

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 2005 and 2004 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 :-

<u>Subsidiaries</u>	<u>Percentage of share held by the Company</u>		<u>Principal activities</u>
	<u>2005</u>	<u>2004</u>	
	<u>Percent</u>	<u>Percent</u>	
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	100	Property development managements
Golden Habitation Company Limited	100	100	Property development
Golden Land Fund Two	90	-	Property Fund
Sathorn Thong Company Limited	79	79	Property development
S.R.E.F. (Manager) Company Limited	70	70	Fund advisor
Sathorn Supsin Company Limited	60	51	Residential building rental
Walker Homes Company Limited (and 50% held by Narayana Pavilion Company Limited)	50	50	Property development
MSGL Property Company Limited (100% held by Golden Land Polo Company Limited)	-	-	Property development

As at 31 December 2005 and 2004, 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>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Baan Chang Estate Company Limited	2	2	1	-
Narayana Pavilion Company Limited	3	6	1	-
United Homes Company Limited	35	43	69	66
Golden Land Development Company Limited	-	-	-	-
Golden Land (Mayfair) Company Limited	6	6	7	4
North Sathorn Realty Company Limited	10	8	-	-
Ritz Village Company Limited	8	6	12	-
Golden Land Polo Company Limited (including of MSGL Property Company Limited - 100 % holding)	-	1	-	-
Golden Land (Retail) Company Limited	-	-	-	-
Golden Land (Nichada Thani) Company Limited	-	-	-	-
Grand Paradise Property Company Limited	-	1	-	-
Golden Property Services Company Limited	-	-	-	-
Golden Habitation Company Limited	2	2	-	-
Golden Land Fund Two	5	-	-	-
Sathorn Thong Company Limited	-	1	-	-
S.R.E.F. (Manager) Company Limited	-	-	-	-
Sathorn Supsin Company Limited	15	19	9	22
Walker Homes Company Limited	-	2	-	-

- 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 for the year then ended exclude the financial statements of the fund since the Company intends to dilute its holding in the future. 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 percent of net profits of the consolidated statement of earnings for the year ended 31 December 2004).

However, during current year, the agreement to purchase unitholders between the Company and MS Thai Investment Partners, Inc. was terminated and as a result the Company has control over Golden Land Fund Two. The Company therefore presents Golden Land Fund Two as a subsidiary and its financial statements are included in the consolidated financial statements for the year ended 31 December 2005 of the Company.

- 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 gain/losses from investment in such fund represented lower 1 percent of net profits (loss) of the consolidated statement of earnings for the year ended 31 December 2005 and 2004).
- a-3) A subsidiary and a company agreed to terminate their joint investment contract and that company will transfer all of its shares in MSGL Property Co., Ltd. to a subsidiary. As a result of this termination the subsidiary has control over MSGL Property Co., Ltd. and the status of MSGL Property Co., Ltd. has thus changed from an associated company of the subsidiary to a wholly-owned subsidiary of a subsidiary. Currently, the subsidiary and its co-investor are in the process of transferring such shares.
- 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 2005 and 2004.

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

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547.

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 unrealised gains from property valuation of the fund.

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

Property, plant and equipment for rent are 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 construction in progress.

### **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 most of the operations necessary to bring the assets to a condition ready for their intended use or for sale 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 Impairment of asset**

The Company and its subsidiaries review the impairment of assets whenever events indicate that the carrying value of an asset exceeds its realisable value. Realisable value is the higher of an asset's net selling price and its value in use, and value is arrived at based on the results of appraisal by independent appraisers or estimates made by management.

The Company and its subsidiaries recognise an impairment loss in the earnings statements whenever the carrying value of an assets exceeds its realisable value. The Company and its subsidiaries will reverse the impairment loss when there are indications that the value of the asset is no longer impaired or the amount of impairment has decreased.

### **3.13 Earnings per share**

Basic earnings per share is determined by dividing net earnings (loss) 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 (loss) 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.

### 3.15 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.

## 4. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash on hand	537,188	393,206	121,400	135,029
Cash at banks - current accounts	2,326,058	16,391,834	109,700	2,875,853
Cash at banks - saving accounts	420,460,147	479,180,978	23,959,261	14,259,633
Cash at banks - fixed accounts	3,000,000	-	-	-
Total	<u>426,323,393</u>	<u>495,966,018</u>	<u>24,190,361</u>	<u>17,270,515</u>

## 5. SHORT-TERM INVESTMENTS SUBJECT TO RESTRICTIONS

- 5.1 As at 31 December 2005, saving accounts of the subsidiaries totalling approximately Baht 1,001 million (2004 : Baht 747 million) comprise escrow accounts opened for the purpose of receiving payments from customers under agreements to purchased and to sale land and houses. Withdrawal from escrow accounts is to be made under in accordance with the withdrawal conditions stipulated in the escrow agreements. The subsidiary has transferred its right of claim over part of the moneys in escrow accounts to certain banks to secure its loans.
- 5.2 As at 31 December 2005, 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 96 million and Baht 8 million, respectively (2004 : Baht 112 million and Baht 22 million, respectively), were pledged to secure bank guarantees obtained from those banks.

