Chayanad Osathanugrah | Managing Director |
| 5. Mr. Pracha Boonsomphong | Superintendent |
| 6. Mr. Sukuma Jayananda | Director of golf |
| 7. Mrs. Patcharaporn Jultothai | Administrative Manager/Company Secretary |
| 8. Mrs. Chutima Soonthornmonthol | Financial Manager |
- (detail has shown on page 30-31)

In 2007, the management's remuneration paid as the salary & bonus at total amount of 7,937,945 Baht

Nomination of directors and management

Referring to the company regulations, the board of directors may have been appointed from the externals who are not the shareholders and that appointment will be approved by the shareholders meeting according to principles and procedures. However, the management will be scanned for their experience and competence in the responsible & relevant management, if they are not ready to get that position yet, then we will look for the external management which also will be mainly scanned and employed from their experience and competence. Nevertheless, no directors and management who have ever had the illegal personal information for 10 years.

Improvement of directors and management

The company has encouraged the board of directors and the management participated in training courses of the Thai Institute of Directors according to their responsibilities but the new directors are assigned and respond as the basis of working of the implementation of good corporate governance, the other obligations such as the securities received & sold for one's own or relatives etc...

Human resources

Over the year 2007, it is the company policy to restrict the staff number being compatible with the job description of each field. For the purpose of efficient operation in 2007, the company has totally 128 staff, 6 fields of work, they are management, administration and the company secretary, finance and accounting, course maintenance, the clubhouse and the restaurant. There is no significant staff movement during 3 years and no critical conflict of labor issue.

Training

As the golf course is the service business, we need the staff who have golf knowledge and experience, including as well as the important service in clubhouse. According to the policy of maintaining the golf course and service standard, each field of work has to get the related competent manager who looks after the business to achieve in every year target and policy. The company has encouraged all sections to participate in proposing their opinion for business operation and in training about the golf course and the service. But the clubhouse has been organized by Royal Princess Larnluang (Dusit Tani Group) to take care of the staff training and also being an advisor for the restaurant operation. For the directors and the secretaries, they will get the training courses from the Thai Institute of Directors

Cooperate governance

The company holds the implementation of good corporate governance in compliance with the condition of the Stock Exchange of Thailand and the Securities and Exchange Commission. In 2007, there is the operation according to the following policy

Shareholders: right and equitable treatment

In 2007, the company has organized the general shareholders meeting on 26th April 2008 at the company office. 8 from 10 directors of the board of directors joined the meeting and 38 shareholders, which are included 22 proxies, joined the meeting at the amount of 16,999,045 shares or 82.92% increasing 2.54% when was compared to 2006.

The company has sent out the invitation letter to all the shareholders including information and documents for each agenda to be considered in advance. Those of documents are specified for information or for approval with the board of directors' opinion and suggestion. However, this invitation letter including information and documents for each agenda disclosed on the company website www.navatanee.com on 29 March 2007, and was sent to the shareholders at post on 18 April 2007, and was also advertised on the newspapers as public law stated. Besides, the minutes of the shareholders' annual general meeting has been promptly submitted to the Stock Exchange of Thailand and the Ministry of Commerce, and has been exposed on the company website since on May 10th 2007

On the meeting date, the shareholders and the proxies started to register at 09.30 hrs. in order to check the documents and give opportunities to the shareholders who would like to get more information or to ask for some advice or ask for some questions among each others. Because there were no many shareholders, the communication between the company and the shareholders has run smooth through the entire meeting process. The chairman of the board of directors is the chairman of the meeting, he conducted the meeting completely in all agendas and replied the questions as well as the shareholders satisfied through the end of the meeting. For the election of the directors' agenda, the company has prepared the ballot form for voting each director individually.

Right and equitable treatment

For an option of the shareholders, the company allowed the shareholders either send the proxies attending the meeting, or give authorization to one of the chair man of the audit committee who is the independent directors or the chairman of the board of directors. In the 2007 shareholders' meeting, 17 shareholders give proxy to the chairman of the board of directors or equivalent to 1,032,232 shares of the total attending 16,999,045 shares.

In the 2007 shareholders' annual general meeting, the company also gave opportunity to the minor shareholders to propose their requirement for the agenda and nominate the directors. However, the preparation of the 2008 shareholders' annual meeting also offers opportunity to the minor shareholders to propose their requirement for putting on the list of agenda and to nominate the directors in company with procedure, principle and how to propose it. The shareholders can suggest the requests at info@navatanee.com or facsimile or registered mail from on the 22 January to 20 February 2008, which the company has informed these following topics and details to the Stock Exchange of Thailand.

As the preventive measures in dishonestly using internal data for yourself and oneself benefits. The company has prepared the ethnic handbook for directors, management and staff which are reviewed every year before and after the 2007 financial statement through the public. Nothing founded that using the data is for any side's benefit.

Rules of Stakeholders

The company has always reviewed the policy of good corporate governance in order to look after the right for the stakeholder groups regarding to the ethnic principles and advised regulations. In 2007, the business was in good operation and the problem didn't affect to any groups since the golf course has been operated for 30 years and the management operated business according to the policy which always response the interest throughout the stakeholders, separated as follows.

- The shareholders: the company has operated according to the board of directors' policy with open & above-board management, loyal financial & accounting system, the satisfied benefit comparing to the similar businesses and good dividend paid to the shareholder for several years continually.

- The staff: the company gives priority to the safety as the some staff always work under the environment of equipments and machinery, and support the additional learns of training and career development according the their positions, for example, knowledge of the course & plant maintenance and good environment. Moreover, there are trainings of finance/accounting and the company secretary without any discrimination of religion or gender. Each position will get an appropriated prize and welfare which is salary, bonus, service charge, provident fund and social insurance etc...
- The customers: the most guest's satisfaction is to maintain the international standard of golf course and the first class course in the country. In Thailand although has presently many golf course emerged and also heavy quality and price competition. Navataneer golf course where still keep continuing the course quality, is one of the best course member in Thailand. In addition, the members and the customers are always confident and continually support Navataneer gold course.
- The Suppliers: the Company always ensures that laws and conditions for suppliers are based on industry norms and practices. No other method is above rules and Navataneer therefore operate business with no doubt and always maintaining the course image.
- The social responsibility to the community: the company has policy and aim towards the plants protection and reservation since the course was built. It therefore make Navataneer golf course and Navataneer village nearby, which is a partner, develop the area around with over ten thousand big several trees. Besides, this Navataneer characteristic made the area of Navataneer golf course and village being shady, cool and lovely from numerous standing and flowering plants, where also is hardly see a big factory of the fresh air productivity taking huge space of Navataneer and its neighborhood, where additional has the perfect environment & safety place from the chemicals for the various animals' residence and primary producer which the company prefers to use the natural fertilizers in stead of the chemical ones, that effect make the animals alive.
- The government offices and the related organizations: the company strictly follows laws, the tax and finance arrangement is included.

Information disclosure and transparency

The company has disclosed the information according to all regulations and conditions of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, i.e. the directors' approval which impacted to the shareholders, the shareholders meeting's approval, each quarter of financial statement, and all directors and management are required to report the changes of stock holding to the Office of the Securities and Exchange Commission etc...

Leadership and vision

The board of directors is composed of the directors who have vision, knowledge, competence and experience on business operation regarding independent decision, internal control, internal audit, and who follow up the operation for the company & the shareholders' benefit. The management has a duty of the business operation to achieve the policy and to report the operation result to the board of directors

Business ethnics

The company's policy is to maintain the first class Thailand golf course and to concentrate on the stakeholders about the ethnic principles and advised regulations for directors, management staff and owners' regulation (the persons who hold the company shares at high figure and may affect to the decision of the directors/ management/ staff) in order to be the responsibility direction and frame, and to review usually those mentioned regulation.

