

GOLDEN LAND PROPERTY DEVELOPMENT PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS

**1. GENERAL INFORMATION**

Golden Land Property Development Public Company Limited was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Company Act on 17 June 1994. The Company operates its business in Thailand and its principal activity is property development. Its registered address is at 153/3 Golden Pavilion Building, 8<sup>th</sup> Floor, Soi Mahardlekluang 1, Rajdamri Rd., Lumpini, Pathumwan, Bangkok.

**2. BASIS OF CONSOLIDATION**

- a) The consolidated financial statements include the financial statements for the years ended 31 December 2004 and 2003 of Golden Land Property Development Public Company Limited (hereinafter referred to as “the Company”) and its subsidiaries, which are incorporated in Thailand, (hereinafter referred to as “the subsidiaries”) as follows :-

Subsidiaries	Percentage of share held by the Company		Principal activities
	<u>2004</u>	<u>2003</u>	
	Percent	Percent	
Baan Chang Estate Company Limited	100	100	Property development
Narayana Pavilion Company Limited	100	100	Office building rental
United Homes Company Limited	100	100	Property development
Golden Land Development Company Limited	100	100	Engineering consultancy
Golden Land (Mayfair) Company Limited	100	100	Residential building rental
North Sathorn Realty Company Limited	100	100	Property development
Ritz Village Company Limited	100	100	Property development
Golden Land Polo Company Limited	100	100	Property development
Golden Land (Retail) Company Limited	100	100	Property development consultancy
Golden Land (Nichada Thani) Company Limited	100	100	Property development
Grand Paradise Property Company Limited	100	100	Property development
Golden Property Services Company Limited	100	-	Property development managements
Golden Habitation Company Limited	100	-	Property development
Sathorn Thong Company Limited	79	79	Property development
S.R.E.F. (Manager) Company Limited	70	70	Fund advisor
Sathorn Supsin Company Limited	51	51	Residential building rental
Walker Homes Company Limited (and 50% held by Narayana Pavilion Company Limited)	50	50	Property development

As at 31 December 2004 and 2003, the total assets and revenues of the subsidiaries as a percentage to the consolidated totals are as follows :-

<u>Subsidiaries</u>	Subsidiaries total assets as a percentage to the consolidated total as at 31 December		Subsidiaries total revenues as a percentage to the consolidated total for the years ended 31 December	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Baan Chang Estate Company Limited	2	2	-	-
Narayana Pavilion Company Limited	6	7	-	-
United Homes Company Limited	43	39	66	73
Golden Land Development Company Limited	-	-	-	-
Golden Land (Mayfair) Company Limited	6	7	4	2
North Sathorn Realty Company Limited	8	8	-	-
Ritz Village Company Limited	6	6	-	10
Golden Land Polo Company Limited	1	1	-	-
Golden Land (Retail) Company Limited	-	-	-	-
Golden Land (Nichada Thani) Company Limited	-	-	-	-
Grand Paradise Property Company Limited	1	2	-	-
Golden Property Services Company Limited	-	-	-	-
Golden Habitation Company Limited	2	-	-	-
Sathorn Thong Company Limited	1	1	-	-
S.R.E.F. (Manager) Company Limited	-	-	-	-
Sathorn Supsin Company Limited	19	17	22	-
Walker Homes Company Limited	2	5	-	-

- a-1) The Company invested in 90 percent of the Fund units of Golden Land Fund Two, which is a close-end property fund set up to solve the problems of financial institutions and managed by MFC Asset Management Public Company Limited.

The Company entered into a unit purchase agreement with MS Thai Investment Partners, Inc. under which the Company agreed to sell 44,938,843 investment units of Golden Land Fund Two so as continue holding 35 percent of this fund. The consolidated financial statements as at 31 December 2004 and 2003 and for the years then ended exclude the financial statements of the fund since the Company intends to dilute its holding in the future. As at 31 December 2004, the Company has not yet transferred the investment units since the companies are currently still proceeding towards compliance with the conditions stipulated in the agreement. However, the Company recorded investment in Golden Land Fund Two under the equity method (share of losses from investment in such fund represented 0.9 and 0.6 percent of net profits of the consolidated statement of earnings for the year ended 31 December 2004 and 2003, respectively).

- a-2) The Company invested in 60 percent of the Fund units of Siam Real Estate Fund which is a close-end property fund set up to solve the problems of financial institutions and managed by ING Mutual Funds Management (Thailand) Co., Ltd. However, the consolidated financial statements exclude the Fund's financial statements since the Company intends its controlling holding in Siam Real Estate Fund only on a temporary basis and will dilute its holding in the near future, so as to reduce the percentage of units held by the Company to less than 50 percent such that the Company has neither majority voting power nor management control of the Fund. However, the Company recorded investment in Siam Real Estate Fund under the equity method (share of gains (losses) from investment in such fund represented (1) and 54 percent of net profits of the consolidated statement of earnings for the year ended 31 December 2004 and 2003, respectively).
- b) Intercompany balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- c) The cost of investments in subsidiaries and the value ascribed to the equity in such subsidiaries at the time of acquisition have been eliminated and the difference thereof has been shown as "Excess of cost of investment over net book value of the subsidiaries" and included in "Other non-current assets" in the consolidated balance sheets. It is amortised over a period of 10 years from the share acquisition date.
- d) In 1998, the Company has written-off its investments of Baht 12.3 million and Baht 10.0 million in two subsidiaries, Langsuan Land Company Limited and Golden Gate Plaza Company Limited, respectively. The Company and its subsidiaries have no present or future obligations under guarantees or pledges of financial support provided for these two companies. In addition, these companies are in the process of debt restructuring and are operating under severe long-term restrictions, which significantly impair their ability to transfer funds to the Company. The financial statements of the two companies have not been included in the consolidated financial statements as of 31 December 2004 and 2003.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand (ICAAAT) which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiaries are summarised below :-

### **3.1 Revenue recognition**

a) Sales of land and houses

Sales of land and houses are recognised as revenue when contracts to purchase and sell have been executed and initial payments have been received. For contracts to purchase and sell executed from 1 April 1994 and onwards, the minimum initial payment to be received is set at 20 percent. Revenue from sales of land and houses is recognised on a percentage of completion basis with the percentage of completion based on certain estimations made by the project surveyors.

No income is recognised on the contracts which have overdue installments of over three consecutive periods.

b) Sales of condominium units

Revenue from the lease units in condominiums, constructed on leasehold land, under long-term lease agreements which substantially transfer the risks and rewards of ownership to the lessee is recognised as revenue from sales of condominium units when sales contracts have been executed for units equivalent to not less than 40 percent of the area opened for sales, and initial payments have been received at 20 percent of their selling price. They are included in earnings under the percentage of completion method with the percentage of completion based on certain estimations made by the project surveyor and consultant.

Sales of condominium units are recognised as revenue when sales contracts have been executed for units equivalent to not less than 40 percent of the area opened for sales, and initial payments have been received at 20 percent of their selling price. They are included in earnings under the percentage of completion method with the percentage of completion based on certain estimations made by the project surveyor and consultant.

c) Revenue from sales of land held for future development

Sales of land held for future development are recognised as revenue when the ownership would be transferred to the customer.

d) Revenue from rental and services

Revenue from rental and related services from property, plant and equipment for rent is recognised as revenue on an accrual basis.

Unearned lease rights are recognised as revenue over the period of the lease.

e) Revenue from golf course

Deferred golf course membership fees are recognised as income over a period of ten years.

### **3.2 Cost of sales**

In determining the cost of land and houses sold and cost of condominium units sold, the anticipated total development costs are attributed to units already sold on the basis of the sale value and then recognised as costs in the earnings statement in proportion to the revenue recognised.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction costs and related interest.

### **3.3 Selling expenses**

Selling expenses directly associated with the project, such as management fees, have been charged to earnings in proportion to the revenue recognised.

### **3.4 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks with an original maturity of three months or less from the deposit date and not subject to restrictions.

### **3.5 Trade accounts receivable and loans to related parties and allowance for doubtful accounts**

Trade accounts receivable and loans to related parties are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated collection losses that may be incurred in the collection of receivables. The allowance is based on collection experience and the current status of receivables outstanding at the balance sheet date.

