ASIA PROPERTIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

ASIA PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

	December 31,2006 $	December 31,2005 $
ASSETS		
CURRENT ASSETS		
Cash and Bank	100,710	234,695
Prepaid expenses		-2,500
	100,710	237,195
INVESTMENT (Note 3)	20,000	20,000
BAAN NAIYANG PROPERTIES (Note 4)	1,576,830	1,459,630
	1,697,540	1,716,825
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	48,422	38,487
Due to related parties (Note 5)	103,741	28,683
	152,163	67,170
STOCKHOLDERS' DEFICIENCY		
Capital stock, $.0001 par value, 50,000,000 authorized 9,799,028 common shares issued and outstanding (December 31, 2005 - 9,654,028)	9,799	9,654

Additional paid-in capital	3,767,629	3,622,774
Donated capital	345,000	330,000
Deficit	(2,577,051)	(2,312,773)
	1,545,377	1,649,655
	1,697,540	1,716,825

The accompanying notes are an integral part of these consolidated financial statements

ASIA PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Years Ended	December 31,2006 $	2005 $
REVENUE	-	50,967
FOREIGN EXCHANGE GAIN	-	4,397
COST OF REVENUE	-	(97,309)
	-	(41,945)
OPERATING EXPENSES		
Advertising and promotion	45,430	89,685
Directors fees	7,000	7,800
Interest and bank charges	89	1,062
Management fees	60,000	60,000
Office and sundry	11,724	4,670
Professional Fees	75,655	16,981
Telephone and internet	1,968	3,776
Travel	52,231	53,513
Trust and filing fees	1,734	3,360
Office salaries	8,447	-
	264,278	240,847
LOSS BEFORE OTHER ITEM	(264,278)	(282,792)
Gain on settlement of debt	-	35,000
NET LOSS	(264,278)	(247,792)

DEFICIT, Beginning	(2,312,773)	(2,064,981)
DEFICIT, Ending	(2,577,051)	(2,312,773)
Basic loss per share	(0.03)	(0.03)
Weighted average number of common shares outstanding	9,726,528	8,148,521

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ASIA PROPERTIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006 AND 2005

Years ended	December 31,2006 $	2005 $
OPERATING ACTIVITIES		
Net loss	(264,278)	(247,792)
Items not affecting cash		
Amortized property rights	-	97,309
Donated consulting and management services	-	60,000
Gain on settlement of debt	-	(35,000)
Shares issued for services rendered	-	10,400
Changes in non-cash working capital		
Decrease/ (Increase) in prepaid expense	2,500	(2,500)
Increase in accounts payable and accruals	9,935	6,056
	(251,843)	(111,527)
INVESTING ACTIVITIES		
Property rights acquired for resale	(117,200)	(196,939)
	(117,200)	(196,939)
FINANCING ACTIVITIES		
Issuance of stock	160,000	525,000
Advances from related parties	75,058	17,585
	235,058	542,585

(DECREASE)/ INCREASE IN CASH FLOW	(133,985)	234,119
CASH, beginning of period	234,695	576
CASH, end of period	100,710	234,695

The accompanying notes are an integral part of these consolidated financial statements

ASIA PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2006 AND 2005

	Common Number of Shares	Stock Amount $	Additional Paid in Capital $	Donated Capital $	Deficit $	Total $
Balance, December 31, 2004	7,519,028	7,519	1,729,509	270,000	(2,064,981)	(57,953)
Issued for services	40,000	40	10,360	-	-	10,400
Issued for services	50,000	50	24,950	-	-	25,000
Issued for services	600,000	600	299,400	-	-	300,000
Issued for services	45,000	45	159,955	-	-	160,000
Issued for services	350,000	350	899,650	-	-	900,000
Issued for services	1,050,000	1,050	523,950	-	-	525,000
Finders fee paid	-	-	(25,000)	-	-	(25,000)
Donated capital	-	-	-	60,000	-	60,000
Net loss for the year	-	-	-	-	(247,792)	(247,792)
Balance, December 31, 2005	9,654,028	9,654	3,622,774	330,000	(2,312,773)	1,649,655
Issued for services	40,000	40	39,960	-	-	40,000
Issued for services	105,000	105	104,895	-	-	105,000
Finders fee paid	-	-	-	15,000	-	15,000
Net loss for the year	-	-	-	-	(252,278)	(252,278)
Balance, December 31, 2006	9,799,028	9,799	3,767,629	345,000	(2,565,051)	1,557,377

The accompanying notes are an integral part of these consolidated financial statement

ASIA PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Asia Properties, Inc. (the "Company") was incorporated in Nevada on April 6, 1998. The Company was formed to seek opportunities to invest in real estate projects in Asia. The Company has a 100% owned subsidiary, Asia Properties, International (Thailand) Ltd., which was registered in Thailand on August 2, 1999, to conduct the Company's real estate operations in Thailand.