## 6. TRADE ACCOUNTS RECEIVABLE

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Value of sales contracts which have been executed	14,800,393,154	11,493,278,692	322,044,925	322,044,925
Less : Recognised as revenue	(10,010,697,233)	(8,835,558,731)	(322,044,925)	(322,044,925)
Not yet recognised	4,789,695,921	2,657,719,961	-	-
Amount recognised as revenue	10,010,697,233	8,835,558,731	322,044,925	322,044,925
Less : Collected	(8,993,357,216)	(7,303,126,781)	(303,733,497)	(303,733,497)
Unreceived completed work	1,017,340,017	1,532,431,950	18,311,428	18,311,428
Add : Installments due	27,126,381	13,044,835	-	-
Accounts receivable – real estate	1,044,466,398	1,545,476,785	18,311,428	18,311,428
Less : Accrued discount payment	(52,968,133)	(89,244,699)	-	-
<b>Accounts receivable – real estate (net)</b>	991,498,265	1,456,232,086	18,311,428	18,311,428
Accounts receivable – rental and service	26,932,343	25,265,500	4,076,256	11,406,808
Total trade accounts receivable	1,018,430,608	1,481,497,586	22,387,684	29,718,236
Less : Allowance for doubtful accounts	(23,707,756)	(33,707,718)	(19,282,754)	(18,311,428)
Trade accounts receivable – net	994,722,852	1,447,789,868	3,104,930	11,406,808
<b>Accounts receivable – real estate (net)</b>				
Unreceived installment due	142,017,453	660,284,586	18,311,428	18,311,428
Unbilled completed work	849,480,812	795,947,500	-	-
	991,498,265	1,456,232,086	18,311,428	18,311,428

The outstanding balances of trade accounts receivable as at 31 December 2005 and 2004 were classified by aging as follows :-

(Unit : Baht)

Age of receivable	Consolidated		The Company Only	
	2005	2004	2005	2004
<b>Accounts receivable – real estate</b>				
Installments due				
Less than 3 months	53,568,208	615,578,021	-	-
More than 3 – 6 months	12,790,752	-	-	-
More than 6 – 12 months	40,594,110	-	-	-
More than 12 months	35,064,383	44,706,565	18,311,428	18,311,428
	142,017,453	660,284,586	18,311,428	18,311,428
Unbilled completed work	849,480,812	795,947,500	-	-
	991,498,265	1,456,232,086	18,311,428	18,311,428

Age of receivable	(Unit : Baht)			
	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Rental and service receivable</b>				
Less than 3 months	19,857,352	15,965,483	2,813,012	7,604,898
More than 3 – 6 months	868,629	3,468,628	120,424	2,303,991
More than 6 – 12 months	1,298,826	1,354,302	631,573	849,391
More than 12 months	4,907,536	4,477,087	511,247	648,528
	<u>26,932,343</u>	<u>25,265,500</u>	<u>4,076,256</u>	<u>11,406,808</u>
Total trade accounts receivable	1,018,430,608	1,481,497,586	22,387,684	29,718,236
Less : Allowance for doubtful accounts	<u>(23,707,756)</u>	<u>(33,707,718)</u>	<u>(19,282,754)</u>	<u>(18,311,428)</u>
Total trade accounts receivable, net	<u>994,722,852</u>	<u>1,447,789,868</u>	<u>3,104,930</u>	<u>11,406,808</u>

Because a delay in the division of the land into smaller plots, the subsidiaries have had to postpone the transfer of completed houses to customers. However, the subsidiaries are working to expedite the process.

As at 31 December 2005, accountings receivable on which payment has been defaulted for 3 consecutive months and for which revenue recognising has stopped, have a total of 6 units , with contract value totaling approximately Baht 47 million.

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

	(Unit : Baht)	
	Consolidated	
	<u>2005</u>	<u>2004</u>
Land	1,196,040,121	812,385,276
Leasehold land	54,751,793	63,558,305
Construction cost	1,128,313,272	1,025,778,805
Capitalised interest	105,369,753	87,058,488
Others	<u>197,936,442</u>	<u>90,035,604</u>
Total	<u>2,682,411,381</u>	<u>2,078,816,478</u>

The subsidiaries have mortgaged land, including most present and future structures thereon, with financial institutions to secure their bank loans and bank guarantees. 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			
	2005	2004	2005	2004	Net Investment		Excess loss over cost of investment in subsidiaries			
	Million Baht	Million Baht	Percent	Percent	2005 Baht	2004 Baht	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Baan Chang Estate Company Limited	30	30	100	100	30,000,000	30,000,000	-	-	(60,301,398)	(48,489,777)
Narayana Pavilion Company Limited	475	475	100	100	475,217,909	475,217,909	819,614,785	832,687,655	-	-
United Homes Company Limited	50	50	100	100	49,999,930	49,999,930	419,763,651	339,684,834	-	-
Golden Land Development Company Limited	1	1	100	100	999,930	999,930	648,223	716,588	-	-
Golden Land (Mayfair) Company Limited	11	11	100	100	10,999,940	10,999,940	-	-	(37,948,360)	(31,086,281)
North Sathorn Realty Company Limited	639	639	100	100	549,044,441	549,044,441	492,443,619	527,430,084	-	-
Ritz Village Company Limited	1	1	100	100	999,940	999,940	4,959,310	-	-	(27,917,867)
Golden Land Polo Company Limited (including of MSGL Property Company Limited - 100% holding)	1	1	100	100	999,930	999,930	-	-	(27,919,989)	(11,006,910)
Golden Land (Retail) Company Limited	0.1	0.1	100	100	99,920	99,920	-	-	(14,547,567)	(14,477,788)
Golden Land (Nichada Thani) Company Limited	1	1	100	100	999,930	999,930	-	-	(1,566,907)	(1,499,344)
Grand Paradise Property Company Limited	1	1	100	100	999,940	999,940	-	-	(21,332,620)	(16,293,734)
Golden Property Services Company Limited	1	1	100	100	999,940	999,940	3,380,593	2,353,856	-	-
Golden Habitation Company Limited	5	5	100	100	4,999,930	4,999,930	-	-	(17,087,706)	(7,920,305)
Golden Land Fund Two	710	-	90	-	709,800,000	-	629,103,777	-	-	-
Sathorn Thong Company Limited	154	154	79	79	121,659,951	121,659,951	-	-	(13,823,615)	(11,138,895)
S.R.E.F. (Manager) Company Limited	1	1	70	70	699,900	699,900	265,814	341,296	-	-
Sathorn Supsin Company Limited	500	500	60	51	269,463,656	254,999,810	44,631,897	95,637,562	-	-
Walker Homes Company Limited (100% holding together with subsidiary)	1	1	50	50	499,930	499,930	-	-	(62,219,576)	(58,148,955)
<b>Total</b>					<b>2,228,485,117</b>	<b>1,504,221,271</b>	<b>2,414,811,669</b>	<b>1,798,851,875</b>	<b>(256,747,738)</b>	<b>(227,979,856)</b>
Less : Allowance for doubtful accounts on accounts receivable from and loans to subsidiaries (Note 11)									(218,716,518)	(203,966,924)
<b>Total</b>									<b>(38,031,220)</b>	<b>(24,012,932)</b>