### **3.6 Investments**

Investments in subsidiaries (in the Company's financial statements) and in associates are stated under the equity method.

Investments in property funds are stated in accordance with the net asset value, excluding the recognised gains from property valuation of the fund.

### **3.7 Property, plant and equipment for rent and depreciation**

Property, plant and equipment for rent is stated at cost less accumulated depreciation. Depreciation is calculated by reference to cost on a straight-line method over estimated useful lives of 5 – 50 years.

No depreciation is provided for land for rent and building under renovation.

### **3.8 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for assets impairment. Depreciation of plant and equipment is calculated by reference to its cost on a straight-line method over estimated useful lives of 5 – 20 years.

No depreciation is provided for land.

### **3.9 Amortisation**

The Company and a subsidiary recognise deferred interest discount from debt restructuring to offset against future interest expenses on loans after debt restructuring in proportion of principal repayment to reflect future interest expense at effective interest rate.

### **3.10 Capitalisation of interest costs**

The interest cost of borrowings for construction of projects is capitalised as part of the cost of those projects. Capitalisation ceases when the projects are completed or when construction is suspended, until active development resumes.

### 3.11 Foreign currencies

Foreign currency transactions incurred during the year are translated into Baht at the rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding on the balance sheet date are translated at the rates ruling on the balance sheet date.

Exchange gains and losses are included in determining earnings.

### 3.12 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

### 3.13 Earnings per share

Basic earnings per share is determined by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net earnings for the year after adjusting the effect of transactions relating to dilutive potential ordinary shares by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares to be issued for conversion of dilutive potential ordinary shares into ordinary shares.

### 3.14 Gains from troubled debt restructurings

The Company and its subsidiaries adopt an accounting policy related to troubled debt restructuring when the debt restructuring involves a waiver of debts, a portion of the waived debts that exceeds the aggregate amount of interest expenses to be incurred over the term of the new agreement is recognized as an extraordinary gain in the earnings statements.

## 4. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash on hand	393,206	251,301	135,029	117,775
Cash at banks - current accounts	16,391,834	1,227,218	2,875,853	932,269
Cash at banks - saving accounts	479,180,978	579,217,579	14,259,633	13,443,837
Total	<u>495,966,018</u>	<u>580,696,098</u>	<u>17,270,515</u>	<u>14,493,881</u>

## 5. SHORT-TERM INVESTMENTS SUBJECT TO RESTRICTIONS

5.1 As at 31 December 2004, the saving accounts of the subsidiaries of approximately Baht 747 million (2003 : Baht 506 million) were escrow accounts for the purpose of receiving payments in relation to land and house receivable from customers under the purchase and sale agreements. Withdrawal from escrow accounts would be made under withdrawal conditions in escrow agreement.

5.2 As at 31 December 2004, the cash at banks, savings and the three-month fixed deposits with local commercial banks of the Company and its subsidiaries and the Company only totaling approximately Baht 112 million and Baht 22 million, respectively (2003 : Baht 98 million and Baht 8 million, respectively), were pledged to secure bank guarantees obtained from those banks.

## 6. TRADE ACCOUNTS RECEIVABLE

	(Unit : Baht)			
	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Value of sales contracts which have been executed	11,493,278,692	6,468,165,358	322,044,925	322,044,925
Less : Recognised as revenue	(8,835,558,731)	(5,193,459,546)	(322,044,925)	(322,044,925)
Not yet recognised	<u>2,657,719,961</u>	<u>1,274,705,812</u>	<u>-</u>	<u>-</u>
Amount Recognised as revenue	8,835,558,731	5,193,459,546	322,044,925	322,044,925
Less : Collected	(7,303,126,781)	(4,543,064,476)	(303,733,497)	(303,733,497)
Unreceived completed work	1,532,431,950	650,395,070	18,311,428	18,311,428
Add : Installments due	13,044,835	10,975,198	-	-
Accounts receivable – real estate	1,545,476,785	661,370,268	18,311,428	18,311,428
Less : accrued discount payment	(89,244,699)	(54,511,716)	-	-
<b>Accounts receivable – real estate (net)</b>	1,456,232,086	606,858,552	18,311,428	18,311,428
Accounts receivable – rental and service	25,265,500	10,510,401	11,406,808	6,217,455
Total trade accounts receivable	1,481,497,586	617,368,953	29,718,236	24,528,883
Less : Allowance for doubtful accounts	(33,707,718)	(24,700,000)	(18,311,428)	(11,000,000)
Trade accounts receivable – net	<u>1,447,789,868</u>	<u>592,668,953</u>	<u>11,406,808</u>	<u>13,528,883</u>
<b>Accounts receivable – real estate (net)</b>				
Unreceived installment due	660,284,586	134,024,248	18,311,428	18,311,428
Unbilled completed work	795,947,500	472,834,304	-	-
	<u>1,456,232,086</u>	<u>606,858,552</u>	<u>18,311,428</u>	<u>18,311,428</u>

The outstanding balances of trade accounts receivable as at 31 December 2004 and 2003 were classified by aging as follows :-

(Unit : Baht)

Age of receivable	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Accounts receivable – real estate</b>				
Installments due				
Less than 3 months	615,578,021	90,660,942	-	-
More than 12 months	44,706,565	43,363,306	18,311,428	18,311,428
	660,284,586	134,024,248	18,311,428	18,311,428
Unbilled completed work	795,947,500	472,834,304	-	-
	1,456,232,086	606,858,552	18,311,428	18,311,428
<b>Rental and service receivable</b>				
Less than 3 months	15,965,483	6,759,538	7,604,898	5,297,620
More than 3 – 6 months	3,468,628	1,166,019	2,303,991	691,584
More than 6 – 12 months	1,354,302	182,514	849,391	-
More than 12 months	4,477,087	2,402,330	648,528	228,251
	25,265,500	10,510,401	11,406,808	6,217,455
Total trade accounts receivable	1,481,497,586	617,368,953	29,718,236	24,528,883
Less : Allowance for doubtful accounts	(33,707,718)	(24,700,000)	(18,311,428)	(11,000,000)
Total trade accounts receivable, net	1,447,789,868	592,668,953	11,406,808	13,528,883

## 7. PROPERTY DEVELOPMENT PROJECTS FOR SALE - NEW PROJECTS

(Unit : Baht)

	Consolidated	
	2004	2003
Land	812,385,276	101,691,250
Leasehold land	63,558,305	-
Construction cost	1,025,778,805	630,133,227
Capitalised interest	87,058,488	45,270,997
Others	90,035,604	85,161,506
Total	2,078,816,478	862,256,980

The subsidiaries have mortgaged land, including most present and future structures thereon, with financial institutions to secure their bank loans. In addition, the subsidiaries have transferred the ownership of certain land to the purchaser in accordance with the agreements to purchase and sell. If the purchaser breaches the conditions of the agreements, the purchaser will have to transfer the ownership of the land back to the subsidiaries.

