

Golden Land Property Development Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2006 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the directors on 7 August 2006.

1 General information

Golden Land Development Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 153/3 Golden Pavilion Building, 8th Floor, Soi Mahardlekluang 1, Rajdamri Rd., Lumpini, Pathumwan, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 17 June 1994.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are property development.

2 Basis of preparation of financial statements

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 41 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended 31 December 2005. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2005.

Accounting policies and methods of computation applied in the interim financial statements for each of the six-month periods ended 30 June 2006 are consistent with those applied in the financial statements for the year ended 31 December 2005.

The consolidated interim financial statements of the Company comprise the Company and its subsidiaries. Details of the Company’s subsidiaries are as follows:

		% Ownership interest		
		30 June	31 December	
		2006	2005	
	Type of business			
1	Baan Chang Estate Company Limited	Property development	100	100
2	Narayana Pavilion Company Limited	Office building rental	100	100
3	United Homes Company Limited	Property development	100	100
4	Golden Land Development Company Limited	Engineering consultancy	100	100
5	Golden Land (Mayfair) Company Limited	Residential building rental	100	100
6	North Sathorn Realty Company Limited	Property development	100	100
7	Ritz Village Company Limited	Property development	100	100
8	Golden Land Polo Company Limited	Property development	100	100

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	Type of business	% Ownership interest	
		30 June 2006	31 December 2005
9 Golden Land (Retail) Company Limited	Property development consultancy	100	100
10 Golden Land (Nichada Thani) Company Limited	Property development	100	100
11 Grand Paradise Property Company Limited	Property development	100	100
12 Golden Property Services Company Limited	Property development managements	100	100
13 Golden Habitation Company Limited	Property development	100	100
14 Golden Land Fund Two	Property Fund	90	90
15 Sathorn Thong Company Limited	Property development	79	79
16 S.R.E.F. (Manager) Company Limited	Fund advisor	70	70
17 Sathorn Supsin Company Limited	Residential building rental	60	60
18 Walker Homes Company Limited (and 50% held by Narayana Pavilion Company Limited)	Property development	50	50
19 MSGL Property Company Limited (100% held by Golden Land Polo Company Limited)	Property development	-	-

Significant intra-group transactions between the Company and its subsidiaries are eliminated from consolidation.

3 Related person and related party transactions and balances

Related persons and parties are those persons and parties linked to the Group and the Company by common shareholders or directors. Transactions with related persons and parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Management fee income	Based on contractually agreed prices.
Service income	Based on contractually agreed prices.
Interest income	Average loan rate and partly interest free
Interest expense	Average loan rate and partly interest free for loan from related parties and minimum loan rate but not exceeding 15 percent per annum for loan from related person.
Rental expense	Based on contractually agreed prices.
Utility expense	Based on contractually agreed prices.

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Significant transactions for the six-month periods ended 30 June 2006 and 2005 with related parties are summarized as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Revenue				
Subsidiaries				
Management fee income	-	-	166.82	116.60
Interest income	-	-	22.68	26.40
Associates				
Service income	1.08	1.20	-	-
Expenses				
Subsidiaries				
Interest expense	-	-	1.05	1.30
Rental expense	-	-	11.91	5.00
Utility expense	-	-	0.91	1.10
Related person				
Interest expense	3.39	4.50	3.39	4.50

The Company has entered into service agreements with subsidiary companies (100% and 60% held by the Company) to provide service for general administration and management. The Company recorded management fee income amounting to Baht 167 million in the statement of income for the six-month periods ended 30 June 2006 (30 June 2005 :117 million). Such transactions were eliminated from the consolidated financial statements.

Balances as at 30 June 2006 and 31 December 2005 with related parties are as follows:

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Amounts due from related parties				
Subsidiaries				
United Homes Co., Ltd.	-	-	2,289.80	2,140.08
Walker Homes Co., Ltd.	-	-	27.00	27.00
Ritz Village Co., Ltd.	-	-	101.38	87.86
Golden Property Services Co., Ltd.	-	-	1.92	1.28
Sathorn Supsin Co., Ltd.	-	-	19.26	19.26
Sathorn Thong Co., Ltd.	-	-	67.43	67.43
Total	-	-	2,506.79	2,342.91
Less allowance for doubtful accounts	-	-	(4.71)	(11.80)
Total	-	-	2,502.08	2,331.11