As at 31 December 2005 and 2004, 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 2005 and 2004, 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			
						Cost Method		Equity Method	
		2005	2004	2005	2004	2005	2004	2005	2004
		Thousand Baht	Thousand Baht	Percent	Percent	Baht	Baht	Baht	Baht
Baan Jiranai Company Limited	Property development	20,000	20,000	50	50	9,230,000	9,230,000	-	-
MSGL Property Company Limited (changed to a subsidiary of a subsidiary)	Property development	-	51	-	34	-	50,930	-	-
						<u>9,230,000</u>	<u>9,280,930</u>	<u>-</u>	<u>-</u>

During the current year, a subsidiary and a company agreed to terminate their joint investment contract, with that company to transfer all of its shares in MSGL Property Co., Ltd. to the subsidiary. As a result of this termination the subsidiary has control over MSGL Property Co., Ltd. and the status of MSGL Property Co., Ltd. has thus changed from an associated company of the subsidiary to a wholly-owned subsidiary. Currently, the subsidiary and its co-investor are in the process of transferring such shares. In addition, as a result of this termination the Company has recorded loss amounting to approximately Baht 11 million from writing off “Excess of cost of investment over net book value of the subsidiary” in the consolidated earnings statements of 2005, under “Loss from impairment and write-off of assets” since it may not generate future benefits.

During 2005 and 2004, 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			
						At cost		At net asset value	
		2005	2004	2005	2004	2005	2004	2005	2004
		Million Baht	Million Baht	Percent	Percent	Baht	Baht	Baht	Baht
Golden Land Fund Two (Changed to a subsidiary in 2005)	Investment in property for sale or rent	-	707	-	90	-	706,800,000	-	675,017,179
Siam Real Estate Fund	Investment in property for sale or rent	-	9	60	60	-	9,000,000	55,163,949	99,385,457
						<u>-</u>	<u>715,800,000</u>	<u>55,163,949</u>	<u>774,402,636</u>

On 4 February 2005, Meeting No. 1/2005 of the Investment Committee of Siam Real Estate Fund approved the payment of a dividend of Baht 1 per unit to the unitholders, or a total of approximately Baht 15.6 million, on which the Company's share was approximately Baht 9.4 million. In addition, the Investment Committee Meeting approved the reduction of its capital by Baht 75 million. On 18 July 2005, Siam Real Estate Fund has returned such capital reduction to its unitholders. In proportion to its equity, the Company received return of capital of Baht 45 million.

During the current year, the agreement to purchase investment units between the Company and MS Thai Investment partner, Inc. was terminated, and as a result the Company has control over Golden Land Fund Two. The Company therefore presents Golden Land Fund Two as a subsidiary and its financial statements are included in the consolidated financial statements of the Company. In addition, as a result of this termination the Company has recorded loss amounting to approximately Baht 51 million from writing off interest receivable from MS Thai Investment partner, Inc. in the earnings statements of 2005 and loss amounting to Baht 46 million from writing off "excess of cost of investment over net book value of the subsidiary" has been recorded in the consolidated earnings statements of 2005, under "Loss from impairment and write-off of assets" since it may not generate future benefits.

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 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 (except the Company's intercompany transactions with its subsidiaries which have been eliminated from the consolidated financial statements) on the bases agreed between these parties (part of them no written agreement has been prepared). The significant transactions are summarized below :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Interest income	-	-	55.1	108.8
Management fee income	-	-	344.4	452.1
Interest expenses	-	-	1.8	2.6
Rental expenses	-	-	15.0	12.9
Utility expenses	-	-	2.1	2.1
Management fee	-	-	0.9	-
<u>Transactions with related company</u>				
Interest income	-	7.0	-	-
Management fee income	0.7	-	-	-
Other income	1.5	1.8	-	-
<u>Transactions with related person</u>				
Interest expenses	8.3	11.7	8.3	11.7