## 8. INVESTMENT IN SUBSIDIARIES / EXCESS LOSS OVER COST OF INVESTMENT IN SUBSIDIARIES

### The Company Only

	Paid up capital		Percentage of shares held by the Company		Investment					
					Cost Method		Equity Method			
	2004	2003	2004	2003	Net Investment		Excess loss over cost of investment in subsidiaries			
	Million Baht	Million Baht	Percent	Percent	2004 Baht	2003 Baht	2004 Baht	2003 Baht	2004 Baht	2003 Baht
Baan Chang Estate Company Limited	30	30	100	100	30,000,000	30,000,000	-	-	(48,489,777)	(39,954,867)
Narayana Pavilion Company Limited	475	475	100	100	475,217,909	475,217,909	832,687,655	860,334,118	-	-
United Homes Company Limited	50	50	100	100	49,999,930	49,999,930	339,684,834	85,546,004	-	-
Golden Land Development Company Limited	1	1	100	100	999,930	999,930	716,588	770,390	-	-
Golden Land (Mayfair) Company Limited	11	1	100	100	10,999,940	999,930	-	-	(31,086,281)	(34,855,819)
North Sathorn Realty Company Limited	639	639	100	100	549,044,441	549,044,441	527,430,084	538,265,590	-	-
Ritz Village Company Limited	1	1	100	100	999,940	999,940	-	4,489,007	(27,917,867)	-
Golden Land Polo Company Limited	1	1	100	100	999,930	999,930	-	-	(11,006,910)	(5,663,290)
Golden Land (Retail) Company Limited	0.1	0.1	100	100	99,920	99,920	-	-	(14,477,788)	(12,288,311)
Golden Land (Nichada Thani) Company Limited	1	1	100	100	999,930	999,930	-	-	(1,499,344)	(1,430,894)
Grand Paradise Property Company Limited	1	1	100	100	999,940	999,940	-	-	(16,293,734)	(3,527,839)
Golden Property Services Company Limited	1	-	100	-	999,940	-	2,353,856	-	-	-
Golden Habitation Company Limited	5	-	100	-	4,999,930	-	-	-	(7,920,305)	-
Sathorn Thong Company Limited	154	154	79	79	121,659,951	121,659,951	-	-	(11,138,895)	(11,953,734)
S.R.E.F. (Manager) Company Limited	1	1	70	70	699,900	699,900	341,296	409,177	-	-
Sathorn Supsin Company Limited	500	500	51	51	254,999,810	254,999,810	95,637,562	91,789,948	-	-
Walker Homes Company Limited (100% holding together with subsidiary)	1	1	50	50	499,930	499,930	-	-	(58,148,955)	(3,084,487)
Total					1,504,221,271	1,488,221,391	1,798,851,875	1,581,604,234	(227,979,856)	(112,759,241)
Less : Allowance for doubtful accounts (Note 11)									(203,966,924)	(108,722,546)
Total									(24,012,932)	(4,036,695)

As at 31 December 2004 and 2003, accumulated share of loss from investments in certain subsidiaries exceeded the cost of these investments. The Company recorded part of such excess as an allowance against the accounts receivable from and loans to these subsidiaries (Note 11 to the financial statements) and the remainder was presented as “Excess loss over cost of investment in subsidiaries” in the balance sheets.

During the first quarter of 2004, the Company has invested in Golden Property Services Company Limited by purchasing 99,994 ordinary shares at Baht 10 each, representing 100 percent equity interest in that company.

During the third quarter of 2004, the Company has invested in Golden Habitation Company Limited by purchasing 499,993 ordinary shares at Baht 10 each, representing 100 percent equity interest in that company.

During 2004 and 2003, the subsidiaries did not declare any dividends.

## 9. INVESTMENT IN ASSOCIATED COMPANIES

### Consolidated / The Company Only

	Principal activity	Paid up share capital		Percentage of shares held by the Company		Investment			
		2004	2003	2004	2003	Cost Method		Equity Method	
		Thousand Baht	Thousand Baht	Percent	Percent	2004 Baht	2003 Baht	2004 Baht	2003 Baht
Baan Jiaranai Company Limited	Property development	20,000	20,000	50	50	9,230,000	9,230,000	-	-
MSGL Property Company Limited (an associated company of a subsidiary)	Property development	51	51	34	34	50,930	50,930	-	-
						<u>9,280,930</u>	<u>9,280,930</u>	<u>-</u>	<u>-</u>

During 2004 and 2003, the associated companies did not declare any dividends.

## 10. INVESTMENT IN PROPERTY FUNDS

### Consolidated / The Company Only

	Principal activity	Share paid up		Percentage of units held by the Company		Investment			
		2004	2003	2004	2003	At cost		At net asset value	
		Million Baht	Million Baht	Percent	Percent	2004 Baht	2003 Baht	2004 Baht	2003 Baht
Golden Land Fund Two	Investment in property for sale or rent	707	700	90	90	706,800,000	699,800,000	675,017,179	678,646,624
Siam Real Estate Fund	Investment in property for sale or rent	9	215	60	60	9,000,000	129,000,000	99,385,457	223,494,247
						<u>715,800,000</u>	<u>828,800,000</u>	<u>774,402,636</u>	<u>902,140,871</u>

On 21 May 2003, the Company Investment Committee Meeting No. 3/2003 of Siam Real Estate Fund (“the Fund”) approved the payment of dividends to the Fund’s unitholders of Baht 4.50 per unit totalling approximately Baht 368 million, being the Company’s dividend portion of approximately Baht 221 million.

On 30 October 2003, a resolution of a meeting No. 4/2003 of the unitholders of Siam Real Estate Fund approved the reduction of the fund's capital through reducing the number of fund units in issue from 81.68 million units to 32.19 million units and the fund has returned such capital reduction to its unitholders amounting to Baht 600 million. In proportion to its equity, the Company received return of capital of Baht 360 million.

On 19 January 2004, a resolution of a meeting No. 1/2004 of the unitholders of Siam Real Estate Fund approved the reduction of the fund's capital through reducing the number of fund units in issued from 32.19 million units to 15.58 million units. On 26 April 2004, the fund has returned such capital reduction to its unitholders amounting to Baht 200 million. In proportion to its equity, the Company received return of capital of Baht 120 million.

During 2004, the funds did not declare any dividends.

## 11. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries have had significant business dealings with their subsidiaries, associated and related companies, (related by ways of common shareholders or are under the control of certain common directors) and related person. These financial statements reflect the results of those transactions (intercompany transactions with its subsidiaries which have been eliminated from the consolidated financial statements) on the basis agreed between these parties (part of them no written agreement has been prepared). The significant transactions are summarised below :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Interest income	-	-	108.8	80.1
Utility income	-	-	-	4.5
Management fee income	-	-	452.1	567.3
Interest expenses	-	-	2.6	2.7
Rental expenses	-	-	12.9	6.5
Utility expenses	-	-	2.1	1.8
<u>Transactions with related company</u>				
Interest income	7.0	-	-	-
Management fee income	2.5	-	-	-
<u>Transactions with related person</u>				
Interest expenses	11.7	16.4	11.7	16.4

The Company has entered into service agreements with subsidiary companies (100% and 51% held by the Company) in respect to provide service for general administration and management. The Company recorded management fee income amounting to Baht 452.1 million in the earnings statement of the year 2004 (2003: Baht 567.3 million). Such transactions were eliminated from the consolidated financial statements.

The outstanding balances of the above transactions have been separately shown as “Amounts due from related parties” “Long-term loans to related parties” and “Long-term loans from related parties” in the balance sheets as follows :-

	Consolidated		The Company Only		(Unit : Baht)
	2004	2003	2004	2003	Interest policy
<b>Amounts due from related parties</b>					
<b>Subsidiaries</b>					
United Homes Co., Ltd.	-	-	1,827,000,000	1,377,000,000	
Walker Homes Co., Ltd.	-	-	27,000,000	27,000,000	
Ritz Village Co., Ltd.	-	-	38,000,000	38,000,000	
Golden Property Services Co., Ltd.	-	-	2,568,000	-	
Sathorn Supsin Co., Ltd.	-	-	17,334,000	-	
Total	-	-	1,911,902,000	1,442,000,000	
Less : allowance for doubtful accounts (Note 8)	-	-	(26,401,332)	-	
Total amounts due from related parties	-	-	1,885,500,668	1,442,000,000	
<b>Long-term loans to related parties</b>					
<b>Other receivable from related parties</b>					
<b>Subsidiary</b>					
Sathorn Thong Co., Ltd.	-	-	67,426,168	67,426,168	
Total	-	-	67,426,168	67,426,168	
<b>Loans and advances to related parties</b>					
<b>(including interest receivable)</b>					
<b>Subsidiaries</b>					
Baan Chang Estate Co., Ltd.	-	-	284,023,316	201,456,668	No interest charge
United Homes Co., Ltd.	-	-	744,444,261	2,006,979,881	No interest is charged, except for an additional drawn-down since 2003, on which interest is charged at the rate of 3.2-4.25 percent per annum.
Golden Land Development Co., Ltd.	-	-	72,112	71,812	No interest charge
Golden Land (Mayfair) Co., Ltd.	-	-	923,212,793	951,550,490	No interest is charged, except for an additional drawn-down since 2003, on which interest is charged at the rate of 3.2-3.8 percent per annum.