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	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Loans to related parties				
(including interest receivable)				
Subsidiaries				
Baan Chang Estate Co., Ltd.	-	-	272.08	279.13
United Homes Co., Ltd.	-	-	162.53	204.88
Golden Land Development Co., Ltd.	-	-	0.07	0.07
Golden Land (Mayfair) Co., Ltd.	-	-	780.66	838.66
Ritz Village Co., Ltd.	-	-	1.52	1.52
Golden Land Polo Co., Ltd.	-	-	108.54	106.19
Golden Land (Retail) Co., Ltd.	-	-	14.75	14.75
Golden Land (Nichada Thani) Co., Ltd.	-	-	2.39	2.39
S.R.E.F. (Manager) Co., Ltd.	-	-	0.08	0.01
Sathorn Thong Co., Ltd.	-	-	19.20	19.20
Sathorn Supsin Co., Ltd.	-	-	598.03	631.15
Walker Homes Co., Ltd.	-	-	144.60	141.11
North Sathorn Realty Co., Ltd.	-	-	22.33	426.73
Grand Paradise Property Co., Ltd.	-	-	0.04	0.03
Golden Habitation Co., Ltd.	-	-	0.43	0.35
Narayana Pavilion Co., Ltd.	-	-	0.03	-
MSGL Property Co., Ltd.	-	-	9.20	9.20
Associates				
Baan Jiaranai Co., Ltd.	70.31	70.26	49.56	49.51
Others	0.63	0.37	0.06	0.05
Total	70.94	70.63	2,186.10	2,724.93
Less allowance for doubtful accounts	(25.00)	(25.00)	(325.93)	(223.91)
Total	45.94	45.63	1,860.17	2,501.02

Movements during the six-month periods ended 30 June on loans from related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Loans and advances to related parties				
At 1 January	70.63	168.11	2,724.93	3,731.45
Increase	0.31	1.88	354.16	136.42
Decrease	-	(1.16)	(892.99)	(444.15)
At 30 June	70.94	168.83	2,186.10	3,423.72

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Short-term loan from minority interest				
of subsidiary				
Siam Holdings Co., Ltd	308.07	334.96	-	-
Accrued interest				
Siam Holdings Co., Ltd	74.93	65.38	-	-

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	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Long-term loans from related parties				
Amounts due to related parties				
Subsidiaries				
Narayana Pavilion Co., Ltd.	-	-	85.05	74.17
Golden Land (Mayfair) Co., Ltd.	-	-	3.00	3.00
Sathorn Supsin Co., Ltd.	-	-	2.91	2.92
Golden Property Services Co., Ltd.	-	-	0.07	0.07
Total	-	-	91.03	80.16
Long-term loans and advances from related parties (including interest payable)				
Subsidiaries				
Narayana Pavilion Co., Ltd.	-	-	305.87	305.37
Sathorn Thong Co., Ltd.	-	-	64.53	63.47
Ritz Village Co., Ltd.	-	-	104.41	32.55
North Sathorn Realty Co., Ltd.	-	-	11.00	160.00
Golden Habitation Co., Ltd.	-	-	4.95	4.95
Related person	80.00	110.00	80.00	110.00
Total	80.00	110.00	570.76	676.34
Less current portion of long-term loan	(60.00)	(60.00)	(60.00)	(60.00)
Total	20.00	50.00	510.76	616.34
Total	20.00	50.00	601.79	696.50

Movements during the six-month periods ended 30 June on loans from related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Loan and advances from related parties				
At 1 January	110.00	170.47	676.34	601.73
Increase	-	-	198.56	6.29
Decrease	(30.00)	(30.47)	(304.14)	(49.13)
At 30 June	80.00	140.00	570.76	558.89

3.1 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.