The Company has entered into service agreements with subsidiary companies (100% and 60% held by the Company) in respect to provide service for general administration and management. The Company recorded management fee income amounting to Baht 344.4 million in the earnings statement of the year 2005 (2004: Baht 452.1 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		Interest policy
	2005	2004	2005	2004	
<i>Amounts due from related parties</i>					
<u>Subsidiaries</u>					
United Homes Co., Ltd.	-	-	2,140,082,000	1,827,000,000	
Walker Homes Co., Ltd.	-	-	27,000,000	27,000,000	
Ritz Village Co., Ltd.	-	-	87,862,000	38,000,000	
Golden Property Services Co., Ltd.	-	-	1,284,000	2,568,000	
Sathorn Supsin Co., Ltd.	-	-	19,260,000	17,334,000	
Total	-	-	2,275,488,000	1,911,902,000	
Less : Allowance for doubtful accounts (Note 8)	-	-	(11,808,685)	(26,401,332)	
Total amounts due from related parties - net	-	-	2,263,679,315	1,885,500,668	

(Unit : Baht)

	Consolidated		The Company Only		Interest policy
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
<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.	-	-	279,125,194	284,023,316	No interest charge
United Homes Co., Ltd.	-	-	204,878,795	744,444,261	No interest is charged (2004 : interest is charged at the rate of 3.2-4.25 percent per annum)
Golden Land Development Co., Ltd.	-	-	72,412	72,112	No interest charge
Golden Land (Mayfair) Co., Ltd.	-	-	838,664,185	923,212,793	No interest is charged (2004 : for an additional drawn-down since 2003, on which interest is charged at the rate of 3.2-3.95 percent per annum)
Ritz Village Co., Ltd.	-	-	1,516,535	1,516,535	No interest charge
Golden Land Polo Co., Ltd.	-	-	106,191,128	99,482,663	Average Loan Rate (2004 : Minimum Loan Rate)
Golden Land (Retail) Co., Ltd.	-	-	14,747,355	14,747,055	No interest charge
Golden Land (Nichada Thani) Co., Ltd.	-	-	2,386,663	2,386,363	No interest charge
S.R.E.F. (Manager) Co., Ltd.	-	-	1,337	1,037	No interest charge
Sathorn Thong Co., Ltd.	-	-	19,199,823	19,199,373	No interest charge
Sathorn Supsin Co., Ltd.	-	-	631,151,308	1,034,001,295	Minimum Loan Rate
Walker Homes Co., Ltd.	-	-	141,105,040	135,622,795	Average Loan Rate (2004 : No interest change)
North Sathorn Realty Co., Ltd.	-	-	426,731,100	413,820,512	No interest charged (2004 : Minimum Loan Rate)
Grand Paradise Property Co., Ltd.	-	-	35,600	35,600	No interest charge
Golden Habitation Co., Ltd.	-	-	353,507	165,507	No interest charge
MSGL Property Co., Ltd. (changed to a subsidiary of a subsidiary in 2005)	-	-	9,201,630	-	No interest charge
Total	-	-	2,675,361,612	3,672,731,217	
Less : Allowance for doubtful accounts (Note 8)	-	-	(206,907,833)	(177,565,592)	
Total	-	-	2,468,453,779	3,495,165,625	

(Unit : Baht)

	Consolidated		The Company Only		Interest policy
	2005	2004	2005	2004	
<b><u>Associated companies</u></b>					
Baan Jiranai Co., Ltd.	70,256,049	70,202,370	49,508,935	49,455,257	No interest is charged (2004 : Minimum Loan Rate)
MSGL Property Co., Ltd. (changed to a subsidiary of a subsidiary in 2005)	-	97,251,629	-	9,200,471	No interest charge
Total	70,256,049	167,453,999	49,508,935	58,655,728	
Less : Allowance for doubtful accounts	(25,000,000)	(25,000,000)	(17,000,000)	(17,000,000)	
Total	45,256,049	142,453,999	32,508,935	41,655,728	
<b><u>Related companies</u></b>					
Others	375,775	656,498	58,902	58,902	No interest charge
Total	375,775	656,498	58,902	58,902	
Total long-term loans to related parties – net	45,631,824	143,110,497	2,568,447,784	3,604,306,423	
<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.	-	-	74,172,901	57,072,077	
Golden Land (Mayfair) Co., Ltd.	-	-	3,000,000	3,000,000	
Sathorn Supsin Co., Ltd.	-	-	2,922,552	3,904,427	
Golden Property Services Co., Ltd.	-	-	69,798	-	
Total	-	-	80,165,251	63,976,504	
<b>Long-term loans and advances</b>					
<b>from related parties (including interest payable)</b>					
<b><u>Subsidiaries</u></b>					
Narayana Pavilion Co., Ltd.	-	-	305,367,102	310,477,987	No interest charge
Sathorn Thong Co., Ltd.	-	-	63,475,745	65,709,485	Average Loan Rate (2004 : Minimum Loan Rate)
Ritz Village Co., Ltd.	-	-	32,546,900	55,546,900	No interest charge
North Sathorn Realty Co., Ltd.	-	-	160,000,000	-	No interest charge
Golden Habitation Co., Ltd.	-	-	4,950,000	-	No interest charge
Total	-	-	566,339,747	431,734,372	
<b><u>Related companies</u></b>					
Others	-	467,510	-	-	No interest charge
Total	-	467,510	-	-	
<b><u>Related person</u></b>					
	110,000,000	170,000,000	110,000,000	170,000,000	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	50,000,000	110,000,000	50,000,000	110,000,000	
Total long-term loans from related parties	50,000,000	110,467,510	696,504,998	605,710,876	