	Consolidated		The Company Only		(Unit : Baht)
					Interest policy
	2004	2003	2004	2003	
Ritz Village Co., Ltd.	-	-	1,516,535	1,516,535	No interest charge
Golden Land Polo Co., Ltd.	-	-	99,482,663	94,215,965	Minimum Loan Rate
Golden Land (Retail) Co., Ltd.	-	-	14,747,055	11,743,855	No interest charge
Golden Land (Nichada Thani) Co., Ltd.	-	-	2,386,363	2,386,063	No interest charge
S.R.E.F. (Manager) Co., Ltd.	-	-	1,037	737	No interest charge
Sathorn Thong Co., Ltd.	-	-	19,199,373	19,199,373	No interest charge
Sathorn Supsin Co., Ltd.	-	-	1,034,001,295	855,147,765	Minimum Loan Rate
Walker Homes Co., Ltd.	-	-	135,622,795	135,622,795	No interest charge
North Sathorn Realty Co., Ltd.	-	-	413,820,512	390,722,775	Minimum Loan Rate
Grand Paradise Property Co., Ltd.	-	-	35,600	35,600	No interest charge
Golden Habitation Co., Ltd.	-	-	165,507	-	No interest charge
Total	-	-	3,672,731,217	4,670,650,314	
Less : Allowance for doubtful accounts (Note 8)	-	-	(177,565,592)	(108,722,546)	
Total	-	-	3,495,165,625	4,561,927,768	
<b><u>Associated companies</u></b>					
Baan Jiaranai Co., Ltd.	70,202,370	68,122,792	49,455,257	47,375,679	Minimum Loan Rate
MSGL Property Co., Ltd. (associated company of a subsidiary company)	97,251,629	95,459,339	9,200,471	9,200,471	No interest charge
Total	167,453,999	163,582,131	58,655,728	56,576,150	
Less : Allowance for doubtful accounts	(25,000,000)	(25,000,000)	(17,000,000)	(17,000,000)	
Total	142,453,999	138,582,131	41,655,728	39,576,150	
<b><u>Related companies</u></b>					
Golden Habitation Co., Ltd. (It is now classified as subsidiary)	-	161,462,882	-	-	No interest charge
Others	656,498	732,068	58,902	654,461	No interest charge
Total	656,498	162,194,950	58,902	654,461	
Total long-term loans to related parties - net	143,110,497	300,777,081	3,604,306,423	4,669,584,547	
<b><i>Long-term loans from related parties</i></b>					
<b>Amounts due to related parties</b>					
<b><u>Subsidiaries</u></b>					
Narayana Pavilion Co., Ltd.	-	-	57,072,077	44,891,480	
Golden Land (Mayfair) Co., Ltd.	-	-	3,000,000	-	
Sathorn Supsin Co., Ltd.	-	-	3,904,427	-	
Total	-	-	63,976,504	44,891,480	

					(Unit : Baht)
	Consolidated		The Company Only		Interest policy
	2004	2003	2004	2003	
<b>Long-term loans and advances</b>					
<b>from related parties (including interest payable)</b>					
<b>Subsidiaries</b>					
Narayana Pavilion Co., Ltd.	-	-	310,477,987	334,146,342	No interest charge
Sathorn Thong Co., Ltd.	-	-	65,709,485	60,105,771	Minimum Loan Rate
Ritz Village Co., Ltd.	-	-	55,546,900	54,546,900	No interest charge
Total	-	-	431,734,372	448,799,013	
<b>Related companies</b>					
Apple Jack Co., Ltd.	-	70,000,000	-	-	No interest charge
Srivikorn Group Holding Co., Ltd.	-	6,250,000	-	6,250,000	No interest charge
Others	467,510	-	-	-	No interest charge
Total	467,510	76,250,000	-	6,250,000	
Less : Current portion of long-term loan	-	(70,000,000)	-	-	
Total	467,510	6,250,000	-	6,250,000	
<b>Related person</b>	170,000,000	230,000,000	170,000,000	230,000,000	Minimum Loan Rate but not exceeding 15 percent per annum
Less : Current portion of long-term loan	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)	
Total	110,000,000	170,000,000	110,000,000	170,000,000	
Total long-term loans from related parties	110,467,510	176,250,000	605,710,876	669,940,493	

On 31 December 2002, the Company and a subsidiary entered into a settlement agreement with an associated company under which the associated company agreed to settle loans totalling Baht 35 million (net of allowance for doubtful accounts of Baht 25 million) with the Company and the subsidiary by transferring ownership of its condominium units. However, the associated company has not yet transferred the ownership of condominium units to the Company and the subsidiary.

Interest on “Long-term loan from related person” was charged at the minimum loan rate but not exceeding 15 percent per annum, and is payable in 60 monthly installments, with the first repayment due on 30 December 2002 and the last repayment due on 30 December 2007.

During the year, movement of loans and advances to related parties (including interest receivable) and long-term loans and advances from related parties (including interest payable) are as follows :-

(Unit : Baht)

	Consolidated			Balance as at 31 December 2004
	Balance as at 1 January 2004	During the year		
		Increase	Decrease	
<b>Loans and advances to related parties</b>				
<u>Associated companies</u>				
Baan Jiaranai Co., Ltd.	68,122,792	2,079,578	-	70,202,370
MSG L Property Co., Ltd.	95,459,339	1,792,290	-	97,251,629
<u>Related companies</u>				
Golden Habitation Co., Ltd.				
(It is now classified as subsidiary)	161,462,882	24,067,369	(185,530,251)	-
Others	732,068	1,990,095	(2,065,665)	656,498
	<u>325,777,081</u>	<u>29,929,332</u>	<u>(187,595,916)</u>	<u>168,110,497</u>
<b>Long-term loans and advances from related parties</b>				
<u>Related companies</u>				
Apple Jack Co., Ltd.	70,000,000	-	(70,000,000)	-
Srivikorn Group Holding Co., Ltd.	6,250,000	-	(6,250,000)	-
Others	-	467,510	-	467,510
<u>Related person</u>	<u>230,000,000</u>	<u>-</u>	<u>(60,000,000)</u>	<u>170,000,000</u>
	<u>306,250,000</u>	<u>467,510</u>	<u>(136,250,000)</u>	<u>170,467,510</u>

(Unit : Baht)

	The Company Only			Balance as at 31 December 2004
	Balance as at	During the year		
	1 January 2004	Increase	Decrease	
<b>Loans and advances to related parties</b>				
<u>Subsidiaries</u>				
Baan Chang Estate Co., Ltd.	201,456,668	163,000,000	(80,433,352)	284,023,316
United Homes Co., Ltd.	2,006,979,881	574,672,841	(1,837,208,461)	744,444,261
Golden Land Development Co., Ltd.	71,812	300	-	72,112
Golden Land (Mayfair) Co., Ltd.	951,550,490	22,662,303	(51,000,000)	923,212,793
Ritz Village Co., Ltd.	1,516,535	-	-	1,516,535
Golden Land Polo Co., Ltd.	94,215,965	5,266,698	-	99,482,663
Golden Land (Retail) Co., Ltd.	11,743,855	3,003,200	-	14,747,055
Golden Land (Nichada Thani) Co., Ltd.	2,386,063	300	-	2,386,363
S.R.E.F.(Manger) Co., Ltd.	737	300	-	1,037
Sathorn Thong Co., Ltd.	19,199,373	-	-	19,199,373
Sathorn Supsin Co., Ltd.	855,147,765	178,853,530	-	1,034,001,295
Walker Homes Co., Ltd.	135,622,795	-	-	135,622,795
North Sathorn Realty Co., Ltd.	390,722,775	23,297,737	(200,000)	413,820,512
Grand Paradise Property Co., Ltd.	35,600	-	-	35,600
Golden Habitation Co., Ltd.	-	165,507	-	165,507
<u>Associated companies</u>				
Baan Jiaranai Co., Ltd.	47,375,679	2,079,578	-	49,455,257
MSGL Property Co., Ltd.	9,200,471	-	-	9,200,471
<u>Related companies</u>				
Others	654,461	49,045	(644,604)	58,902
	<u>4,727,880,925</u>	<u>973,051,339</u>	<u>(1,969,486,417)</u>	<u>3,731,445,847</u>
<b>Long-term loans and advances from related parties</b>				
<u>Subsidiaries</u>				
Narayana Pavilion Co., Ltd.	334,146,342	-	(23,668,355)	310,477,987
Sathorn Thong Co., Ltd.	60,105,771	5,603,714	-	65,709,485
Ritz Village Co., Ltd.	54,546,900	32,000,000	(31,000,000)	55,546,900
<u>Related company</u>				
Srivikorn Group Holding Co., Ltd.	6,250,000	-	(6,250,000)	-
<u>Related person</u>	230,000,000	-	(60,000,000)	170,000,000
	<u>685,049,013</u>	<u>37,603,714</u>	<u>(120,918,355)</u>	<u>601,734,372</u>