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- 3.2 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.
- 3.3 On 31 March 2006, the Company and two subsidiaries had entered into agreements in order to offset the loan to North Sathorn Realty Co., Ltd. amounting to Baht 243.75 million and loan to United Homes Co., Ltd. amounting to Baht 241.18 million for paying loan from the Company. The Company had loan to North Sathorn Realty Co., Ltd. amounting to Baht 2.57 million after offset the said loan as follows:

<u>Golden Land Property Development Public Company Limited</u>	<i>(in million Baht)</i>
Loan to North Sathorn Realty Co.,Ltd.	403.75
Loan from North Sathorn Realty Co.,Ltd.	(160.00)
Balance loan to North Sathorn Realty Co.,Ltd.	<u>243.75</u>
<u>North Sathorn Realty Co.,Ltd.</u>	
Loan to United Homes Co.,Ltd.	241.20
Loan from United Homes Co.,Ltd.	(0.02)
Balance loan to United Homes Co.,Ltd.	<u>241.18</u>
<u>Offsetting Balance</u>	
Balance loan to North Sathorn Realty Co.,Ltd.	243.75
Balance loan to United Homes Co.,Ltd.	(241.18)
Net balance loan to North Sathorn Realty Co.,Ltd.	<u>2.57</u>

- 3.4 In the second quarter of 2006, a subsidiary repaid a loan from the Company of Baht 13.96 million and a related company of Baht 15.51 million by transferring the ownership of 3 condominium units in the total amount of Baht 29.47 million to another company in order to pay for the unpaid share subscription to the Company and a related company.

4 Short-term investments subject to restrictions

- 4.1 As at 30 June 2006, savings accounts of the subsidiaries totaling approximately Baht 848 million (*31 December 2005: Baht 1,001 million*) comprise escrow accounts opened for the purpose of receiving payments from customers under agreements to purchase and sell land and houses. Withdrawal from escrow accounts is to be made 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.
- 4.2 As at 30 June 2006, the cash at banks of the Company and its subsidiaries totaling approximately Baht 55 million and of the Company only in the amount of Baht 7 million (*31 December 2005: Baht 96 million and Baht 8 million, respectively*), were pledged to secure bank guarantees obtained from those banks.

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5 Trade accounts and notes receivable and unbilled completed work, net

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Sales with signed agreements	11,221.19	14,026.38	-	-
Total project sales	16,945.00	18,424.02	-	-
The ratio of sales with signed agreements to total project sales (%)	66.22	76.13	-	-

Trade accounts and notes receivable and unbilled completed work, net consisted of:

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Unbilled completed work	644.32	779.64	-	-
Rental and service receivables	23.96	26.93	1.52	4.07
Installment accounts receivable	62.63	59.66	18.31	18.31
Total trade accounts and notes receivable and unbilled completed work	730.91	866.23	19.83	22.38
Less allowance for doubtful accounts	(41.36)	(42.48)	(19.28)	(19.28)
Net	689.55	823.75	0.55	3.10

If the receivable has been in default of payment for more than three months consecutively, the recognition of income will be ceased immediately and consideration given to setting up a provision for doubtful debt.

As at 30 June 2006, the Company has receivables in default of payment which the recognition of income has ceased in the amount of Baht 5.80 million (31 December 2005: Baht 16.12 million).

Trade accounts, notes receivable and unbilled completed work, net, classified by the aging of the receivable were as follows:

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in million Baht)</i>			
Unbilled completed work	644.32	779.64	-	-
Over 1 - 3 months	39.79	39.47	0.55	2.81
Over 3 - 6 months	1.79	4.45	-	0.12
Over 6 - 12 months	3.19	0.65	0.12	0.63
Over 12 months	41.82	42.02	19.16	18.82
Less allowance for doubtful accounts	(41.36)	(42.48)	(19.28)	(19.28)
Net	689.55	823.75	0.55	3.10

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6 Property development projects for sale - new projects

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.

7 Deposit for land

In June 2006, United Homes Co., Ltd. and Walker Homes Co., Ltd. had jointly entered into a land sale/purchase agreement of Baht 17.15 million with various persons and paid a deposit of Baht 1.72 million.

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8 Investments accounted for using the equity method

Investments accounted for using the equity method as at 30 June 2006 and 31 December 2005 are as follows:

	Ownership interest		Paid-up capital		Consolidated Cost method		Equity method		Deficit on investments	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(<i>%</i>)						<i>(in million Baht)</i>			
<i>Associates</i>										
1 Baan Jiaranai Company Limited	50.00	50.00	20.00	20.00	9.23	9.23	-	-	-	-
2 Siam Real Estate Fund	60.00	60.00	-	-	-	-	43.68	55.16	-	-
Total			20.00	20.00	9.23	9.23	43.68	55.16	-	-