Balance of power for the board of directors

11 board of directors are combined with 4 directors who are the management, 4 directors who are not the management, and 3 independent directors, which is counterbalanced and independent in giving an opinion and an efficient performance.

Aggregation or Segregation of Positions

The chairman of the board of directors is the chairman of the executive board and the main shareholder. For the chairman of the audit committee is not concerned in the management position and is independent enough to perform according to the duty and responsibility.

Conflict of interests

In order to avoid the benefit conflict, the board of directors looks carefully after the risky occasions of benefit conflict or the audit committee, who are independent, will always investigate and manage in the relative incidents of the policy setup according the regulation of the Stock Exchange of Thailand.

Directors' remuneration

The board of directors receive the directors' remuneration for attending the meeting and the directors' pension from the shareholders' approval only, as the following detail:

Meeting allowance / directors' remuneration

- | | |
|--------------------------------|---|
| 1. Director | Meeting allowances at 10,000 Baht/meeting |
| 2. Member of audit committee | Meeting allowances at 12,000 Baht/meeting |
| 3. Chairman of audit committee | Meeting allowances at 15,000 Baht/meeting |
| 4. Chairman | Meeting allowances at 20,000 Baht/meeting |

The directors' pension

The 2007 shareholders meeting approved the directors' pensions at amount of 484,000 Baht. In 2007, the board of directors receive the remuneration and pension as follows

Board member		Meeting allowance / remuneration
1.	Dr. Sukum Navapan	188,000
2	H.E. ACM. Kamthon Sindhavananda	74,000
3.	Mr. Chalermphan Srivikorn	84,000
4.	Mr. Chackchai Panichapat	104,000
5	Mr. Nibhond Charanvas	92,000
6	Gen. Paiboon Kanchanapiboon	104,000
7	Mrs. Maevadi Navapan	94,000
7	Mr. Taweesak Jayananda	94,000
8	Ms. Prim Guna-Kasem	94,000
10	Mr. Kittidej Charusathiara	40,000
11	Mr. Chayanad Osathanugrah	84,000

**Listed as the director in April 2007 and received only the meeting remuneration.

Board of directors' self evaluation

The board of directors meeting held in December 2007, the chairman of the audit committee proposed to the meeting about the matters in compliance with the good corporate governance that some matters have been organized and some haven't been done, and the management are assigned to be done the pending matters afterwards. In addition, the development center of the corporate government for the listed company has provided the directors' self-evaluation to motivate the board of directors increasing their effective performance correspondence with the corporate government.

Board of directors' opinion

The audit committee who are the system and internal audit controller, are the approver an audit plan and appraise internal systems appropriated and corresponded with the settled objectives and directions. They are independent auditors and reported to the board of directors meeting, the 5th/2007, on 12 December 2007, that the audit result are in good operation and do not have any doubts in entire year 2007 (see more information in the annual audit committee report, page 3).

Dividend policy

The company has the policy of dividend higher and equivalent to 60% of the net profit.

Quality of audited financial statement

The company financial statement was considered and approved by the audit committee on 25 February 2008 and the financial auditors who is certified from the Securities and Exchange Commission and the Stock Exchange of Thailand is the S.K. Accountant Service Co., Ltd. by Mr. Somchai Kurujitkosol, Certified Public Accountant no. 3277 who signs for approval before spreading out to the related organizations. In 2007 the company financial statement has been undoubted, managed and revealed the appropriated and trustful financial information, and enough internal control system. The auditors signed for approval without any notices and the directors, the management or the staff didn't bring any financial information without faithfulness for their own benefit, their family and relatives or others according to their handbooks, and the internal auditors always follow it up and check it over.

The investor relations

In 2007, the company has arranged a responsible officer to basically communicate between the interested persons and the investors and also has often disclosed the diverse and important information which may have effect to the company stocks' price, to acknowledge the investors according to the requirement of the Stock Exchange of Thailand, i.e. the financial statement, the board of directors' approval and the shareholders meeting's approval etc... In 2008, in order to be practical and convenient to the shareholders, the company gives an option for information inquiries through the company website at info@navataneec.com.

6. Related parties and connected transactions / Inter-transactions

The Company constitutes the contract performance with Navataneec Co., Ltd. we both are in the same group and development by the founder Dr. Sukum Navapan, the chairman of Navataneec group, including his close relatives who are stakeholder. For benefit & transaction are formed two versions as follows:

1. The contract dated on December 31, 1980

All members of the City Sports and Recreation Public Co., Ltd. have the right to use assets of Navataneec Co., Ltd., as if City Sports and Recreation Public Co., Ltd. is one of the owners by the following conditions

The City Sports and Recreation Public Co., Ltd. has only to pay the deposit to insure damage to Navataneec Co., Ltd. for contingent damage at Baht 25 million. There is no other fees will be paid to Navataneec Co., Ltd.

1.1 Refer to repairs and maintenance's expense, especially swimming pool, having increased. Navataneec Co., Ltd. consents the members of City Sports and Recreation Public Co., Ltd. use club facilities whenever it is open for non-member joined. If it is restrict for members the maintenance expense will be fairly divided and allocated.

1.2 The City Sports and Recreation Public Co., Ltd. consents that Navataneec Co., Ltd. or juristic person or any other persons operates in field of pro-soft, restaurant, and clubhouse without any expenses or other remuneration.

The contract period is 30 years from on the 31st December 1980 to 31st December 2010, the contract's right is able to continue in every 10 years which is not over than 2 times. The partners agreed and/or if the City Sports and Recreation Public Co., Ltd. is the landlord and its buildings.

2. The contract dated on June 1, 1997

The inter-advantage of the contract is to use the land and building as follows:

2.1 The Navatanee Co., Ltd., own the title deed of No. 1555, 1556 and 1436 combining area of 24 Rai 2 Ngan 58.3 Square Wah, is located at Kannayao, Bangkapi District, Bangkok consents the City Sports and Recreation Public Co., Ltd. to capitalize on land and other parts mentioned on the title deed, to operate business in respect of clubhouse, restaurant, sport club and golf activity. Moreover, the City Sports and Recreation Public Co., Ltd. holds the right to improve such area by their own expenses.

2.2 The City Sports and Recreation Public Co., Ltd., own the title deed of No. 1557 (partial), is located at Kannayao, Bangkapi District, Bangkok consents the Navatanee Co., Ltd. to capitalize on land and other parts to develop commercial operation according to the Navatanee Co., Ltd.'s approval on their on expenses too.

2.3 This contract period is 30 years from 1st June 1997 to 30 May 2027. Each partner has right to continue the contract in every 10 years under conditions and regulations by written notice to another partner within 30 days in advance before the current contract terminated.

2.4 In case of one partner requires changing the purpose of land use. That one has to ask for approval from another partner. In order that another one will give suitable reasons for disapproval as well.

2.5 Both partners agree to look after the area as good as their condition, to take case of repair & maintenance expenses occurred from normal operation and to pay taxes regarding to their responsible areas.

2.6 Both partners have not to use the specific land and other parts for rent or making benefit apart from this agreement, except asking for permission and get the written confirmation from another partner

2.7 Both partners agreed to not sell their own property to other persons, except asking for permission and get the written confirmation from another partner

2.8 Every partner can propose for conveyance from another. The selling prices for register have agreed even and lower than 1 million Baht with the official document. The transferred benefit contract is the disclosure list which can refer to buying or selling assets of the Asset Plus Securities Co., Ltd. as the Independent Financial Advisor. They will share opinion of reasonable list and its value for that land benefit. Moreover, the Thai Property Appraisal Co., Ltd. is responsible for rental appraisal for 30 years on the part of the company will get land benefit from the Navatanee Co., Ltd. at total 128,880,000 Baht which has been estimated cost for rent that the Navatanee will get land benefit from the company at total 100,800,000 Baht which also is the specified condition for land benefit for proposal offered further to the independent committee, the independent financial advisor and the independent committee bring forward to the shareholders and both lines have same final decision that the mentioned inter-transactions are reasonable as follows

1. The appraisal comparison during 30 years, the getting benefit values over than being bartered.

2. The becoming land right is free of charge from any expense, it doesn't cause of the company's responsibility on the land cost and the company can profit and the investment is worth for the contract session over 30 years.