## 12. PROPERTY DEVELOPMENT PROJECTS FOR SALE

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Land	518,781,347	520,608,872	452,323,835	452,323,835
Construction cost	182,978,221	173,676,577	58,280,118	58,280,118
Capitalised interest	33,307,060	33,307,060	28,277,910	28,277,910
Others	41,413,856	43,585,240	19,140,435	19,140,435
	<u>776,480,484</u>	<u>771,177,749</u>	<u>558,022,298</u>	<u>558,022,298</u>
Less : Provision for impairment of projects	(21,028,362)	(21,028,362)	-	-
Projects value - net	<u>755,452,122</u>	<u>750,149,387</u>	<u>558,022,298</u>	<u>558,022,298</u>

In 2000 and 2004, the Company and a subsidiary hired an independent appraiser to appraise the fair market value of the Company and its subsidiary's "Property development projects for sale" of which cost (before provision for impairment of project) as at 31 December 2004 was approximately Baht 738 million (2003 : Baht 733 million). According to the report of the independent appraiser, the fair market values of these projects are higher than their cost. However, a subsidiary had already set up provision for impairment loss amounting to Baht 10 million for non income-generating project assets in the accounts.

The remaining "Property development projects for sale" is that of one subsidiary whose cost was approximately Baht 38 million, the subsidiary's management estimated the amount of provision for impairment based on comparison of the project cost per unit with the net realisable value per unit. The subsidiary has already set up a provision for impairment of the projects amounting to approximately Baht 11 million in its accounts.

The Company and its subsidiaries have mortgaged land, including most present and future structures thereon, to secure loans from financial institutions of the Company and its subsidiaries and debentures of the Company.

### 13. LEASEHOLD LAND AND PROJECT UNDER CONSTRUCTION

As at 31 December 2003, leasehold land and project under construction consisted of "Piraya Tower Project" of a subsidiary, as follows :-

	(Unit : Baht)
	<u>Consolidated</u>
	<u>2003</u>
Leasehold land	481,700,464
Construction costs	1,351,441,112
Interest capitalised	95,525,856
Others	<u>18,669,796</u>
Total	<u><u>1,947,337,228</u></u>

The leasehold of the land, on which the Piraya Tower Project of a subsidiary is constructed, is for a period of 50 years, commencing 5 October 2003. The agreement stipulates various conditions which the lessee must comply, including completion of construction within a specified period. At the end of lease period or if terminated for any reason, which is the fault of the lessee, the lessee must immediately transfer the ownership of the structures on or under the leased land, including installed equipment which belongs to the lessee, to the lessor. At the end of lease period, the lessor agrees to extend the lease period for another 10 years.

During 2004, construction of that project was completed, and the subsidiary therefore transferred the part of project under construction which has been developed as property for rent to "Property, plant and equipment for rent" and transferred that part which was developed for long-term lease, whereby the risks and rewards of ownership would be substantially transferred to the lessee, to "Property development projects for sale-new projects".

The subsidiary have mortgaged land and leasehold right, including most present and future structures thereon, to secure loans from financial institutions, as discussed in Notes 18 and 20 to the financial statements.

#### 14. LAND AND LEASEHOLD LAND HELD FOR FUTURE DEVELOPMENT

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Land	2,609,118,852	3,113,319,067	233,031,282	305,940,497
Land improvement	16,129,307	38,573,723	990,478	990,478
Leasehold rights	626,873,976	626,873,976	31,968,252	31,968,252
Capitalised interest	150,929,544	164,936,404	20,877,336	34,884,196
Others	126,581,598	100,649,844	11,438,483	13,242,013
	<u>3,529,633,277</u>	<u>4,044,353,014</u>	<u>298,305,831</u>	<u>387,025,436</u>
Less : Provision for impairment of projects	-	(43,000,000)	-	(43,000,000)
Land and leasehold land held for future Development - net	<u>3,529,633,277</u>	<u>4,001,353,014</u>	<u>298,305,831</u>	<u>344,025,436</u>

On 6 June 1996, North Sathorn Realty Co., Ltd., a subsidiary, entered into a land lease agreement with the Crown Property Bureau for construction of a complex of buildings. The former lessee was the Russian Embassy, which cancelled the land lease agreement with the landlord in order that the landlord could transfer the leasehold right to the subsidiary. The subsidiary agreed to pay any expenses incurred in moving the embassy office to a new location. Total expenses incurred by the subsidiary thus amounted to approximately Baht 745 million, consisting of leasehold costs, other related expenses and capitalized interest. As at 31 December 2004 and 2003, the Company has recorded "Excess of net book value of the subsidiary over investment cost" totalling of approximately Baht 156 million, by netting the acquisition cost of such leasehold right and presented as "Leasehold right" in the consolidated financial statements. Under the land lease agreement, the subsidiary must transfer ownership of the building and structures thereon to the landlord upon completion of construction work. On 7 October 2002, the subsidiary renewed the lease agreements for a period of thirty-four years. However, on 15 November 2004, an addendum was made to the lease agreements between the subsidiary and the Crown Property Bureau, of which the substance is the deferral of rental payment by 2 years and the extension of the term of the agreements to 36 years, ending October 2038. The addendum is in the process of being executed.

A subsidiary has recorded "Land and leasehold land held for future development", with respective book value of Baht 974 million as at 31 December 2004 (2003: Baht 944 million). Given the current state of the real estate industry, which is highly competitive, the subsidiary is currently discussing and considering appointing parties to manage its projects, and is looking at other plans whereby benefits to the business will be maximised. A conclusion has not yet been reached. This uncertainty could significantly affect the future recoverable value of the above assets.

From 2000 to 2003, the Company and its subsidiary hired an independent appraiser to appraise the fair market value of the Company's and its subsidiary's "Land held for future development" which project developments were not yet been planned. According to the report of the independent appraiser, the fair market value of one plot of land was approximately Baht 43 million lower than its cost. The Company has already set up a provision for impairment in its accounts. However, during the year 2004, the Company sold this land and reversed the related impairment loss in the earnings statements for the year ended 31 December 2004.

The Company and its subsidiaries have mortgaged land and leasehold rights to secure loans from financial institutions of the Company and its subsidiaries and debentures of the Company, as discussed in Notes 18, 20 and 22 to the financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT FOR RENT

### Consolidated

							(Unit : Baht)
	Land	Leasehold right	Buildings	Equipment	Furniture and fixtures	Construction in progress	Total
<b><u>Cost</u></b>							
31 December 2003	735,763,350	560,646,251	869,990,111	20,789,077	140,957,821	1,542,056	2,329,688,666
Addition	-	9,830,749	12,707,148	661,058	9,438,469	-	32,637,424
Transfer from leasehold land and project under construction	-	296,990,995	1,037,966,611	-	112,410,528	-	1,447,368,134
31 December 2004	<u>735,763,350</u>	<u>867,467,995</u>	<u>1,920,663,870</u>	<u>21,450,135</u>	<u>262,806,818</u>	<u>1,542,056</u>	<u>3,809,694,224</u>
<b><u>Accumulated depreciation</u></b>							
31 December 2003	-	118,502,898	71,432,016	4,787,678	17,253,702	-	211,976,294
Depreciation for the year	-	28,158,327	54,696,300	3,843,470	36,401,245	-	123,099,342
31 December 2004	<u>-</u>	<u>146,661,225</u>	<u>126,128,316</u>	<u>8,631,148</u>	<u>53,654,947</u>	<u>-</u>	<u>335,075,636</u>
<b><u>Net book value</u></b>							
31 December 2003	<u>735,763,350</u>	<u>442,143,353</u>	<u>798,558,095</u>	<u>16,001,399</u>	<u>123,704,119</u>	<u>1,542,056</u>	<u>2,117,712,372</u>
31 December 2004	<u>735,763,350</u>	<u>720,806,770</u>	<u>1,794,535,554</u>	<u>12,818,987</u>	<u>209,151,871</u>	<u>1,542,056</u>	<u>3,474,618,588</u>
<b><u>Depreciation charge (included in earnings statements for the year)</u></b>							
Year 2003							<u>41,070,176</u>
Year 2004							<u>123,099,342</u>