	Ownership interest		Paid-up capital		The Company Cost method		Equity method		Deficit on investments	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	(<i>%</i>)						<i>(in million Baht)</i>			
<i>Subsidiaries</i>										
1 Baan Chang Estate Company Limited	100.00	100.00	30.00	30.00	30.00	30.00	-	-	(60.38)	(60.30)
2 Narayana Pavilion Company Limited	100.00	100.00	475.00	475.00	475.22	475.22	816.88	819.62	-	-
3 United Homes Company Limited	100.00	100.00	50.00	50.00	50.00	50.00	472.56	419.76	-	-
4 Golden Land Development Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	0.64	0.65	-	-
5 Golden Land (Mayfair) Company Limited	100.00	100.00	11.00	11.00	11.00	11.00	-	-	(13.92)	(37.95)
6 North Sathorn Realty Company Limited	100.00	100.00	638.60	638.60	549.04	549.04	606.73	492.44	-	-
7 Ritz Village Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	-	4.96	(6.22)	-
8 Golden Land Polo Company Limited (including of MSGL Property Company Limited - 100% holding)	100.00	100.00	1.00	1.00	1.00	1.00	-	-	(30.70)	(27.92)

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	Ownership interest		Paid-up capital		The Company Cost method		Equity method		Deficit on investments	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(%)		(in million Baht)							
<i>Subsidiaries (continued)</i>										
9 Golden Land (Retail) Company Limited	100.00	100.00	0.10	0.10	0.10	0.10	-	-	(14.56)	(14.55)
10 Golden Land (Nichada Thani) Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	-	-	(1.58)	(1.57)
11 Grand Paradise Property Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	-	-	(24.38)	(21.33)
12 Golden Property Services Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	3.93	3.38	-	-
13 Golden Habitation Company Limited	100.00	100.00	5.00	5.00	5.00	5.00	-	-	(22.82)	(17.09)
14 Sathorn Thong Company Limited	79.00	79.00	154.00	154.00	121.66	121.66	-	-	(13.27)	(13.82)
15 S.R.E.F. (Manager) Company Limited	70.00	70.00	1.00	1.00	0.70	0.70	0.18	0.27	-	-
16 Sathorn Supsin Company Limited	60.00	60.00	245.00	500.00	130.42	269.46	-	44.63	(114.71)	-
17 Walker Homes Company Limited (100% holding together with subsidiary)	50.00	50.00	1.00	1.00	0.50	0.50	-	-	(62.23)	(62.22)
18 Golden Land Fund Two	90.50	90.50	709.80	709.80	709.80	709.80	627.69	629.11	-	-
<i>Associates</i>										
1 Baan Jiaranai Company Limited	50.00	50.00	20.00	20.00	9.23	9.23	-	-	-	-
2 Siam Real Estate Fund	60.00	60.00	-	-	-	-	43.68	55.16	-	-
Total			<u>2,346.50</u>	<u>2,601.50</u>	<u>2,098.67</u>	<u>2,237.71</u>	<u>2,572.29</u>	<u>2,469.98</u>	<u>(364.77)</u>	<u>(256.75)</u>
<i>Less Allowance for doubtful accounts on accounts receivable from and loans to subsidiaries</i>									<u>(313.63)</u>	<u>(218.72)</u>
Total									<u>(51.14)</u>	<u>(38.03)</u>

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- 8.1 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 to hold 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 less than 1% of net profits (loss) of the consolidated statement of earnings for the six-month period ended 30 June 2006).
- 8.2 In July 2005, a subsidiary of the company agreed to terminate their joint investment contract with a company 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. As at 30 June 2006, the subsidiary and its co-investor are in the process of transferring such shares.
- 8.3 In 1998, the Company wrote 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. Furthermore, these subsidiaries 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 30 June 2006 and 31 December 2005.
- 8.4 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 unit holders, or a total of approximately Baht 15.6 million, of which the Company's share was approximately Baht 9.4 million. Furthermore, 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 unit holders. In proportion to its equity, the Company received return of capital of Baht 45 million.

During the year 2005, 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. Furthermore, 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 statements of income 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 statements of income of 2005, under "Loss from impairment and write-off of assets" since it may not generate future benefits.

- 8.5 During the six-month period ended 30 June 2006, the subsidiaries did not declare any dividend payment.
- 8.6 During the six-month period ended 30 June 2006, the Company recorded the dividend payment of associated company of Baht 10.8 million.

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9 Property development projects for sale

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.