3. The land right can give the profit to the company. The achieved target is partial use for beautiful golf course & decoration and golf games & players' challenge. Moreover, the mentioned land is also an additional car park (formerly, be short of parking space), the caddies' resting area and some part of the land right is connected to the clubhouse which is the company advantage. There are plans of sport center and health center for further additional golf course business and future increasing revenue. The inter-transaction was approved by common consent in the 1st shareholders meeting 1/1997 on 18th April 1997. The shareholders related to gain & loss is no voting right.

In December 2006, Dr. Sukum Navapan is a major shareholder and the chairman of the executive board of directors in both The City Sports and Recreation Public Co., Ltd., and the Navatane Co., Ltd.

The policy and direction for future inter-transaction
None

7. Explanation and analysis of financial position and operating result

Operating result (of previous year)

The company revenue is significantly increased such as the golf course revenue increasing 3.67 million Baht from 2006 at 5.64 % because of the number of golf player decreasing, the sports equipment rental revenue increasing 0.75 million Baht, the revenue from member fee increasing 0.97 million Baht, the restaurant revenue, on the contrary, decreasing 0.54 million Baht, which cause of decreasing the business revenue 1.38 million Baht, in 2007, the company however got the dividend received, the interest income and the profit of investment units increasing from the previous year 5.57 million Baht which cause of increasing the total revenue 4.19 million Baht.

The golf course cost increases from 2006 at amount 4.15 million Baht because of the course machinery repairing expense decreasing 4.14 million Baht, the course maintenance, fuel and other expenses decreasing 0.64 million Baht. There is however the depreciation from the machinery & course equipment purchase increasing 0.63 million Baht.

For the sales and management expenses decreasing 1.21 million Baht because of the salary and bonus increasing 0.23 million Baht, and the property tax, the security expense, the stationary and printing, the credit card fee and other expenses general increasing 1.93 million Baht, and loss from the land impairment of the streets decreasing 0.63 million Baht, and the depreciation decreasing 1.53 million Baht.

For the company profit, i.e. the gross profit margin and the net profit margin, in 2007, the increasing differenced of the former year became from the increasing revenue 4.19 million Baht, the increasing expenses 4.49 million Baht and the increasing juristic person tax 3.59 million Baht, which make profit increased 5.54 million Baht

Financial position

Assets

The company owns the total assets increased from 2006 at 18.25 % because of:

- The total current assets decreased 52.16 million Baht because of changing form the highly liquid investments to long-term investments which are mostly open-ended funds
- The total current assets decreased 378.32 million Baht because of the long-term investment and unknown profit adjustment from net increasing investment 87.67 million Baht, the permanent assets purchase increasing 4.06 million Baht, the net sales assets 0.1 million Baht, the depreciation increasing 14.71 million Baht, loss adjustment on the impairment of land as the golf course entrance – exit since the company cannot be brought for the commercial profit anymore 456.60 million Baht.

Additional information of The board of directors as of 31 December 2007

1. DR. SUKUM NAVAPAN

Positions in the Company	Chairman, CEO
Age	82 years old Nationality Thai
Education	Special Lecturer, Thammasat University Member of Executive Board, Wharton School, University of Pennsylvania National Defence College, 1989
Director training program	Director Accreditation Program (DAP)
Experience	-Chairman, ASEAN Banking Council -Chairman, Thai Bankers Association -Chairman, Ideal Standard (Thailand) Co., Ltd. -Chairman, Siam Ready Food Co., Ltd. -Chairman, Hyatt Rama Hotel -President, Thai Military Band -Managing Director, The General Insurance Co., Ltd. -Managing Director, The United Insurance Co., Ltd. -Board member, Goldenland Plc. -Board member, Bangkok Intercontinental Hotel Co., Ltd. -Board member, Bangna Central Property Co., Ltd. -Board member, Klay and Mineral Co., Ltd. -Board member, Siam Food Plc. -Board member, American Standard Sanitaryware (Thailand) PLC.
Positions in other listed Companies	None
Positions in non-listed companies	-Chairman, Navanatee Group of Companies -Board member, Siam Piwat Co., Ltd. -Advisor, Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.
No. of years on the board	37 years
CSR shareholding	14,536,532 shares
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting, 5/5 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

2. H.E. ACM. KAMTHON SINDHVANANDA

Positions in the Company	Director
Age	81 years old Nationality Thai
Education	-B. Eng-EE, Chulalongkorn University -Honorary Degree, Doctor of Engineering, King Mongkut's Institute of Technology North Bangkok -Honorary Degree, Doctor of Engineering, Kasetsart University -Honorary Degree, Doctor of Engineering, Chulalongkorn University -Honorary Degree, Doctor of Engineering, Prince of Songkha University -Honorary Degree, Doctor of Engineering, Siam University -Honorary Degree, Doctor of Philosophy (Public Administration), -The National Institute of Development Administration
Director training program	-Chairman 2000 Program, Thai Institute of Directors Association -Finance for Non-Finance Directors, Thai Institute of Directors Association -Director Accreditation Program (DAP)
Previous Experience	-Member of National Legislative Assembly -Founder and Chairman of The Institute of Electrical and Electronics Engineer Inc. Thailand Section -Senator -Governor, Electricity Generating Authority of Thailand -Chairman, The Executive Committee, Suan Luang Rama IX Park Foundation -President, The Engineering Institute of Thailand Under H.M. The King's Patronage
Other Current Positions	-Chairman of Advisors to the Board of Directors, Petroleum Institute of Thailand -Vice Chairman, Sai Jai Thai Foundation Under Royal Patronage -Privy Councillor -Chairman, Foundation for Petroleum Institute of Thailand -Vice Chairman, The Royal Project Foundation -Chairman, Suan Luang Rama IX Park Foundation -Chairman and Director, Tapasa Foundation -Chairman, The Royal Scholarship for Thai Prioat Project
No. of years on the board	10 years
CSR shareholding	None
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting 3/5 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

3. MR. CHALERMBHAND SRIVIKORN

Positions in the Company	Director
Age	71 years old
Nationality	Thai
Education	Bachelor's Degree, Business Administration (B.Sc.) Florida State University, Florida, U.S.A.
Experience	Director training program - -First Vice Chairman of Thai Airways International Public Company Limited (Year 1996) -Chairman of American Standard Sanitaryware (Thailand) Plc. -Chairman of Sri Dhana Finance and Securities Plc. -Chairman of Bangna Central Property Co., Ltd. (Central City) -Secretary-General and Deputy Leader of The Democrat Party -Deputy Minister of Industry -Member of Parliament, Bangkok and Nakorn-Ratchasima Province -Leader of The People's Party -Deputy Prime Minister -Founder & Director of the Federation of Thai Industries -President of American University Alumni Association -President of Bangkok Christian College Alumni Association
Positions in other listed companies	Chairman of Thailand Carpet Manufacturing Public Company Limited
Positions in non-listed companies	-Chairman of Srivikorn Group Holding Co., Ltd. -Chairman of President Hotel and Tower Co., Ltd. -Chairman of Sritara Land Co., Ltd. -Chairman of T.C.H.- Suminoe Co., Ltd. -Founder & Owner of Srivikorn School and Srivikorn Business School
No. of years on the board	16 years
CSR shareholding	None
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting 4/5 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