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 totaling 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 2005
	Balance as at 1 January 2005	During the year		
		Increase	Decrease	
<b>Loans and advances to related parties</b>				
<u>Associated companies</u>				
Baan Jiaranai Co., Ltd.	70,202,370	55,693	(2,014)	70,256,049
MSG L Property Co., Ltd. (changed to a subsidiary of a subsidiary in 2005)	97,251,629	-	(97,251,629)	-
<u>Related companies</u>				
Others	656,498	2,897,487	(3,178,210)	375,775
	<u>168,110,497</u>	<u>2,953,180</u>	<u>(100,431,853)</u>	<u>70,631,824</u>
<b>Long-term loans and advances from related parties</b>				
<u>Related companies</u>				
Others	467,510	-	(467,510)	-
<u>Related person</u>	170,000,000	-	(60,000,000)	110,000,000
	<u>170,467,510</u>	<u>-</u>	<u>(60,467,510)</u>	<u>110,000,000</u>

(Unit : Baht)

	The Company Only			Balance as at 31 December 2005
	Balance as at	During the year		
	1 January 2005	Increase	Decrease	
<b>Loans and advances to related parties</b>				
<u>Subsidiaries</u>				
Baan Chang Estate Co., Ltd.	284,023,316	7,001,878	(11,900,000)	279,125,194
United Homes Co., Ltd.	744,444,261	206,134,097	(745,699,563)	204,878,795
Golden Land Development Co., Ltd.	72,112	300	-	72,412
Golden Land (Mayfair) Co., Ltd.	923,212,793	251,392	(84,800,000)	838,664,185
Ritz Village Co., Ltd.	1,516,535	-	-	1,516,535
Golden Land Polo Co., Ltd.	99,482,663	6,708,465	-	106,191,128
Golden Land (Retail) Co., Ltd.	14,747,055	300	-	14,747,355
Golden Land (Nichada Thani) Co., Ltd.	2,386,363	300	-	2,386,663
S.R.E.F.(Manger) Co., Ltd.	1,037	300	-	1,337
Sathorn Thong Co., Ltd.	19,199,373	450	-	19,199,823
Sathorn Supsin Co., Ltd.	1,034,001,295	46,847,016	(449,697,003)	631,151,308
Walker Homes Co., Ltd.	135,622,795	5,482,245	-	141,105,040
North Sathorn Realty Co., Ltd.	413,820,512	12,938,185	(27,597)	426,731,100
Grand Paradise Property Co., Ltd.	35,600	-	-	35,600
Golden Habitation Co., Ltd.	165,507	193,604	(5,604)	353,507
MSGL Property Co., Ltd.				
(changed to a subsidiary of a subsidiary in 2005)	9,200,471	1,159	-	9,201,630
<u>Associated company</u>				
Baan Jiaranai Co., Ltd.	49,455,257	55,692	(2,014)	49,508,935
<u>Related company</u>				
Others	58,902	-	-	58,902
	<u>3,731,445,847</u>	<u>285,615,383</u>	<u>(1,292,131,781)</u>	<u>2,724,929,449</u>
<b>Long-term loans and advances from related parties</b>				
<u>Subsidiaries</u>				
Narayana Pavilion Co., Ltd.	310,477,987	4,003,568	(9,114,453)	305,367,102
Sathorn Thong Co., Ltd.	65,709,485	1,784,491	(4,018,231)	63,475,745
Ritz Village Co., Ltd.	55,546,900	2,000,000	(25,000,000)	32,546,900
North Sathorn Realty Co., Ltd.	-	732,425,572	(572,425,572)	160,000,000
Golden Habitation Co., Ltd.	-	4,950,000	-	4,950,000
<u>Related person</u>	<u>170,000,000</u>	<u>-</u>	<u>(60,000,000)</u>	<u>110,000,000</u>
	<u>601,734,372</u>	<u>745,163,631</u>	<u>(670,558,256)</u>	<u>676,339,747</u>

## 12. PROPERTY DEVELOPMENT PROJECTS FOR SALE

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Land	515,785,851	518,781,347	452,323,835	452,323,835
Construction cost	180,550,729	182,978,221	58,280,118	58,280,118
Capitalised interest	33,307,060	33,307,060	28,277,910	28,277,910
Others	39,242,472	41,413,856	19,140,435	19,140,435
	768,886,112	776,480,484	558,022,298	558,022,298
Less : Provision for impairment of projects	(21,028,362)	(21,028,362)	-	-
Projects value - net	747,857,750	755,452,122	558,022,298	558,022,298

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 allowance for impairment of project) as at 31 December 2005 was approximately Baht 730 million (2004 : Baht 738 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 allowance 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 an allowance 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.

**13. LAND AND LEASEHOLD LAND HELD FOR FUTURE DEVELOPMENT / ADVANCE PAYMENT FOR LAND AND BUILDING PURCHASE**

Land and leasehold land held for future development

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Land	1,944,527,527	2,609,118,852	236,468,782	233,031,282
Land improvement	16,129,307	16,129,307	990,478	990,478
Leasehold rights	1,322,416,752	626,873,976	31,968,252	31,968,252
Capitalised interest	150,929,544	150,929,544	20,877,336	20,877,336
Others	324,160,092	126,581,598	11,471,483	11,438,483
	<u>3,758,163,222</u>	<u>3,529,633,277</u>	<u>301,776,331</u>	<u>298,305,831</u>
Less : Provision for impairment of leasehold right	(31,968,252)	-	(31,968,252)	-
Land and leasehold land held for future Development - net	<u>3,726,194,970</u>	<u>3,529,633,277</u>	<u>269,808,079</u>	<u>298,305,831</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. 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.