10 Land and leasehold land held for future development

10.1 A property fund, which is a subsidiary, and a subsidiary have “Leasehold land held for future development” with a combined book value of Baht 782 million which consisted of cost of leasehold land of Baht 695 million and design expenses, fee and other costs of Baht 87 million as at 31 March 2006.

However, in the second quarter of 2006, the new plan for Bangkok was announced. The Company requested an appraiser to appraise the said leasehold land. The appraisal value is Baht 788 million by Market Comparable Approach.

10.2 The Company and its subsidiaries have mortgaged land and leasehold rights to secure loans from financial institutions of the Company and its subsidiaries.

11 Long-term loans from financial institutions

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 loan 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, among others.

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 subsidiaries have transferred part of right to receive moneys in escrow accounts to certain banks to secure their loans.

12 Debentures

12.1 On 20 August 2003, the Company issued Baht 1,100 million of unsubordinated, amortising, 5-year, secured debentures (1.1 million units 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.

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12.2 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.

13 Share subscription payable - subsidiary

According to the minutes of the Extraordinary General Meeting of Sathorn Supsin Company Limited Shareholders' Meeting held on 19 October 2005 and 15 November 2005, a resolution was passed to reduce its registered capital to Baht 245,000,000, divided into 24,500,000 shares at the par value of Baht 10 per share by reducing 25,500,000 ordinary shares of Baht 10 per share (comprising Baht 255,000,000) to be utilized as follows:

1. Baht 61,200,000 out of the Baht 153,000,000 from the cancellation of 15,300,000 shares held by Golden Land Property Development Public Company Limited be used to pay up the remaining unpaid capital.
2. Baht 102,000,000 from the cancellation of 10,200,000 shares held by minority interest of Sathorn Supsin Company Limited be used as follows:
 - Baht 89,383,571 be used to set-off such amount against the accumulation losses of Sathorn Supsin Company Limited; and
 - Baht 12,616,429 repayable in cash to the minority interest of Sathorn Supsin Company Limited to be granted to Sathorn Supsin Company Limited as shareholders loan thereby increasing the total loan from the minority interest of Sathorn Supsin Company Limited to Baht 648,032,896

The said subsidiary had registered its decrease share capital of Baht 255 million on 29 June 2006 and offset as follows:

	<i>(in million Baht)</i>
Decrease share capital	255.00
Less Subscription share payable	(153.00)
Deficit	(89.38)
Outstanding balance of short-term loan from minority interest of subsidiary	<u>12.62</u>

14 Segment information

Segment information is presented in respect of the Group's primary format, business segments based on the Group's management and internal reporting structure.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest and dividend income and corporate expenses.

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Business segments

The Group comprises the following main business segments:

<i>Segment 1</i>	Real estate business
<i>Segment 2</i>	Golf Course business
<i>Segment 3</i>	Rental and service business
<i>Segment 4</i>	Management service business
<i>Segment 5</i>	Others

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Segment revenue and results for the six-month periods ended 30 June are as follows:

	2006	2005
	<i>(in million Baht)</i>	
<i>Segment revenue</i>		
Real estate business	1,566.59	821.83
Golf Course business	9.94	11.00
Rental and service business	216.53	179.38
Management service business	166.82	116.62
Other segments	25.48	48.29
Eliminations	(184.92)	(144.79)
Total	<u>1,800.44</u>	<u>1,032.33</u>
	2006	2005
	<i>(in million Baht)</i>	
<i>Segment gross operating results</i>		
Real estate business	624.69	323.03
Golf Course business	6.84	8.12
Rental and service business	101.48	61.13
Management service business	-	-
Other segments	25.48	30.45
Total	<u>758.49</u>	<u>422.73</u>

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The financial information in the consolidated balance sheets as at 30 June 2006 and 31 December 2005 are as follows:

	2006	2005
	<i>(in million Baht)</i>	
<i>Property development project for sale and property, plant and equipment, net</i>		
Real estate business	36.11	58.75
Golf Course business	104.06	97.80
Rental and service business	3,392.31	3,470.40
Management service business	-	-
Other segment	-	-
<i>Other assets</i>	18,052.55	19,418.76
Eliminations	(9,263.99)	(9,716.94)
Total	<u>12,321.04</u>	<u>13,328.77</u>

15 Warrants

The Company issued warrants as follows

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.