4. MR. CHACKCHAI PANICHAPAT

Positions in the Company	Independent Director, Audit Committee The Nomination and Remuneration Committee
Age	69 years old
Nationality	Thai
Education	-B.E.(Electrical Engineering), Chulalongkorn University -M.E. (Electrical Engineering), University of Texas, Austin, U.S.A. -Certificate, Defense College
Director training program	-Director Accreditation Program (DAP) -Finance for Non-Finance Director (FN) -Director Certification Program (DCP) -Role o Compensation Committee (RCC)
Experience	Deputy Secretary General of the Board of Investment
Positions in other listed Companies	-Director and Executive Director, Amata Corporation Pcl. -Advisory Board member, Saha Union Pcl. -Independent Director and Audit Committee, Magnecomp Precision Technology Pcl. -Independent Director and member of the Audit Committee, Kang Yong Electric Pcl.
Positions in non-listed companies	-Chairman, Precipart Co.,Ltd. -Chairman, Amata Water Co.,Ltd. -Chairman, Amata Vietnam Co.,Ltd. -Chairman of the Executive Board, Amata City Co.,Ltd. -Director, Union Energy Co.,Ltd. -Director, San Miguel Beer (Thailand) Co.,Ltd. -Director, San Miguel Marketing (Thailand) Co.,Ltd.
No. of years on the board	10 years
CSR shareholding	None
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting, 4/5 meeting Audit Committee Meeting 4/4 meeting The Nomination and Remuneration Committee 1/1 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

5. MR. NIBHOND CHARANVAS

Positions in the Company	Independent Director , Audit Committee , The Nomination and Remuneration Committee
Age	77 years old
Nationality	Thai
Education	Bachelor Degree in Business Administration, USA
Director training program	Director Accreditation Program (DAP)
Experience	Branch Manager – TMB Bank
Positions in other listed companies	Chairman of Thai Metal Drum Mfg. Public Co.,Ltd.
Positions in non-listed companies	President of Pimalai Resort & Spa Co.,Ltd.
No. of years on the board	17 years
CSR shareholding	100,831 shares
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting 4/5 meeting Audit Committee Meeting 4/4 meeting The Nomination and Remuneration Committee 1/1 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

6. GEN. PAIBOON KANCHANAPIBOON

Positions in the Company	Independent Director, Audit Committee, The Nomination and Remuneration Committee
Age	62 years old
Nationality	Thai
Education	MBA, NIDA
Director training program	Director Accreditation Program (DAP) Director Certification Program (DCP)
Experience	Artillery center commander
Positions in other listed companies	None
Positions in non-listed companies	None
No. of years on the board	10 years
CSR shareholding	None
Positions in rival companies//Related companies	None
Meeting attendance in 2007	Board of Directors Meeting 5/5 meeting Audit Committee Meeting 4/4 meeting The Nomination and Remuneration Committee 1/1 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

7. MRS. MAEVADI NAVAPAN

Positions in the Company	Executive Director
Age	64 years old
Nationality	Thai
Education	Barrister-at-law, Middle Temple, England, 1964 Barrister-at-law, Thailand, 1976 National Defence College, 1989
Director training program	Director Accreditation Program (DAP)
Experience	-Founder and Chairman of Siew-Matsushita Foundation -Chairman of Savita Foundation -Director of Sukumo Foundation -Director of John F. Kennedy Foundation in Thailand -President of Women Lawyers' Association of Thailand Under The Royal Patronage of HM The Queen -President of Thailand Amateur Ladies Golf Association -Director of Thai Chamber of Commerce -Member of Law Reform Commission -Member of the National Legislative Assembly -Member of the Compensation Fund Committee -Member of the Kasetsart University Council -Executive Director of the Federation of Thai Industries -Executive Director of the International Federation of Women Lawyers
Positions in other listed Companies	None
Positions in non-listed companies	-Founder and Board Chairman of Siew-National o., Ltd., -Chairman Emeritus of National Thai Co., Ltd.,
Meeting attendance in 2007	Board of Directors Meeting, 5/5 meeting
No. of years on the board	23 years
CSR shareholding	14,536,532 shares
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

8. MR. TAWEESEK JAYANANDA

Positions in the Company	Director
Age	61 years old
Nationality	Thai
Education	South West London Banking
Director training program	Director Accreditation Program (DAP)
Experience	Manager Regional Office, Thai Military Bank Plc.
Positions in other listed companies	none
Positions in non-listed companies	none
No. of years on the board	2 years
CSR shareholding	121,000 shares
Positions in rival companies/ Related companies	None
Meeting attendance in 2007	Board of Directors Meeting, 5/5 meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

9. MS. PRIM GUNA-KASEM

Positions in the Company	Executive Director
Age	43 years old
Nationality	Thai
Education	MBA, SASIN GRADUATE INSTITUTE OF BUSINESS ADMINISTRATION
Director training program	Director Accreditation Program (DAP)
Experience	Asst. Manager AVP. , Bangkok Bank Ltd.
Positions in other listed Companies	None
Positions in non-listed companies	- Navatanee Ltd. - Unity Development Co.Ltd. - Navapanich Co.,Ltd. - Navasin Co.,Ltd. - Navawattana Co.,Ltd. - Sarapa Co.,Ltd. - Ramintra Ltd. Part.
No. of years on the board	14 years
CSR shareholding	683,500 shares
Positions in rival companies/Related companies	None
Meeting attendance in 2007	Board of Directors Meeting, 5/5 Meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

10. MR. KITTIDEJ CHARUSATHIARA

Positions in the Company	Director
Age	33 years old
Nationality	Thai
Education	MBA, Leadership Management Lavern University, California, USA
Director training program	Director Accreditation Program (DAP)
Experience	The Executive Management of Northstarworld Ltd.
Positions in other listed companies	None
Positions in non-listed companies	Managing Director of Northstarworld Ltd.
No. of years on the board	1 year
CSR shareholding	1,500 shares
Positions in rival companies/Related companies	None
Meeting attendance in 2007	Board of Directors Meeting, 4/5 Meeting
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

11. MR. CHAYANAD OSATHANUGRAH

Positions in the Company	Managing Director
Age	47 years old
Nationality	Thai
Education	MBA, SASIN GRADUATE INSTITUTE OF BUSINESS ADMINISTRATION
Director training program	Director Accreditation Program (DAP)
Experience	Director of Krungthai Realty Plc.
Positions in other listed Companies	None
Positions in non-listed companies	None
Meeting attendance in 2007	Board of Directors Meeting, 5/5 meeting
No. of years on the board	12 years
Positions in rival companies/ Related companies	None
CSR shareholding	148,899 shares
Other information	No legal dispute over the past 5 years No conflict of interest transaction with the company in 2007

Additional information of The executive management as of 31 December 2007

- | | | |
|------------------------------|--------------------|------------------------------|
| 1. Dr. Sukum Navapan | CEO | details has shown on page 22 |
| 2. Mrs. Maevadi Navapan | Executive Director | details has shown on page 27 |
| 3. Ms. Prim Guna-Kasem | Executive Director | details has shown on page 28 |
| 4. Mr. Chayanad Osathanugrah | Managing Director | details has shown on page 29 |

5. Mr. Pracha Boonsomphong

Rank: Superintendent

Age: 56 years old

Nationality: Thai

Education: MS Corp. Science MPS. Community & Rural Development,
Central Luzon State University, Philippines

Experience: -Golf Course Manager/Superintendent, Taimuang Beach Resort

Position in listed-non listed company -none-

No. of years: 9 years

CSR shareholding: -none

Positions in Rival companies/Related company -none-

6. Mr. Sukuma Jayananda

Rank: Director of golf

Age: 28 years old

Nationality: Thai

Education: -B.A. (Science) Chulaongkorn University
-Professional Golf Management, Professional Golfers Career College, U.S.A.