## The Company Only

	(Unit : Baht)					
	Land	Buildings	Equipment	Furniture and fixtures	Construction in progress	Total
<b><u>Cost</u></b>						
31 December 2003	707,510,880	147,777,234	1,872,574	2,694,496	1,542,056	861,397,240
Addition	-	-	30,000	-	-	30,000
31 December 2004	707,510,880	147,777,234	1,902,574	2,694,496	1,542,056	861,427,240
<b><u>Accumulated depreciation</u></b>						
31 December 2003	-	62,230,044	1,858,084	2,685,122	-	66,773,250
Depreciation for the year	-	7,388,861	10,914	7,626	-	7,407,401
31 December 2004	-	69,618,905	1,868,998	2,692,748	-	74,180,651
<b><u>Net book value</u></b>						
31 December 2003	707,510,880	85,547,190	14,490	9,374	1,542,056	794,623,990
31 December 2004	707,510,880	78,158,329	33,576	1,748	1,542,056	787,246,589
<b><u>Depreciation charge (included in earnings statements for the year)</u></b>						
Year 2003						7,420,038
Year 2004						7,407,401

As at 31 December 2004 and 2003, certain plant and equipment for rent items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 13.6 million and Baht 12.7 million, respectively (The Company Only : Baht 4.5 million and 4.3 million, respectively).

A subsidiary has recorded "Property for rent", with respective book value of Baht 429 million as at 31 December 2004 (31 December 2003: Baht 445 million). Given the current state of the real estate industry, which is highly competitive, the subsidiary is currently looking at other plans whereby benefits to the business will be maximised. A conclusion has not yet been reached. This uncertainty could significantly affect the future recoverable value of the above assets.

The Company and its subsidiaries have mortgaged their freehold land and buildings thereon with financial institutions to secure the Company's debentures, as discussed in Note 22 to the financial statements.

## 16. PROPERTY, PLANT AND EQUIPMENT

### Consolidated

(Unit : Baht)

	Land	Golf course	Buildings	Club House	Equipment	Furniture and office equipment	Vehicles	Facilities system	Total
<b>Cost</b>									
31 December 2003	70,239,671	205,125,638	12,607,918	42,528,074	2,513,069	46,949,199	24,580,832	63,180,918	467,725,319
Purchase	-	-	-	-	143,503	38,522,522	1,213,600	-	39,879,625
Transfer during account	-	-	-	(1,910,789)	-	-	-	-	(1,910,789)
31 December 2004	70,239,671	205,125,638	12,607,918	40,617,285	2,656,572	85,471,721	25,794,432	63,180,918	505,694,155
<b>Accumulated depreciation</b>									
31 December 2003	-	189,587,791	10,016,198	12,697,075	2,502,642	30,738,057	14,239,022	63,159,314	322,940,099
Depreciation for the year	-	15,363,574	235,241	2,030,864	26,060	8,448,406	4,043,572	-	30,147,717
31 December 2004	-	204,951,365	10,251,439	14,727,939	2,528,702	39,186,463	18,282,594	63,159,314	353,087,816
<b>Allowance for assets impairment</b>									
31 December 2003	10,974,254	-	-	-	-	-	-	-	10,974,254
Addition	530,926	-	-	-	-	-	-	-	530,926
31 December 2004	11,505,180	-	-	-	-	-	-	-	11,505,180
<b>Net book value</b>									
31 December 2003	59,265,417	15,537,847	2,591,720	29,830,999	10,427	16,211,142	10,341,810	21,604	133,810,966
31 December 2004	58,734,491	174,273	2,356,479	25,889,346	127,870	46,285,258	7,511,838	21,604	141,101,159
<b>Depreciation charge (included in earnings statements for the year)</b>									
Year 2003									30,145,637
Year 2004									30,147,717

### The Company Only

(Unit : Baht)

	Land	Golf course	Buildings	Club House	Equipment	Furniture and office equipment	Vehicles	Facilities system	Total
<b>Cost :</b>									
31 December 2003	57,782,316	205,125,638	7,903,100	40,617,285	2,421,629	30,700,828	22,802,583	63,180,918	430,534,297
Purchase	-	-	-	-	119,000	4,501,367	-	-	4,620,367
31 December 2004	57,782,316	205,125,638	7,903,100	40,617,285	2,540,629	35,202,195	22,802,583	63,180,918	435,154,664
<b>Accumulated depreciation :</b>									
31 December 2003	-	189,587,791	7,903,087	12,697,074	2,412,418	17,801,716	13,797,226	63,159,314	307,358,626
Depreciation for the year	-	15,363,574	-	2,030,865	24,783	4,641,256	3,631,643	-	25,692,121
31 December 2004	-	204,951,365	7,903,087	14,727,939	2,437,201	22,442,972	17,428,869	63,159,314	333,050,747
<b>Net book value :</b>									
31 December 2003	57,782,316	15,537,847	13	27,920,211	9,211	12,899,112	9,005,357	21,604	123,175,671
31 December 2004	57,782,316	174,273	13	25,889,346	103,428	12,759,223	5,373,714	21,604	102,103,917
<b>Depreciation charge (included in earnings statements for the year)</b>									
Year 2003									29,454,441
Year 2004									25,692,121

As at 31 December 2004 and 2003, certain plant and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 305 million and Baht 100 million, respectively (The Company Only : Baht 293 million and Baht 88 million, respectively).

The Company and subsidiaries have mortgaged their land, including structures thereon, to secure loans from financial institutions of the Company and its subsidiaries and the Company's debentures, as discussed in Notes 18, 20 and 22 to the financial statements.

## 17. OTHER RECEIVABLES

On 19 June 1998, the Company entered into an agreement with a company to sell its investment in 2.5 million ordinary shares of Rajadamri Land Co., Ltd., with a par value of Baht 10 each, at a total price of Baht 12,037,583. Under the agreement, among certain other conditions, the Company was to be paid in two portions, with the first portion to be paid through six post-dated cheques for a total of Baht 5,787,583 and payable at six-monthly intervals between December 1998 and June 2001. For the second portion, the buyer has the option either to pay through a single cash payment of Baht 6,250,000 (payable within six months of Rajadamri Land's registration of the subleasing of the 10th customer of its project) or by providing the leasehold to a minimum of 127.39 square wahs of the Rajadamri project for 29 years. The Company has already recorded such receivables as "Other receivables" in the balance sheets and on 31 December 2004 and 2003, the outstanding balance of such receivables is approximately Baht 10 million and the Company has recorded an allowance for doubtful debt in its entirety.

## 18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Bank overdrafts	19,361,261	-	19,361,261	-
Short-term loans from financial institutions	<u>840,000,000</u>	<u>1,668,962,929</u>	<u>840,000,000</u>	<u>1,510,000,000</u>
Total	<u>859,361,261</u>	<u>1,668,962,929</u>	<u>859,361,261</u>	<u>1,510,000,000</u>

The Company and its subsidiaries' short-term loans from banks and financial institutions carry interest at the minimum loan rate plus/minus a certain percentage per annum, and are due for repayment within one year.

The Company and its subsidiaries have mortgaged most of their freehold land, leasehold land and the constructions thereon (both present and future construction) with financial institutions to secure the loans of the Company and its subsidiaries.