A property fund, which is a subsidiary, and a subsidiary have “Leasehold land held for future development” with book value of Baht 781 million as at 31 December 2005, which the subsidiaries plan to develop as commercial projects. However, the announcement of the new city plan for Bangkok has been postponed and the outcomes are not yet known.

During the current year, the Company had set up allowance for impairment loss amounting approximately Baht 32 million on land held for future development which may not generate future income in the earnings statements of 2005, under “loss from impairment and write-off of assets”.

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 17 and 19 to the financial statements.

#### Advance payment for land and building purchase

In the current year, subsidiary wrote off advance payment of approximately Baht 16 million made for land and building purchase, recording the amount in the 2005 earnings statements, under “Loss from impairment and write-off of assets” since such asset may not generate future benefits.

## 14 PROPERTY, PLANT AND EQUIPMENT FOR RENT

### Consolidated

	(Unit : Baht)						
	Land	Leasehold right	Buildings	Equipment	Furniture and fixtures	Construction in progress	Total
<b>Cost</b>							
31 December 2004	735,763,350	867,467,995	1,920,663,870	21,450,135	262,806,818	1,542,056	3,809,694,224
Addition	-	-	-	1,229,191	7,023,212	-	8,252,403
Disposal	-	-	-	-	(190,800)	-	(190,800)
Transfer in	-	-	78,542,301	-	43,930,152	-	122,472,453
31 December 2005	<u>735,763,350</u>	<u>867,467,995</u>	<u>1,999,206,171</u>	<u>22,679,326</u>	<u>313,569,382</u>	<u>1,542,056</u>	<u>3,940,228,280</u>
<b>Accumulated depreciation</b>							
31 December 2004	-	146,661,225	126,128,316	8,631,148	53,654,947	-	335,075,636
Depreciation for the year	-	32,004,904	73,611,190	4,089,049	56,607,431	-	166,312,574
Depreciation - disposal	-	-	-	-	(85,860)	-	(85,860)
31 December 2005	<u>-</u>	<u>178,666,129</u>	<u>199,739,506</u>	<u>12,720,197</u>	<u>110,176,518</u>	<u>-</u>	<u>501,302,350</u>
<b>Net book value</b>							
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>
31 December 2005	<u>735,763,350</u>	<u>688,801,866</u>	<u>1,799,466,665</u>	<u>9,959,129</u>	<u>203,392,864</u>	<u>1,542,056</u>	<u>3,438,925,930</u>
<b>Depreciation charge (included in earnings statements for the year)</b>							
Year 2004							<u>123,099,342</u>
Year 2005							<u>166,312,574</u>

## The Company Only

(Unit : Baht)

	Land	Buildings	Equipment	Furniture and fixtures	Construction in progress	Total
<b><u>Cost</u></b>						
31 December 2004	707,510,880	147,777,234	1,902,574	2,694,495	1,542,056	861,427,239
Addition	-	-	-	-	-	-
31 December 2005	707,510,880	147,777,234	1,902,574	2,694,495	1,542,056	861,427,239
<b><u>Accumulated depreciation</u></b>						
31 December 2004	-	69,618,905	1,868,998	2,692,747	-	74,180,650
Depreciation for the year	-	7,388,862	11,589	1,659	-	7,402,110
31 December 2005	-	77,007,767	1,880,587	2,694,406	-	81,582,760
<b><u>Net book value</u></b>						
31 December 2004	707,510,880	78,158,329	33,576	1,748	1,542,056	787,246,589
31 December 2005	707,510,880	70,769,467	21,987	89	1,542,056	779,844,479
<b><u>Depreciation charge (included in earnings statements for the year)</u></b>						
Year 2004						7,407,401
Year 2005						7,402,110

As at 31 December 2005 and 2004, 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 13.5 million and Baht 13.6 million, respectively (The Company Only : Baht 4.5 million and 4.5 million, respectively).

The Company and its subsidiaries have mortgaged their freehold land and buildings for rent thereon with financial institutions to secure the Company's debentures, as discussed in Note 20 to the financial statements.

## 15. 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 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
Purchase	-	-	-	-	1,981,403	9,509,240	16,399	-	11,507,042
Disposal	-	-	-	-	-	(153,545)	(5,900,000)	-	(6,053,545)
31 December 2005	70,239,671	205,125,638	12,607,918	40,617,285	4,637,975	94,827,416	19,910,831	63,180,918	511,147,652
<b>Accumulated depreciation</b>									
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
Depreciation for the year	-	139,570	235,241	2,030,864	117,460	11,133,793	2,861,289	-	16,518,217
Depreciation disposal	-	-	-	-	-	(27,191)	(5,897,544)	-	(5,924,735)
31 December 2005	-	205,090,935	10,486,680	16,758,803	2,646,162	50,293,065	15,246,339	63,159,314	363,681,298
<b>Allowance for assets impairment</b>									
31 December 2004	11,505,180	-	-	-	-	-	-	-	11,505,180
Addition	952,175	-	-	-	-	-	-	-	952,175
31 December 2005	12,457,355	-	-	-	-	-	-	-	12,457,355
<b>Net book value</b>									
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
31 December 2005	57,782,316	34,703	2,121,238	23,858,482	1,991,813	44,534,351	4,664,492	21,604	135,008,999
<b>Depreciation charge (included in earnings statements for the year)</b>									
Year 2004									30,147,717
Year 2005									16,518,217