Experience: BEAR CREEK GOLF COURSE, USA. (2003-2004)

Position in listed-non listed company -none

No. of years: 3 years

CSR shareholding: 44,500 shares

Positions in Rival companies/Related company -none

7. Mrs. Patcharaporn Julothai

Rank: Administrative manager/Company secretary

Age: 47 years old

Nationality: Thai

Education: B.A. (Management), The Institute of Technology & Vocational Education

Experience: Office Secretary

Position in listed-non listed company -none

No. of years: 23 years

CSR shareholding: 4,000 shares

Positions in Rival companies/Related company -none

8. Mrs. Chutima Sunthornmonthol

Rank: Financial Manager

Age: 44 years old

Nationality: Thai

Education: BA (Accounting), Dhurakijpundit University

Experience: Chief accountant

Position in listed-non listed company -none

No. of years: 15 years

CSR shareholding: -none-

Positions in Rival companies/Related company -none

(TRANSLATION)
AUDITORS' REPORT

**To the Board of Directors and Shareholders of
CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED**

I have audited the balance sheets as of December 31, 2007 the statements of income, the statements of changes in shareholders' equity and cash flow statements for the years then ended of **CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED**. These financial statements are the responsibility of the company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statement of **CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED** for the year ended on December 31, 2006, were audited by another auditor in the same firm, who gave an unqualified report thereon dated on February 26, 2007.

I conducted my audit 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 also 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 audit provides 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 of December 31, 2007 the results of its operation and cash flows for the years then ended of **CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED** in conformity with generally accepted accounting principles.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Somchai Kurujitkosol)
Authorized Auditor No. 3277

Bangkok,
February 25, 2008

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED
BALANCE SHEETS
As of December 31, 2007 and 2006

		(Unit : Baht)	
		2007	2006
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalent Items		13,333,899.78	12,686,967.37
Short - Term Investments	(Note 6)	25,000,000.00	76,985,573.50
Accounts Receivable	(Note 7)	642,263.36	804,316.97
Inventories		454,399.76	416,485.04
Other Current Assets			
Accrued Interest Receivable		529,953.54	3,492,893.41
Accrued Dividend Receivable		2,906,662.93	400,541.26
Others		669,444.20	914,206.95
		<u>43,536,623.57</u>	<u>95,700,984.50</u>
TOTAL CURRENT ASSETS			
NON - CURRENT ASSETS			
Long - Term Investments	(Note 8)	314,752,936.73	227,085,144.79
Property, Plant and Equipments - Net	(Note 9)	1,531,157,131.93	1,998,505,090.49
Land not used for Operation - Net	(Note 10)	9,060,000.00	7,701,000.00
Other Non - Current Assets			
Cash at Banks which are Pledged	(Note 11)	5,364,000.00	5,364,000.00
Security Deposit	(Note 12)	25,000,000.00	25,000,000.00
Others		90,250.00	88,950.00
		<u>1,885,424,318.66</u>	<u>2,263,744,185.28</u>
		<u>1,928,960,942.23</u>	<u>2,359,445,169.78</u>
		<u>1,928,960,942.23</u>	<u>2,359,445,169.78</u>

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

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED
BALANCE SHEETS
As of December 31, 2007 and 2006

	(Unit : Baht)	
	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	666,774.11	731,673.36
Other Current Liabilities		
Accrued Corporate Income Tax Payable	9,881,046.22	9,393,768.61
Deferred Memberships Due Revenue	1,645,252.31	1,764,612.14
Others	4,171,225.91	4,699,686.51
TOTAL CURRENT LIABILITIES	16,364,298.55	16,589,740.62
NON - CURRENT LIABILITIES		
Other Non - Current Liabilities	-	1,261,682.25
TOTAL NON - CURRENT LIABILITIES	-	1,261,682.25
TOTAL LIABILITIES	16,364,298.55	17,851,422.87
SHAREHOLDERS' EQUITY		
Share Capital		
Authorized Share Capital		
20,500,000 Ordinary Shares Value of Par	205,000,000.00	205,000,000.00
Baht 10.00 Issued and Paid - Up Share Capital		
20,500,000 Ordinary Shares Value of Par	205,000,000.00	205,000,000.00
Baht 10.00		
Premiums on Share Capital	93,200,000.00	93,200,000.00
Surplus on Land Revaluation (Note 9)	1,471,565,440.09	1,928,162,478.81
Unrealized Gain(Loss) on Revaluation of Securities	562,128.20	(1,944,548.62)
Available for Sale Retained Earnings		
Appropriated		
Legal Reserve	20,500,000.00	20,500,000.00
Unappropriated		
	121,769,075.39	96,675,816.72
TOTAL SHAREHOLDERS' EQUITY	1,912,596,643.68	2,341,593,746.91
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,928,960,942.23	2,359,445,169.78

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

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS

For the Years ended on December 31, 2007 and 2006

	(Unit : Baht)	
	2007	2006
REVENUES FROM OPERATION		
Green Fee	61,274,816.87	64,939,548.78
Memberships Due	38,205,122.35	37,248,165.59
Revenue from Rental of Golf Cart	26,550,119.38	25,805,223.67
Restaurant Income	23,988,711.16	24,508,355.96
Others Income		
Interest and Dividend Income	15,617,183.40	11,407,298.44
Profit from Disposal of Investment	1,383,149.63	22,264.03
Others	5,269,905.89	4,170,817.78
TOTAL REVENUES	<u>172,289,008.68</u>	<u>168,101,674.25</u>
EXPENSES FROM OPERATION		
Golf Course Expenses	36,072,854.84	40,227,353.64
Cost of Sales-Restaurant	16,314,845.13	15,896,058.11
Selling and Administrative Expenses	24,011,915.92	25,179,463.70
Directors' Remuneration (Note 13)	<u>1,062,000.00</u>	<u>1,103,000.00</u>
TOTAL EXPENSES	<u>77,461,615.89</u>	<u>82,405,875.45</u>
PROFIT BEFORE CORPORATE INCOME TAX	<u>94,827,392.79</u>	<u>85,695,798.80</u>
CORPORATE INCOME TAX (Note 15)	<u>(24,634,134.12)</u>	<u>(21,041,548.65)</u>
NET PROFIT	<u><u>70,193,258.67</u></u>	<u><u>64,654,250.15</u></u>
BASIC EARNINGS PER SHARE	3.42	3.15
NUMBER OF SHARES (Unit : Shares)	20,500,000	20,500,000

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

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years ended on December 31, 2007 and 2006

	(Unit : Baht)						
	Issued and Paid-up Share Capital	Premiums on Share Capital	Surplus on Land Revaluation	Unrealized Gain (Loss) on Revaluation of Securities Available For Sale	Retained Earnings		Total
					Appropriated Legal Reserve	Unappropriated	
Balance as of December 31, 2005	205,000,000.00	93,200,000.00	2,027,598,559.14	(2,162,871.36)	20,500,000.00	77,121,566.57	2,421,257,254.35
Unrealized Gain(Loss) on Revaluation of Investment	-	-	-	218,322.74	-	-	218,322.74
Item Unrecognized in Income Statement	205,000,000.00	93,200,000.00	2,027,598,559.14	(1,944,548.62)	20,500,000.00	77,121,566.57	2,421,475,577.09
Allowance for discount value from revaluation of Land	-	-	(99,436,080.33)	-	-	-	(99,436,080.33)
Payments for Dividends (Note 14)	-	-	-	-	-	(45,100,000.00)	(45,100,000.00)
Net Profit	-	-	-	-	-	64,654,250.15	64,654,250.15
Balance as of December 31, 2006	205,000,000.00	93,200,000.00	1,928,162,478.81	(1,944,548.62)	20,500,000.00	96,675,816.72	2,341,593,746.91
Unrealized Gain(Loss) on Revaluation of Investment	-	-	-	2,506,676.82	-	-	2,506,676.82
Item Unrecognized in Income Statement	205,000,000.00	93,200,000.00	1,928,162,478.81	562,128.20	20,500,000.00	96,675,816.72	2,344,100,423.73
Allowance for discount value from revaluation of Land	-	-	(456,597,038.72)	-	-	-	(456,597,038.72)
Payments for Dividends (Note 14)	-	-	-	-	-	(45,100,000.00)	(45,100,000.00)
Net Profit	-	-	-	-	-	70,193,258.67	70,193,258.67
Balance as of December 31, 2007	205,000,000.00	93,200,000.00	1,471,565,440.09	562,128.20	20,500,000.00	121,769,075.39	1,912,596,643.68