## 19. SHORT-TERM LOAN FROM MINORITY INTEREST OF SUBSIDIARY

As at 31 December 2004 and 2003, the outstanding balance is a short-term loan from a shareholder of a subsidiary and interest is charged at the minimum loan rate of a local bank.

## 20. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Loans from banks	3,084,339,823	1,562,347,834	104,507,945	149,415,123
Less : Current portion of long-term loans	<u>(644,507,945)</u>	<u>(37,147,178)</u>	<u>(104,507,945)</u>	<u>(37,147,178)</u>
Long-term loans, net of current portion	<u>2,439,831,878</u>	<u>1,525,200,656</u>	<u>-</u>	<u>112,267,945</u>

The Company and its subsidiaries' long-term loans from banks carry interest at the minimum loan rate plus/minus a certain percentage per annum.

Between 1999 up to 2002, the Company and its subsidiaries entered into debt restructuring agreements and debt compositions and payment with various banks and financial institutions. The significant conditions of the agreements are that the banks and financial institutions agreed to reduce the outstanding debt, where the Company and its subsidiaries are to repay the remaining debt in accordance with the conditions and terms stipulated in the agreements. The Company and its subsidiaries have recorded the related adjustment transactions in their accounts, with accrued interest expenses which are to be repaid over periods of more than one year recorded as other liabilities under the caption "Long-term interest payable" in the balance sheets. The Company recorded the reduction in its debt obligations as a gain from debt restructuring.

For most of the loans, repayment of principal is generally due whenever a plot of land is redeemed from mortgage, at the rates stipulated in the loan agreements, with the remaining balance to be repaid within a specific timeframe.

The loans agreements contain covenants and restrictions on the Company and its subsidiaries imposed by the lenders, related to such matters as merger or consolidation with or into any other corporations, investment in securities, share capital reduction or dividend payments, and guarantee of any other person.

The Company and its subsidiaries have mortgaged most of their freehold land, leasehold land and the constructions thereon (both present and future construction) with banks to secure their loans.

## 21. LONG-TERM LOAN FROM SHAREHOLDER

This represents a long-term interest-free loan from a shareholder of the Company which is repayable in 2004. During 2004, the Company had already repaid of this loan.

## 22. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Debentures	1,903,000,000	2,200,000,000	1,903,000,000	2,200,000,000
Less : Current portion of debentures	(803,000,000)	(297,000,000)	(803,000,000)	(297,000,000)
Debentures, net of current portion	1,100,000,000	1,903,000,000	1,100,000,000	1,903,000,000

22.1 On 9 October 2002, the Company issued Baht 1,100 million of unsubordinated, amortising, 3-year, secured debentures (1.1 million units with a face value of Baht 1,000 each) maturing on 9 October 2005 and bearing interest at a fixed rate of 4.95 percent per annum, payable every quarter. Principal is scheduled for repayment in seven installments, with six installments of Baht 99 million each to be paid quarterly, commencing 9 April 2004, and the final installment of Baht 506 million to be paid on 9 October 2005. The conditions of the issuance of the above debentures stipulate certain significant covenants with which the Company must comply throughout the life of the debentures. These relate to matters such as the maintenance of a debt to equity ratio, a ratio of collateral value to total debt outstanding under the debentures, and a dividend payment ratio, among others.

The Company has mortgaged its land and construction thereon as collateral against the above debentures.

22.2 On 20 August 2003, the Company issued Baht 1,100 million of unsubordinated, amortising, 5-year, secured debentures (1.1 million unit with a face value of Baht 1,000 each) maturing on 20 August 2008 and bearing interest at a fixed rate of 3.2 percent per annum, payable every quarter. Principal is scheduled for repayment in eleven installments, with ten installments of Baht 99 million each to be paid quarterly, commencing 20 February 2006, and the final installment of Baht 110 million to be paid on 20 August 2008. The conditions of the issuance of the above debentures stipulate certain significant covenants with which the Company must comply throughout the life of the debentures. These related to matters such as the maintenance of a debt to equity ratio, a ratio of collateral value to total debt outstanding under the debentures, and a dividend payment ratio, among others.

The subsidiary has mortgaged its land and construction thereon as collateral against the above debentures.

### **23. SHARE SUBSCRIPTION PAYABLE TO SUBSIDIARIES**

These represent the share subscription payables to Sathorn Supsin Company Limited of Baht 153 million (2003 : Baht 153 million) and Golden Land (Mayfair) Company Limited of Baht 10 million (2003 : None).

### **24. STATUTORY RESERVE**

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of its registered share capital. The statutory reserve cannot be used for dividend payment.

### **25. WARRANTS**

The Company issued the warrants as follows :-

25.1 The 30 million warrants allocated to institutional investor free-of-charge by private placement. These warrants mature in 2004 and have an exercise price of Baht 10, with one warrant entitling the holder to purchase one ordinary share. During 2004, the warrants expired without any exercise being made.

25.2 The 12,266,665 warrants allocated to the directors and/or employees of the Company free of charge. These warrants mature in 2005 and have an exercise price of Baht 10, with one warrant entitling the holder to purchase one ordinary share.

Up to 31 December 2004, one warrant holder exercised 100,000 warrants to purchase 100,000 ordinary shares at exercise price of Baht 10 each, totalling Baht 1 million.

As of 31 December 2004 and 2003, 12,166,665 warrants remained unexercised.

25.3 The 28,183,335 warrants allocated to the employees of the Company free of charge. These warrants mature in 2008 and have an exercise price of Baht 10, with one warrant entitling the holder to purchase one ordinary share.

On 25 January 2004, one warrant holder exercised 200,000 warrants to purchase 200,000 ordinary shares at an exercise price of Baht 10 each, totaling Baht 2 million. The Company registered the resultant increase in its paid up share capital with the Ministry of Commerce on 2 April 2004.

As of 31 December 2004, 27,983,335 warrants (2003 : 28,183,335 warrants) are outstanding.

## **26. DEPOSITS AND CASH RECEIVED IN ADVANCE**

As at 31 December 2004 and 2003, installments paid but not yet to recognised as revenue, amounting to Baht 239 million and Baht 134 million, respectively, are presented in “Deposits and cash received in advance”.

## **27. DIRECTORS’ REMUNERATION**

Directors’ remuneration represents benefit paid to the Company’s directors in accordance with Section 90 of the Public Limited Company Act, exclusive of salaries and related benefits payable to executive directors.

## **28. CORPORATE INCOME TAX**

Corporate income tax has been calculated on earnings for the year after deducting tax loss brought forward from previous years and adding back certain expenses and provisions which are disallowable for tax computation purposes. The provisions can be claimed as tax deductible expenses when incurred.

## 29. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	Baht	Baht	Shares	Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net earnings	353,044,882	453,531,293	630,068,408	629,809,192	0.56	0.72
<b>Effect of dilutive potential ordinary shares</b>						
40,150,000 warrants (2003 : 70,350,000 warrants)	-	-	-	6,511,759	-	(0.01)
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming conversion of dilutive potential ordinary shares	<u>353,044,882</u>	<u>453,531,293</u>	<u>630,068,408</u>	<u>636,320,951</u>	<u>0.56</u>	<u>0.71</u>

## 30. COMMITMENTS

As at 31 December 2004, the Company and its subsidiaries had the following outstanding commitments :-

30.1 The subsidiaries have outstanding commitments totalling approximately Baht 1,769 million and USD 0.3 million with respect to design and construction contracts.

30.2 The subsidiary entered into agreements with a foundation, to lease land on which to develop residential building for rent, for periods of 50 years, commencing 5 October 2003. Future rental payments required under these lease agreements are as follow :-

<u>Payment due</u>	<u>Million Baht</u>
Within 1 year	3.7
In 2nd to 5th year	30.0
After 5th year	<u>242.1</u>
Total	<u><u>275.8</u></u>

At the end of lease period with such foundation the lessor agrees to extend the lease period for another 10 years. Rental payables in the future are totaling Baht 94.4 million.