Going Concern
These consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The continued operations of the Company and the recoverability of the carrying value of assets is dependent upon the ability of the Company to obtain necessary financing to fund future operations and ultimately to attain profitable operations. To December 31, 2006, the Company has net current liabilities of $51,453 and has incurred losses since inception totaling $2,577,051. Management's plans include obtaining additional capital through debt and equity financings.
The Company will depend almost exclusively on outside capital to complete planned land acquisition and destination resort development. Such capital would include the sale of additional capital stock and could include commercial borrowing. There can be no assurance that capital will be available as necessary to fund these development plans or, if the capital is available, that it will be on terms acceptable to the Company. The issuance of additional equity securities by the Company may result in a significant dilution in the equity interests of current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtaining financing in the amounts and on terms deemed acceptable, future operations may be adversely affected.
Given the Company's limited operating history, lack of sales, and its operating losses, there can be no assurance that it will be able to achieve objectives or reach profitability. Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation
These financial statements have been presented in U.S. dollars and prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). The Company's year end is December 31.

b) Consolidation
These consolidated financial statements include the accounts of the Company, and its 100% owned inactive Thailand subsidiary, Asia

c) Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring management's estimates and assumptions relate to the estimated income tax rate to determine deferred tax assets and the determination of the fair value of donated services.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES V Continued

d) Foreign Currency Translation

The financial statements are presented in United States dollars. In accordance with Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation, foreign denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates, which prevailed at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the year. Gains or losses resulting from foreign currency transactions are included in the results of operations.

e) Revenue Recognition

The Company generates revenue by arranging for the sale of the land plots that it controls contractually through property rights agreements (See Note 4). Revenue reported by the Company represents the difference between the sale price to the lot purchaser and a negotiated cost established with the lot owner. The Company recognizes this net revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition in Financial Statements. Revenue will be recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is provided and collectability is reasonably assured.

f) Investment

The Company considers the investment in shares of Entellium as available for sale securities. This investment is carried at cost as the fair market value is not readily determinable and the Company does not exercise significant influence over Entellium. In determining the appropriate fair value of this investment management considers whether there are there any factors to indicate that impairment in value has occurred. Management believes that no adjustment for impairment in value is considered necessary at this time.

g) Fair value of financial instruments

In accordance with the requirements of SFAS No.107, management has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities including cash, accounts payable and accrued liabilities approximate carrying value due to the short-term maturity of the instruments.

The fair value of amounts due to related parties is not determinable as there are no specific terms of repayment.

h) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS 128, Earnings per Share. SFAS 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

i) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis (temporary differences). The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

j) Accounting for Stock-Based Compensation

In December 2002, the Financial Accounting Standards Board issued Financial Accounting Standard No.148, "Accounting for Stock-Based Compensation - Transition and Disclosure" ("SFAS No. 148"), an amendment of Financial Accounting Standard No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). The purpose of SFAS No. 148 is to: (1) provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation, (2) amend the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity' s accounting policy decisions with respect to stock-based employee compensation, and (3) to require disclosure of those effects in interim financial information. The disclosure provisions of SFAS No. 148 were effective for the Company commencing December 31, 2002.

The Company has elected to continue to account for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" , ("APB No. 25") and comply with the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148 as described above. In addition, in accordance with SFAS No. 123 the Company applies the fair value method using the Black-Scholes option-pricing model in accounting for options granted to consultants. Under APB No. 25, compensation expense is recognized based on the difference, if any, on the date of grant between the estimated fair value of the Company' s stock and the amount an employee must pay to acquire the stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services" ("EITF 96-18"). Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

k) Impairment of long-lived assets

Certain long-term assets of the Company are reviewed at least quarterly to determine whether there are indications the carrying value has become impaired, pursuant to guidance established in Statement of Financial Accounting Standards ["SFAS"] No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. Management also re-evaluates the periods of amortization to determine whether subsequent events and changes in circumstances warrant revised estimates of useful lives.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES V Continued

l) Property rights

Property rights represent costs incurred to acquire the rights to 64 land plots of the Baan Naiyang Resort in Phuket, Thailand. These costs will be charged to operations as the underlying properties are sold.

m) Recent accounting pronouncements

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments-an amendment of FASB Statements No. 133 and 140, to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, to permit fair value remeasurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, Accounting for the Impairment or Disposal of Long-Lived Assets, to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. This standard is not expected to have a significant effect on the Companys future reported financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. This adoption of this statement is not expected to have a significant effect on the Companys future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measures (SFAS No. 157). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be the fiscal year beginning December 31, 2008. The Company is currently evaluating the impact of SFAS No. 157 but does not expect that it will have no impact on its financial statements.

In September 2006, the FASB issued SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans. This Statement requires an employer to recognize the over funded or under funded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position, and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The Company does not expect that the implementation of SFAS No. 158 will have any material impact on its financial position and results of operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES V Continued

m) Recent accounting pronouncements (contd)

In March 2005, the FASB issued FASB Interpretation (FIN) No. 47, Accounting for Conditional Asset Retirement Obligations. Under the provisions of FIN No. 47, the term conditional asset retirement obligation as used in SFAS No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity while the obligation to perform the asset retirement activity is unconditional. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation is required to be recognized when incurredXgenerally upon acquisition, construction, or development and/or through the normal operation of the asset. The Company has adopted FIN No. 47 as of December 31, 2005. Adoption of this pronouncement did not have a significant effect on the 2005 financial statements, and management does not expect this pronouncement to have a significant effect on the Companys future reported financial position or earnings.