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

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Years ended on December 31, 2007 and 2006

(Unit : Baht)

	2007	2006
CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit	70,193,258.67	64,654,250.15
Reconciliation of Net Profit with Cash Receipts (Payment) from Operation		
Depreciation	14,708,470.82	15,603,407.61
Loss from Impairment in Fixed Assets (Reverse)	(1,288,000.00)	627,980.95
Dividend Income	(11,975,720.74)	(3,687,871.84)
Interest Income	(3,641,462.66)	(7,719,426.60)
Profit from Disposal of Securities Available for Sale	(1,383,149.63)	(22,264.03)
(Gain) Loss from Sale of Fixed Assets	(1,178.08)	(3,545.32)
(Gain) Loss from amortization of Fixed Assets	4,642.46	-
Corporate Income Tax	24,634,134.12	21,041,548.65
Profit from Operation before Changes in Operating Assets and Liabilities	91,250,994.96	90,494,079.57
(Increase)Decrease in Accounts Receivable	162,053.61	(684,482.38)
(Increase)Decrease in Inventories	(37,914.72)	19,654.57
(Increase)Decrease in Other Current Assets	244,762.75	(171,862.81)
(Increase)Decrease in Other Non - Current Assets	(1,300.00)	-
Increase(Decrease) in Accounts Payable	(64,899.25)	162,843.46
Increase(Decrease) in Deferred Memberships Due Revenue	(119,359.83)	1,111,252.32
Increase(Decrease) in Other Current Liabilities	(745,765.60)	1,000,189.31
Increase(Decrease) in Other Non - Current Liabilities	(1,261,682.25)	(25,000.00)
Cash Paid for Corporate Income Tax	(24,146,856.51)	(21,025,627.62)
Cash Provided (Used) from Operating Activities - Net	65,280,033.16	70,881,046.42
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Received from Interest Receivable	6,604,402.53	5,766,382.93
Cash Received from Dividend	9,469,599.07	5,169,874.49
Cash Received from Sale of Short - Term Investment	76,985,573.50	429,416,114.33
Cash Paid for Purchase Short - Term Investment	(5,000,000.00)	(353,799,498.58)
Cash Received from Sale of Long - Term Investment	146,383,149.63	59,787,829.51
Cash Paid for Purchase Long - Term Investment	(250,161,115.12)	(180,000,000.00)
Purchase of Fixed Assets	(4,057,015.36)	(12,346,323.52)
Sale of Fixed Assets	25,000.00	3,738.32
Cash Provided (Used) from Investing Activities - Net	(19,750,405.75)	(46,001,882.52)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash Paid for Dividend	(44,882,695.00)	(44,798,734.00)
Cash Provided (Used) from Financing Activities - Net	(44,882,695.00)	(44,798,734.00)
INCREASE(DECREASE) IN CASH AND ITS EQUIVALENT-NET	646,932.41	(19,919,570.10)
CASH AND ITS EQUIVALENT AT THE BEGINNING OF THE PERIOD	12,686,967.37	32,606,537.47
CASH AND ITS EQUIVALENT AT THE ENDING OF THE PERIOD	13,333,899.78	12,686,967.37

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

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Years ended on December 31, 2007 and 2006

(Unit : Baht)

	2007	2006
Supplemental Disclosures to the Cash flow		
1. Cash and Equivalent Items consists of :		
- Cash	137,000.00	137,000.00
- Bank Deposit - Current Accounts	(1,505,715.76)	(505,711.43)
- Bank Deposit - Saving Accounts	12,792,209.73	11,568,196.55
- Bank Deposit - Fixed Accounts	<u>1,910,405.81</u>	<u>1,487,482.25</u>
Total	<u><u>13,333,899.78</u></u>	<u><u>12,686,967.37</u></u>

3. The Additional Detail of Non-Cash Item :

- For the year ended on of December 31, 2007, the Company has recorded the diminution value of land and surplus of price appraised additionally the land title deed No.1394 in some of the ares 25 rais which the cost of Baht 0.63 million and the surplus of price appraised additionally the land Baht 99.44 million is used as entrance - exit within the village of related company. Since the Company anticipates that such land will not be used or exploited in commercial business.
- For the year ended on December 31, 2007 and 2006, the Company adjusted unrealizable gain(loss) on revaluation of invesment in securities avaiable for sale with the shareholders' equity amounting Baht 2.51 million and Baht 0.22 million respectively.

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2007 and 2006

1. Basis of Financial Statements Preparation

- 1.1 The financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulation of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E.2543 resolved and announced to be implemented and in accordance with the determination of the office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.
- 1.2 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 1.3 In order to prepare the financial statements to comply with generally accepted accounting standards, the Company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 1.4 For the convenience of the user, and English translation of the consolidated and the separate financial statements has been prepared from the statutory financial statements that are issued in the Thai language.

2. General Information

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED was registered on December 22, 1970, company registration number 778/2513(1970), and was registered as a public company on June 22, 1993, the Company registration number Bor Mor Jor.129. Its office is situated at 22 Navatanee Road, Kannayao, Bangkok, Thailand. Its main business activity is a golf course and restaurant.

As of December 31, 2007 and 2006, the Company's employee data is as follows :

	<u>2007</u>	<u>2006</u>
Average Employees (number)	128	132
Employees expense (million Baht)		
For the year ended on December 31,	26.17	25.94

3. Adoption of New Accounting Standards

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

3.1 Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statement and Separate Financial Statement
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statement for fiscal years beginning on or after 1 January 2007. However, Accounting Standards have no impact on the financial statement.

3.2 Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Change in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statement for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statement for the year in which they are initially applied.

4. Summary of Significant Accounting Policies

4.1 Recognition of revenues.

- Green fee, restaurant income and revenue from rental of golf cart are recognized when service is already done.
- Memberships due are recognized in accordance with the period of time.
- Interest incomes are recognized in accordance with the period of time.
- Dividend income for investment in mutual fund is recognized in accordance with the period of time, apart in dividend income for investment in common share is recognized when have right to receive dividend.

4.2 Recognition of expenses.

- Expenses are recognized on an accrual basis.

4.3 Cash and Cash Equivalent items

Cash and cash equivalent items are included cash at banks in saving accounts, current accounts and fixed accounts not over than 3 months and free from any guarantees.

4.4 Trade Account Receivable and Allowance for Doubtful Accounts

Trade account receivable are stated at the net realizable value, Allowance for doubtful accounts estimate from those account receivable which are likely to be uncollectible.

4.5 Inventories

Inventories are valued at the lower of first-in first-out cost or net realizable value.

4.6 Long-term investments

- Investment in marketable security which the Company treated as available for sale securities stated at fair value. The Company are recognized change to value as separated items under shareholders' equity and recorded under income statements when the Company had disposed such investments.
- Held to maturity debt instrument stated at cost.

4.7 Property, plant and equipments

Property, plant and equipment are recorded at cost less accumulated depreciation and calculated on a straight-line method over their approximate working life as follows:

- Road of golf course	10 years
- Accessories and golf course improvement	5 – 20 years
- Buildings and constructions	10 – 20 years
- Building improvements	10 years
- Equipment and vehicles	5 years

Land is revalued, accounted by arranged values which the Company holds policy that appraisal is arranged to revalue of assets every 3-5 years. During the period if there are any other factors which materially affect the value of assets, the Company arranges for new appraisal in that year. Any increase of new appraised price is regarded as surplus from assets appraisal in the caption of shareholders' equity and any decrease of new appraised price that more increase appraisal is regarded as loss from decrease in assets value in the income statement.