### 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 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
Purchase	-	-	-	-	1,921,000	2,525,560	-	-	4,446,560
Disposal	-	-	-	-	-	(3,745)	(5,900,000)	-	(5,903,745)
31 December 2005	57,782,316	205,125,638	7,903,100	40,617,285	4,461,629	37,724,010	16,902,583	63,180,918	433,697,479
<b>Accumulated depreciation :</b>									
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
Depreciation for the year	-	139,570	-	2,030,864	110,111	4,116,265	2,350,170	-	8,746,980
Depreciation disposal	-	-	-	-	-	(1,461)	(5,897,544)	-	(5,899,005)
31 December 2005	-	205,090,935	7,903,087	16,758,803	2,547,312	26,557,776	13,881,495	63,159,314	335,898,722
<b>Net book value :</b>									
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
31 December 2005	57,782,316	34,703	13	23,858,482	1,914,317	11,166,234	3,021,088	21,604	97,798,757
<b>Depreciation charge (included in earnings statements for the year)</b>									
Year 2004									25,692,121
Year 2005									8,746,980

As at 31 December 2005 and 2004, 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 312 Baht million and Baht 305 million, respectively (The Company Only : Baht 298 million and Baht 293 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, as discussed in Notes 17 and 19 to the financial statements.

## 16. 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 Land project for 29 years. The Company has already recorded such receivables as "Other receivables" in the balance sheets and on 31 December 2005 and 2004, the outstanding balance of such receivables is approximately Baht 10 million and the Company has recorded an allowance for doubtful debt in its entirety.

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

(Unit : Baht)

	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Bank overdrafts	13,648,248	19,361,261	13,648,248	19,361,261
Short-term loans from financial institutions	<u>260,000,000</u>	<u>840,000,000</u>	<u>260,000,000</u>	<u>840,000,000</u>
Total	<u>273,648,248</u>	<u>859,361,261</u>	<u>273,648,248</u>	<u>859,361,261</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.

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

As at 31 December 2005 and 2004, 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.

#### 19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Baht)			
	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Loans from banks	3,782,185,000	3,084,339,823	700,000,000	104,507,945
Less : Current portion of long-term loans	(1,641,000,000)	(644,507,945)	(300,000,000)	(104,507,945)
Long-term loans, net of current portion	<u>2,141,185,000</u>	<u>2,439,831,878</u>	<u>400,000,000</u>	<u>-</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 the maintenance of a debt to equity ratio, 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 and a subsidiary have transferred part of right to receive moneys in escrow accounts to certain banks to secure their loans.

## 20. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Debentures	1,100,000,000	1,903,000,000	1,100,000,000	1,903,000,000
Less : Current portion of debentures	(396,000,000)	(803,000,000)	(396,000,000)	(803,000,000)
Debentures, net of current portion	<u>704,000,000</u>	<u>1,100,000,000</u>	<u>704,000,000</u>	<u>1,100,000,000</u>

20.1 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 and a subsidiary have mortgaged its land and construction thereon as collateral against the above debentures.

During the current year, such debentures were fully redeemed.

20.2 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.

On 29 April 2005, the Annual General Meeting of the Company's shareholders passed resolutions approving action by the Company in respect of several matters, with the significant resolutions being approval of the issue and offer of up to Baht 3,000 million of 10-year debentures through a public offering and/or private placements and/or offer to local investors and/or offer to foreign investors. Details and conditions are to be determined at the discretion of the Company's Board of directors. At present, the Company has not yet proceeded.

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

These represent the share subscription payables to Sathorn Supsin Company Limited of Baht 153 million (2004 : Sathorn Supsin Company Limited of Baht 153 million and Golden Land (Mayfair) Company Limited of Baht 10 million).

## **22. 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.

## **23. WARRANTS**

The Company issued the warrants as follows :-

23.1 The 12,266,665 warrants allocated to the directors and/or employees of the Company free of charge had an exercise price of Baht 10, with one warrant entitling the holder to purchase one ordinary share. These warrants expired on 30 June 2005, and as of the expired date one warrant holder had exercised 100,000 warrants to purchase 100,000 ordinary shares at an exercise price of Baht 10 each, a total of Baht 1 million.

23.2 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.

Up to 31 December 2005, 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.

In addition, up to 31 December 2005, 9,577,779 warrants were terminated as the employees who get the right to gain such warrants, resigned from the Company.

As of 31 December 2005, 18,405,556 warrants (31 December 2004 : 27,983,335 warrants) are outstanding.

## 24. DEPOSITS AND CASH RECEIVED IN ADVANCE

As at 31 December 2005 and 2004, installments paid but not yet to recognised as revenue, amounting to Baht 1,002 million and Baht 239 million, respectively, are presented in “Deposits and cash received in advance”.

## 25. 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.

## 26. 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.

## 27. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	Net earnings (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	Baht	Baht	Shares	Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net earnings (loss)	(302,509,970)	353,044,882	630,082,069	630,068,408	(0.48)	0.56
<b>Effect of dilutive potential ordinary shares</b>						
18,405,556 warrants (2004 : 40,150,000 warrants)						
<b>Diluted earnings per share</b>	-	-	-	-	-	-
Net earnings (loss) of ordinary shareholders assuming conversion of dilutive potential ordinary shares	<u>(302,509,970)</u>	<u>353,044,882</u>	<u>630,082,069</u>	<u>630,068,408</u>	<u>(0.48)</u>	<u>0.56</u>

## 28. COMMITMENTS

As at 31 December 2005, the Company and its subsidiaries had the following outstanding commitments :-

28.1 The subsidiaries have outstanding commitments totalling approximately Baht 2,694 million with respect to design and construction contracts.