In November 2005, the FASB issued Staff Position (FSP) FAS115-1/124-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments, which addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. This FSP also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in this FSP amends FASB Statements No. 115, Accounting for Certain Investments in Debt and Equity Securities, and No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, and APB Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock. This FSP is effective for reporting periods beginning after December 15, 2005. Management does not believe the adoption of this FSP will have a material impact on the Companys future reported financial position or results of operations.

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. The Company is currently evaluating the impact of adopting SAB No. 108 but does not expect that it will have a material effect on its financial statements.

NOTE 3 - INVESTMENT

The Company purchased 2,000,000 common shares (11% of outstanding shares) of Entellium Corp. for $0.01 per share. Entellium Corp. is based in

Seattle, Washington and is in the business of providing businesses of all sizes with a suite of e-business tools to simplify and enhance key sales, marketing and customer processes (Customer Relationship Management). The fair market value of the investment is assessed for impairment by management. No factors have come to managements attention that would indicate that a write down of this investment is required.

(See Note 2 (f)).

NOTE 6 - CAPITAL STOCK

Authorized: 50,000,000 common shares with a par value of $0.001 each

Issued: 2006

	Number of shares	Par value	Additional paid in capital	Donated capital	Total
		$	$	$	$
Balance, Beginning	9,694,028	9,694	3,662,734	345,000	4,017,428
Shares issued (a)	105,000	105	104,895	-	105,000
	9,699,028	9,799	3,767,629	345,000	4,122,428

(a) On July 12th, 2006 the Company completed a private placement of 100,000 common shares for cash proceeds of $100,000. The Company issued 5,000 shares valued at $1.00 per share as a finders fee.

The weighted average number of shares under option and option prices for the years ended December 31, 2006 and December 31, 2005 were as follows:

	Shares Under Option	Weighted Average Option Price	Remaining Life of Options(Months)
Balance, December 31, 2003	90,000	1.25	15
Expired during the year	(40,000)	1.56	-
Balance, December 31, 2004	50,000	1.00	14
Balance, December 31, 2005	50,000	1.00	2
Exercised	(40,000)	1.00	-
Expired	(10,000)	1.00	-

Balance, December 31, 2006	-	-	-

NOTE 6 - CAPITAL STOCK V Continued

The Company has issued share purchase warrants as follows:

		Weighted
	Number of Warrants $	Average Exercise Price $
Balance, December 31, 2005	75,000	4.00
Balance, December 31, 2006	75,000	4.00

NOTE 7 - INCOME TAXES

There were no temporary differences between the Companys tax and financial bases that result in deferred tax assets, except for the Companys net operating loss carry forwards amounting to approximately $2,565,000 at December 31, 2006 (2005 - $2,266,000) which may be available to reduce future years taxable income. These carry forwards will expire, if not utilized, commencing in 2017. Management believes that the realization of the benefits from these deferred tax assets appears uncertain due to the Companys limited operating history and continuing losses. Accordingly a full, deferred tax asset valuation allowance has been provided and no deferred tax asset benefit has been recorded.

NOTE 8 - SUBSEQUENT EVENTS

On October 30, 2006, Cadlao Island Developments Corporation was incorporated as a wholly owned subsidiary of the Company to acquire properties in the Philippines.

On March 5, 2007, the Company entered into a private placement agreement for the issuance of 30,000 common shares at a price of $1.00 per share for proceeds of $30,000.

On March 14, 2007, the Company entered into a private placement agreement for the issuance of 25,000 common shares at a price of $1.00 per share for proceeds of $25,000.

On April 30, the Company distributed to its shareholders a dividend of 1 for 2 Hertz Controller shares.

On May 2, 2007, the Company resolved affect a forward split its shares on a 4 for 1 basis, increasing the issued capital from 9,856,778 to 39,427,112 shares.

On October 8, 2007 the Company closed the purchase of a US$40 million resort called Swiss Garden Holiday Village for 4 million shares of common stock and US$30,000 in cash for closing expenses.

On November 9, 2007 the Company acquired MicroArt, Inc., and on Nov 30th, gave a 1 for 10 dividend of Microart, Inc., shares to its shareholders.

On December 9, 2007 the Company closed on the purchase of Phase 1 of beachfront site, Tinaga island, Philippines, for US$23,500.

On December 12, 2007 the Company closed on a land site in Guangzhou, China with a promissory note for HK$50 million (US$6.41 million) which will be exchanged for common shares at a share price to be determined.

On January 28, 2008 the Company signed an Letter of Intent to acquire 150 acres in Nanning, China for 13 million shares of common stock based on a total price of US$13 million.