30.3 The subsidiary entered into agreements with the Privy Purse Bureau, to lease land on which to develop office building for rent, for periods of 30 years, commencing 1 September 1992. Future rental payments required under these lease agreements are as follow :-

<u>Payment due</u>	<u>Million Baht</u>
Within 1 year	2.2
In 2nd to 5th year	9.9
After 5th year	47.8
Total	<u>59.9</u>

30.4 A subsidiary has extended lease agreements with the Crown Property Bureau and entered into new lease agreements to lease additional space from the Crown Property Bureau for the development of a building complex. The leases are for a period of 34 years, ending October 2036. However, on 15 November 2004, an addendum was made to the lease agreements between the subsidiary and the Crown Property Bureau, of which the substance is the deferral of rental payment by 2 years and the extension of the term of the agreements to 36 years, ending October 2038. The addendum is in the process of being executed.

Future rental payments required under this lease agreement are as follow :-

<u>Payment due</u>	<u>Million Baht</u>
Within 1 year	-
In 2nd to 5th year	234.6
After 5th year	1,399.3
Total	<u>1,633.9</u>

In addition, the lessor agrees to grant the Company the option to renew this lease for two more periods of ten years each, under the condition, covenants and with the rental fees as stipulated in the agreement.

30.5 The Company and a subsidiary guaranteed approximately Baht 18.7 million of loans which customers obtained from a financial institution.

30.6 The Company has outstanding commitments totalling approximately Baht 52 million in respect of the uncalled portion of its investment in a subsidiary.

30.7 Two subsidiaries have entered into management and royalty agreements with two companies, whereby those companies will provide assistance with the management of the serviced apartments projects of the subsidiaries and permit the subsidiaries to use certain trademarks. The agreements are effective from the dates that projects commence a twenty-year period, with options to extend for further periods of ten years. The subsidiaries are to pay various fees at a percentage of the gross revenues and/or net operating profits of the projects, as stated in the agreements.

30.8 The subsidiary has outstanding commitments totalling Baht 103 million with respect to land and building purchase agreements.

### **31. RELATED PARTY GUARANTEES**

As at 31 December 2004, the Company and its subsidiaries had the following commitments to financial institutions from their guarantees of credit facilities.

31.1 The Company has provided guarantees to financial institutions against certain obligations of its subsidiaries of Baht 3,479 million. Generally, the guarantees are effective so long as the underlying obligations have not yet been discharged by those subsidiaries. No fee is charged for the provision of these guarantees.

31.2 Certain obligations of the Company are guaranteed by the Company's director. These guarantees are effective so long as the underlying obligations have not been discharged by the Company. No guarantee fee is charged by that director. The amount of those guarantees are summarised below.

	<u>Consolidated</u>	<u>The Company Only</u>
Guarantees by director	USD 1.5 million	USD 1.5 million

### **32. BANK GUARANTEES**

As at 31 December 2004 and 2003, there were outstanding bank guarantees of approximately Baht 210 million and Baht 92 million (The Company Only : 20 million and Baht 6 million), respectively which were issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of their business.

### **33. LITIGATION AND CONTINGENT LIABILITIES**

As at 31 December 2004, the following significant litigation had been filed against the Company and its subsidiaries :-

- 33.1 The House Committee on Consumer Protection filed lawsuits against the Company and a related company, seeking the return of deposits totaling Baht 115 million on the grounds that the Company and the related company advertised and invited the public to purchase condominium units in a project of the related company, as a result of which the related company received deposits from customers, but the related company was not able to construct the condominium units and transfer ownership to the customers. For the cases valued at approximately Baht 19 million, the cases are being heard by the court of first instance. For the cases valued at approximately Baht 96 million, the court of first instance judged the Company jointly liable for payment, together with interest at the rate of 7.5 percent per annum, calculated from the latest date that project customers made payment in some cases and from the date that the customers filed suit with the courts in other cases until such time all the outstandings have been paid. The Company has appealed the decisions of the court of first instance and the lawsuits are currently being heard by the appeals court. However, the Company has not set aside a provision for this contingent liability in its accounts since the management still believes that no material liability will arise as a result of the lawsuit. Because the Company was only the project manager, responsible for sales, and not the owner of the project, it was not a party to the agreements with the project's customers and did not receive the above deposits. The Company therefore believes that it has no liability in relation to the return of the above deposits to the project's customers.
- 33.2 The customers of a related company have filed lawsuits against the Company and that related company, suing for compensation totaling Baht 6.4 million on the grounds that they paid deposits for buildings in a project of that related company but the related company was not able to construct and transfer the condominiums to them. Most of the lawsuits are currently being heard by the court of first instance, but in cases valued at approximately Baht 1.5 million the court of first instance judged the Company jointly liable for payment, together with interest at the rate of 7.5 percent per annum, calculated from 1 July 1997 until such time all the outstandings have been paid. The Company has appealed the decisions of the court of first instance and the lawsuits are currently being heard by the appeals court but the Company has not set aside a provision for possible losses in the accounts since the management believes that no material liability will arise as a result of the lawsuit. Because the Company was not the owner of the project, it was not party to the agreements with the project's customer and did not receive the above deposits, and the Company therefore believes that it has no liability for payment of compensation to the project's customer.

### 34. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Number of employees at end of year (persons)	332	221	161	144
Employee costs for the year (thousand Baht)	189,231	180,131	160,803	167,650

### 35. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' operations are carried on in a single geographic area in Thailand and involve the real estate, golf course, rental and service industries. The financial information in the consolidated financial statements as of and for the years ended 31 December 2004 and 2003 is as follows :-

	(Unit : Million Baht)											
	Real estate business		Golf course business		Rental and service business		Others		Eliminated		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues from third parties	3,761	1,948	24	26	231	87	116	62	-	-	4,132	2,123
Revenues from related parties	-	-	-	-	15	7	449	681	(464)	(688)	-	-
	<u>3,761</u>	<u>1,948</u>	<u>24</u>	<u>26</u>	<u>246</u>	<u>94</u>	<u>565</u>	<u>743</u>	<u>(464)</u>	<u>(688)</u>	<u>4,132</u>	<u>2,123</u>
Operating profit (loss)	1,496	781	1	(1)	70	44	116	62	-	-	1,683	886
Interest income											11	50
Central expenses											(856)	(559)
Provision for impairment of projects											-	(2)
Share of gain (loss) from investments accounted for under equity method											(7)	243
Earnings before interest expenses and income tax											831	618
Interest expenses											(255)	(146)
Corporate income tax											(219)	(52)
Earnings before minority interest											357	420
Minority interest											(4)	34
Net earnings for the year											<u>353</u>	<u>454</u>
Property, plant and equipment for rent - net	-	-	-	-	3,475	2,118	-	-	-	-	3,475	2,118
Property, plant and equipment - net	115	89	26	45	-	-	-	-	-	-	141	134
Other assets											10,390	10,897
Total assets											<u>14,006</u>	<u>13,149</u>

## 36. FINANCIAL INSTRUMENTS

### *Financial risk management and policies*

The Company and its subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates, and from non-performance of contractual obligations by counterparties. The Company and its subsidiaries do not use derivative instruments to manage such risks. They do not hold or issue derivative instruments for speculative or trading purposes.

### *Interest rate risk*

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's and its subsidiaries' operations and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, bank overdrafts and loans. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk. The details of long-term loans are set out in Note 18, 20 and 22 to the financial statements.

### *Foreign currency risk*

As at 31 December 2004 and 2003, the Company and its subsidiaries have no assets/liabilities denominated in foreign currency.

### *Credit risk*

The Company and its subsidiaries operate in property development which is exposed to credit risk primarily with respect to trade accounts. However, due to the large number of entities comprising the Company and its subsidiaries' customer base, the management believes that the maximum exposure to credit risk is limited to the carrying amount of receivable less allowance for doubtful debt as stated in the balance sheets.

### *Fair value*

Since the majority of the financial assets are short-term and the loans and secured debentures carry interest at rates close to current market rate (except for certain interest-free loans to associated companies), the management believes that the fair value of the Company and its subsidiaries' financial assets and liabilities (except for certain interest-free loans to associated companies) not materially differ from their carrying value.

### **37. PRESENTATION**

The presentation of these financial statements has been made in compliance with the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2003 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earning or shareholders' equity.

### **38. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's directors.