4.8 Impairment

The carrying amounts of the Company's assets, other than inventories and trade account receivable are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment with cost, if assets exceeds its recoverable amount, the Company will recognize an impairment loss in the statement of income.

Calculation of recoverable amount

- The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

4.9 Accounts payable and others payable

Accounts payable and others payable were shown in cost method.

4.10 A provision of liabilities

The Company and subsidiary recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.11 Employees Benefit

The Company is recognized salary, wage, bonus and social security fund, staff provident fund and Provident Fund are expense on date the transaction occur.

4.12 Earnings per share

Basic earnings per share are calculated by dividing the net profit (loss) with the weighted averaged number of issued and paid-up shares. The Company did not calculate the fully diluted earnings per share since it has no ordinary share equivalents.

4.13 Retained earning

The appropriation of retained earnings is attributable to the Public Company Act B.E. 2535 (1992). The Company will appropriate legal reserve when approved by the Annual General Shareholders' Meeting.

4.14 Financial instrument

Financial instrument, Financial assets reflected in the balance sheets are composed of cash and bank deposit, investment, trade debtors. Financial liabilities reflected in the balance sheets are composed of trade creditors. Related accounting policies of financial assets and liabilities were disclosed in each section.

5. Inter-transactions

5.1 The Company constitutes the contract performance with Navatanee Co., Ltd. amount two versions as follows:

5.1.1 Contract to the right exercise to use asset dated on December 31, 1980, carried the period of 30 years and hold the right to renew the contract by 2 times each of which is 10 years while there is inter-commitment as follows:

City Sports and Recreation Public Co., Ltd.

1. City Sports and Recreation Public Co., Ltd. consents that Navatanee Co., Ltd. or juristic person or any other person operates in field of prosoft, restaurant, or creation service without any other remuneration.
2. City Sports and Recreation Public Co., Ltd. has placed deposit so as to insure damage at Navatanee Co., Ltd. for contingent damage from the use of car parking, swimming pool and locker rooms by Baht 25 million throughout the contract life.

Navatanee Co., Ltd.

1. Navatanee Co., Ltd. consents the members of City Sports and Recreation Public Co., Ltd. (membership of golf and family) use every service which related to sport and swimming pool, car parking, locker rooms as if City Sports and Recreation Public Co., Ltd. is the owner without any remuneration to repay to Navatanee Co., Ltd.

5.1.2 The contract to exchange exercise right to use the land and property dated on June 1, 1997, carried the period of 30 years commenced from June 1, 1997 to May 30, 2027 and hold the right to renew the contract by another 10 years each while there is inter-commitment as follows:

City Sports and Recreation Public Co., Ltd.

- City Sports and Recreation Public Co., Ltd. agrees to consent that Navatanee Co., Ltd. to exploit land in the title deed of No. 1557 (some part) which is located at Kunnayao Subdistrict, Bangkapi District, Bangkok. It constitutes the area of 24 rais 2 Ngan 58.3 Square Wa and equipped land so as for develop in commercial field in accordance with Navatanee Co., Ltd. consent by expense of Navatanee Co., Ltd. itself.

Navatanee Co., Ltd.

- Navatanee Co., Ltd. agrees to consent that City Sports and Recreation Public Co., Ltd. To exploits land in the title deed of No. 1555, 1556 and 1436 which is located at Kannayao Subdistrict, Bangkapi District, Bangkok. It constitutes the area of 24 rais 2 Ngan 58.3 Square Wa and equipped land so as to operate business in respect of club, restaurant, sporting activity and golf yard and consent that City Sports and Recreation Public Co., Ltd. holds the right to improve such area by expense of City Sports and Recreation Public Co., Ltd. itself.

Given such contract, the Company and Navatanee Co., Ltd. do not charge any inter expense which are complied with mutually agreed in accordance with the contract.

Apart from this, the land title deed No. 1394, in the area of 27-3-36 rais in cost price of Baht 0.70 million which is the entrance and exit of village and that golf yard, the Company consents that the community in the Navatanee Village use as entrance – exit and the pathway of other public utility; however, the Company has used such land of Navatanee Co., Ltd. which is the entrance and exit road of golf yard while the use of such land is not carried any inter-expense.

5.2 Relationship among the Companies

Company's Name	Relationship
Navatanee Co., Ltd.	A related company with related director and shareholders

6. Short - Term Investments

Consist of:

	As of December 31, 2007		As of December 31, 2006	
	<u>Cost Value</u>	<u>Fair Value</u>	<u>Cost Value</u>	<u>Fair Value</u>
	Baht	Baht	Baht	Baht
Bonds	-	-	66,985,573.50	66,985,573.50
Bill of Exchange	5,000,000.00	5,000,000.00	-	-
Current Portion of Debt				
Securities Held to Maturity	20,000,000.00	20,000,000.00	10,000,000.00	10,000,000.00
Total	25,000,000.00	25,000,000.00	76,985,573.50	76,985,573.50

As of December 31, 2007, a bill of exchange with one merchant bank amount of 5.00 million carried the life of 6 months and interest of 3.125% per annum.

As of December 31, 2006, bond by Bank of Thailand in number of 2 version amount of Baht 66.99 million carried the life of 358-365 days and interest rate of 4.55% per annum.

7. Accounts Receivable

Consist of :

	As of December 31, 2007 Baht	As of December 31, 2006 Baht
Aging of Accounts Receivable		
Within Credit Term	610,638.42	740,016.97
Over Credit Term 1-30 days	31,624.94	64,300.00
Total	642,263.36	804,316.97

8. Long - Term Investments

Consist of:

	As of December 31, 2007		As of December 31, 2006	
	<u>Cost Value</u>	<u>Fair Value</u>	<u>Cost Value</u>	<u>Fair Value</u>
	Baht	Baht	Baht	Baht
Investment in Mutual Fund	296,690,808.53	297,252,936.73	191,529,693.41	189,585,144.79
<u>Debt Securities Held to Maturity</u>				
	37,500,000.00	37,500,000.00	47,500,000.00	47,500,000.00
Debt Securities Held to Maturity in 3-5 years	(20,000,000.00)	(20,000,000.00)	(10,000,000.00)	(10,000,000.00)
<u>Less Current Portion of Debt Securities</u>				
Total	314,190,808.53	314,752,936.73	229,029,693.41	227,085,144.79

As of December 31, 2007 and 2006, the whole held for maturity debt securities in number of 4 versions while the 3 versions are debentures name holders are specified, non security, unsubordinated and there is debenture holders representatives carried the life of 3-4 years. Interest rate is 4.25%-5.25% and 4.25%-4.50% per annum respectively. Moreover, in 1 version, it is debenture name holder is specified, non security, unsubordinated in type of gradually principle repayable and there is debenture holders representative carried the life of 5 years while there is interest rate of 5.25% per annum equally for two years.

As of December 31, 2007 and 2006, unrealized gain(loss) on revaluation of investment in securities available for sale of Baht 0.56 million and Baht (1.94) million respectively, was presented under shareholders' equity in balance sheet.