Balance of unexercised warrants are as follows:

Warrants unexercised 1 January 2006	Warrants issued (canceled)	Unit Warrants Exercised	Warrants Unexercised at 30 June 2006	Exercise by Cash or Debt/ Equity Conversion (Baht/share)	Expiry date
18,405,556	(16,005,556)	-	2,400,000	10	20 January 2008

16 Earnings (loss) per share

Basic earnings (loss) per share

The calculation of basic earnings (loss) per share for the six-month periods ended 30 June 2006 was based on the profit (loss) attributable to ordinary shareholders of Baht 165.76 million (2005: Baht (47.64) million) and the weighted average number of shares outstanding during the six-month period ended 30 June 2006 of 630,082,069 (2005: 630,082,069), calculated as follows:

Profit (loss) attributable to ordinary shareholders

	Consolidated		The Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
Net profit (loss) for the period (in million Baht)	165.76	(47.64)	165.76	(47.46)
Issued ordinary shares (in thousand shares)	630,082	630,082	630,082	630,082
Basic earnings (loss) per share (in Baht)	0.26	(0.08)	0.26	(0.08)

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17 Commitments

As at 30 June 2006, the Company and its subsidiaries had the following outstanding commitments:

- 17.1 The Company has outstanding commitments totaling approximately Baht 52 million in respect of the uncalled portion of share capital in its investment in a subsidiary.
- 17.2 As at 30 June 2006, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 54.22 million (The Company: Baht 7.19 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 business.
- 17.3 As at 30 June 2006, the Company and its subsidiaries have provided guarantees to financial institutions against certain obligations of its subsidiaries of Baht 6,263.47 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.
- 17.4 As at 30 June 2006, the subsidiaries have outstanding commitments totaling approximately Baht 2,036.33 million, USD 0.85 million, and SGD 3,000 with respect to design and construction contracts.
- 17.5 As at 30 June 2006, a subsidiary has outstanding commitments totaling approximately Baht 2.10 million with respect to security service contract.
- 17.6 A 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:

Payment due	<i>(in million Baht)</i>
Within 1 year	13.68
In 2 nd to 5 th year	15.25
After 5 th year	<u>238.22</u>
Total	<u><u>267.15</u></u>

At the end of the lease period the lessor agrees to extend the lease period for another 10 years. Rental payables in the future total Baht 94.4 million.

- 17.7 A 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:

Payment due	<i>(in million Baht)</i>
Within 1 year	1.17
In 2 nd to 5 th year	10.41
After 5th year	<u>45.01</u>
Total	<u><u>56.59</u></u>

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

Payment due	<i>(in million Baht)</i>
Within 1 year	67.75
In 2 nd to 5 th year	216.15
After 5 th years	<u>1,350.00</u>
Total	<u><u>1,633.90</u></u>

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

- 17.9 A subsidiary which is a 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 March 2035). Future rental payments required under these lease agreements are as follow:

Payment due	<i>(in million Baht)</i>
Within 1 year	130.63
In 2 nd to 5 th year	154.90
After 5 th years	<u>1,510.48</u>
Total	<u><u>1,796.01</u></u>

Furthermore, the lessor agrees to grant the property fund the option to renew these lease agreements for two further periods of ten years each. 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 with 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.

- 17.10 Two subsidiaries have entered into management and royalty agreements with two companies, whereby those companies will provide assistance with the management of serviced apartment projects of the subsidiaries and permit the subsidiaries to use certain trademarks. The agreements are effective from the dates that projects commence for a 20 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.

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18 Litigation

As at 30 June 2006, the following significant litigation had been filed against the Company and its subsidiaries

18.1 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 cases with claims valued at approximately Baht 17 million, the cases are being heard by the court of first instance.
- For the cases with claims of 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.

18.2 The customers of a related company have filed lawsuits against the Company and that related company, suing for compensation totaling Baht 14 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 with claims of approximately Baht 3.6 million, the cases are being heard by the court of first instance.
- For the cases with claims of approximately Baht 10.7 million the court of first instance judged that the Company is liability 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 has made provision for this liability from Note 18.1 and 18.2 based on the cases value plus interest at the rate of 7.5 percent per annum, calculated from the date stipulated in the judgement which valued at approximately Baht 166 million. In the second quarter of 2006, the Company had paid deposit to the court as collateral in the amount of Baht 8 million which presented in deposit.

19 Reclassification of accounts

Certain accounts in the 2005 interim financial statements have been reclassified to conform with the presentation in the 2006 interim financial statements.