28.2 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	25.2
After 5th year	238.2
Total	<u>267.1</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.

28.3 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	2.3
In 2nd to 5th year	10.4
After 5th year	45.0
Total	<u>57.7</u>

28.4 The subsidiary entered into agreements with the Crown Property Bureau to lease land for the development of a building complex, for a period of 36 years (ending October 2038). Future rental payments required under these lease agreements are as follow :-

<u>Payment due</u>	<u>Million Baht</u>
Within 1 year	67.8
In 2nd to 5th year	216.1
After 5th years	1,350.0
Total	<u>1,633.9</u>

In addition, the lessor agrees to grant the subsidiary the option renew these lease agreements for a two further periods of ten years each, under the conditions, covenants and with the rental fees as stipulated in the agreement.

- 28.5 The property fund entered into agreements with the Crown Property Bureau to lease land for the development of a property project, for a period of 33 years (ending January 2035). Future rental payments required under these lease agreements are as follow :-

<u>Payment due</u>	<u>Million Baht</u>
Within 1 year	-
In 2nd to 5th year	192.3
After 5th years	<u>1,863.9</u>
Total	<u><u>2,056.2</u></u>

In addition, the lessor agrees to grant the property fund the option renew these lease agreements for a two further periods of ten years each, under the conditions, covenants and with the rental fees as stipulated in the agreement.

However, the property fund is currently negotiating with the Crown Property Bureau to extend the first construction period, which has expired. The lease agreement stipulates that if the lessee is unable to perform construction in accordance within the specific timeframe, the Crown Property Bureau has the right to double the rental fees (which would represent an increase of approximately Baht 11 million). The outcome of the negotiations is not yet known.

- 28.6 The Company has outstanding commitments totalling approximately Baht 52 million in respect of the uncalled portion of its investment in a subsidiary.
- 28.7 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.

## **29. RELATED PARTY GUARANTEES**

As at 31 December 2005, the Company has provided guarantees to financial institutions against certain obligations of its subsidiaries of Baht 4,402 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.

## **30. BANK GUARANTEES**

As at 31 December 2005 and 2004, there were outstanding bank guarantees of approximately Baht 269 million and Baht 210 million (The Company Only : Baht 6 million and Baht 20 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.

## **31. LITIGATION AND CONTINGENT LIABILITIES**

As at 31 December 2005, the following significant litigation had been filed against the Company and its subsidiaries :-

31.1 The House Committee on Consumer Protection filed lawsuits against the Company and a related company, seeking the return of deposits totaling Baht 113 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 17 million, the cases are being heard by the court of first instance. For the cases valued at approximately Baht 96 million, the appeals court 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, same as the decision of first instance. The Company has petitioned the decisions of the appeals court and the lawsuits are currently being heard by the supreme court.

31.2 The customers of a related company have filed lawsuits against the Company and that related company, suing for compensation totaling Baht 10 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. For the cases valued at approximately Baht 3.6 million, the cases are being heard by the court of first instance. For the cases valued at approximately Baht 6.4 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.

The Company set up an allowance for this contingent liability based on the cases value plus interest at the rate of 7.5 percent per annum, calculated from the date stipulated in the judgement as of 31 December 2005 which valued at approximately Baht 166 million.

### 32. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Number of employees at end of year (persons)	367	332	148	161
Employee costs for the year (thousand Baht)	204,544	189,231	156,542	160,803

### 33. 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 2005 and 2004 is as follows :-

(Unit : Million Baht)

	Real estate business		Golf course business		Rental and service business		Others		Eliminated		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenues from third parties	2,255	3,761	23	24	367	231	60	116	-	-	2,705	4,132
Revenues from related parties	-	-	-	-	17	15	372	449	(389)	(464)	-	-
	<u>2,255</u>	<u>3,761</u>	<u>23</u>	<u>24</u>	<u>384</u>	<u>246</u>	<u>432</u>	<u>565</u>	<u>(389)</u>	<u>(464)</u>	<u>2,705</u>	<u>4,132</u>
Operating profit (loss)	912	1,496	17	1	152	70	59	116	-	-	1,140	1,683
Interest income											7	11
Central expenses											(842)	(848)
Loss from impairment and write off of asset											(156)	(8)
Loss from legal case											(166)	-
Share of gain (loss) from investments accounted for under equity method											10	(7)
Earnings (loss) before interest expenses and income tax											(7)	831
Interest expenses											(262)	(255)
Corporate income tax											(87)	(219)
Earnings (loss) before minority interest											(356)	357
Loss (earnings) of minority interest											54	(4)
Net earnings (loss) for the year											<u>(302)</u>	<u>353</u>
Property, plant and equipment for rent - net	-	-	-	-	3,439	3,475	-	-	-	-	3,439	3,475
Property, plant and equipment - net	111	115	24	26	-	-	-	-	-	-	135	141
Other assets											9,933	10,390
Total assets											<u>13,507</u>	<u>14,006</u>

### **34. 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 overdraft, loan and debentures. 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 17, 19 and 20 to the financial statements.

#### ***Foreign currency risk***

As at 31 December 2005 and 2004, 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.

### **35. 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 2004 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earning or shareholders' equity.

### **36. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the authorised director on 28 February 2006.