9. Property, Plant and Equipment-Net

Consist of:

	Balance as of December 31, 2006 Baht	Purchase / Transfer in Baht	Sale / Transfer out Baht	Balance as of December 31, 2007 Baht
Cost :				
Land	10,001,559.91	-	-	10,001,559.91
Land Surplus of Price	1,928,162,478.81	-	(456,597,038.72)	1,471,565,440.09
Road of Golf Course	20,129,853.70	-	-	20,129,853.70
Accessories and Golf Course Improvements	124,322,283.83	-	-	124,322,283.83
Buildings and Construction	13,691,490.58	-	-	13,691,490.58
Building Improvements	29,998,147.60	-	-	29,998,147.60
Equipment	79,375,078.81	4,057,015.36	(357,748.27)	83,074,345.90
Vehicles	13,581,068.16	-	(205,861.66)	13,375,206.50
Total Cost	2,219,261,961.40	4,057,015.36	(457,160,648.65)	1,766,158,328.11
Accumulated Depreciation:				
Road of Golf Course	(13,099,604.48)	(760,308.00)	-	(13,859,912.48)
Accessories and Golf Course Improvements	(86,462,814.30)	(7,672,428.01)	-	(94,135,242.31)
Buildings and Construction	(11,740,955.79)	(460,776.45)	-	(12,201,732.24)
Building Improvements	(29,998,140.60)	-	-	(29,998,140.60)
Equipment	(66,070,196.72)	(5,062,655.21)	329,289.89	(70,803,562.04)
Vehicles	(12,755,159.02)	(752,303.15)	205,855.66	(13,301,606.51)
Total Accumulated Depreciation	(220,126,870.91)	(14,708,470.82)	535,145.55	(234,300,196.18)
Allowance for Impairment of Land :				
Land	(630,000.00)	(71,000.00)	-	(701,000.00)
Total Allowance for Impairment of Land	(630,000.00)	(71,000.00)	-	(701,000.00)
Net	1,998,505,090.49			1,531,157,131.93

Depreciation was Shown in Income Statements

For the Year ended on December 31,

2007	14,708,470.82
2006	15,603,407.61

As of December 31, 2007, the Company have newly appraised the land with the Market Value Method appraised price by Independent Appraiser. It is the new appraised price of Baht 1,480.87 million from the former appraised price by the Land Department using the official held on July 4, 2005 of Baht 1,926.24 Million, the Company has recorded the diminution value surplus from land appraisal Baht 445.37 Million.

As of March 31, 2006, the Company has recorded the diminution value of land and surplus of price appraised additionally the land title deed No.1394 in some of the area 25 rais which the cost of Baht 0.63 million and the surplus of price appraised additionally the land Baht 99.44 million, after that as of September 30, 2007, the Company has recorded the diminution value of land and surplus of price appraised additionally the land title deed No. 1394 additionally in some of the area 2-3-36 rais from all land 27-3-36 rais which the cost of Baht 0.07 million and surplus of price appraised additionally the land Baht 11.23 million is used as entrance – exit within the village of Navatane Co., Ltd. Since the Company anticipates that such land will not be used or exploited in commercial business.

As of December 31, 2007 and 2006, the Company have assets with the depreciation fully calculated but still operate which had a cost value of Baht 126.55 million and Baht 115.33 million respectively. The net book value of which was now Baht 1,140.00 and Baht 1,147.00 respectively.

10. Land not Used for Operation-Net

Consist of:	As of December 31, 2007 Baht	As of December 31, 2006 Baht
Land not Used for Operation	9,060,000.00	9,060,000.00
<u>less</u> Allowance for Impairment	-	(1,359,000.00)
Net	<u>9,060,000.00</u>	<u>7,701,000.00</u>

As of December 31, 2007, the Company has transferred land allowance for impairment amount of Baht 1.36 Million so as to reflect by accumulated capital price since presently, such the Company has reappraised land according to market price method by one independent appraiser which there is new appraised price of Baht 15.86 million from the former appraised price in 2005 in amount of Baht 7.70 million.

11. Cash at Banks which are pledged

As of December 31, 2007 and 2006, the whole amounts was fixed deposit accounts which were pledged as collateral against credit facilities of bank overdrafts in the limit of Baht 5.00 million, letters of guarantee issued by the bank in amount of Baht 0.36 million equally for two years according to note to financial statements No.18.

12. Security Deposit

The whole amount was a security deposit pledged against indemnity with Navatanee Company Limited, related company, to cover any contingent damages arising from the use for car park, sports club, swimming pool and locker rooms as per agreement allowed for the right to use the assets between the Company and Navatanee Company Limited dated December 31, 1980 for the period of 30 years, extendable twice for a period of 10 years each time.

13. Directors' Remuneration

As of December 31, 2007 and 2006, directors' remuneration is the contribution paid to Company's directors in accordance with Section 90 of the Public Companies Act., exclusive of salaries and related fringe benefits payable to executive directors.

14. Dividend Payment

The Annual General Shareholders' Meeting for the 2007 held on April 26, 2007, resolved to appropriate net profit for the 2006 to dividend payment for shareholders in amount Shares 20.50 million as per share Baht 2.20 in amount of Baht 45.10 million. The shareholders who have the rights, their names should be appeared in the registrar book dated April 5, 2007 and the payment date is on May 18, 2007 and without legal reserve because the amount of that legal reserve is completely according to compiles with law.

The Annual General Shareholders' Meeting for the 2006 held on April 4, 2006, resolved to appropriate net profit for the 2005 to dividend payment for shareholders in amount Shares 20.50 million as per share Baht 2.20 in amount of Baht 45.10 million. The shareholders who have the rights, their names should be appeared in the registrar book dated March 16, 2006 and the payment date is on April 21, 2006 and without legal reserve because the amount of that legal reserve is completely according to compiles with law.

15. Corporate Income Tax

According to the Royal Decree No. 387 dated on September 6, 2001 to approve the deduction of corporate income tax for the listed company from the Stock Exchange of Thailand from 30 percent to 25 percent only the profit not exceed to Baht 300 million on five consecutive years to start the period herein or after September 6, 2001. Therefore, the corporate income tax for the year ended December 31, 2007 and 2006, the company calculated at rate of 30% and 25% of accounting net profit respective after making adjust transaction in accordance with the Revenue Code respectively.

16. Disclosure of Sectoral Business Operation

Details of the Company's operating sectors for the years ended on December 31, 2007 and 2006 are as follows;

	Golf Course Business		Restaurant Business		Total	
	2007	2006	2007	2006	2007	2006
	' 000 Baht	' 000 Baht	' 000 Baht	' 000 Baht	' 000 Baht	' 000 Baht
Revenue from Sales and Service	126,030	127,993	23,989	24,508	150,019	152,501
Profit from Operation	89,957	87,766	7,674	8,612	97,631	96,378
Other Income						15,600
					22,270	
Shared Expenses					(25,074)	(26,282)
Corporate Income Tax					(24,634)	(21,042)
Net Profit					70,193	64,654
Fixed Assets					1,531,157	1,998,505
Other Assets					397,804	360,940
Total Assets					1,928,961	2,359,445

City Sports and Recreation Public Company Limited operates 2 principal activities: the golf course business and restaurant business and operates only in Thailand.

17. Financial Instruments

17.1 Policy to Manage Financial Risk

The Company does not hold any policy to deal with financial instruments off the balance sheets, which are derivative instruments for speculation or for trading.

17.2 Risks on Interest Rate

Risk on interest rates is derived from fluctuation of market interest rates in the future which affect upon the company operating result and cash flow. The company incurred risk on interest rates in long term investment in debt instrument which is held until maturity-Debentures of Public Co., Ltd. and fixed deposit which provides constant rate throughout investment life. Due to the fact that financial assets and liabilities are mainly classified under short term type, the company anticipates no material risk from interest rates.

17.3 Risks on Credit Provision

The Company obtains risk from credit provision in relation to trade debtors. Nevertheless, the company constitutes small number of clients, including careful policy in granting credit. Hence, the company does not anticipate any material indemnity from debt collection.

17.4 Fair Value

Since the financial assets and liabilities are mainly classified under short term type, such book values of financial assets and liabilities are presented in value which are not materially different from respective fair value. Regarding the long term investment, the company has adjusted investment value to be fair value.

18. Obligations and Contingent Liabilities

As of December 31, 2007 and 2006 the Company had obligations and contingent liabilities involved with guarantee commitment in each period amounting Baht 0.36 million equally for two years which fixed deposit according to note to financial statements No.11 was pledged as collateral.

19. Approval of the Financial Statements.

As of February 25, 2008 these financial statements have been approved to issued by the authorized directors of the company.
