

Golden Land Property Development Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2006 and 2005

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 26 February 2007.

1 General information

Golden Land Property 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 Road, Lumpini, Pathumwan, Bangkok.

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

The principle activities of the Company are property development and related services. Details of the Company’s subsidiaries are as follows:

		Type of business	Ownership of interest	
			2006	2005
<i>Direct subsidiaries</i>				
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%
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 (liquidation)	Property Fund	-	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%
<i>Indirect subsidiaries</i>				
18	Walker Homes Company Limited (and 50% held by Narayana Pavilion Company Limited)	Property development	50%	50%
19	MSGF Property Company Limited (100% held by Golden Land Polo Company Limited)	Property development	-	-

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- (a) Golden Land Fund Two has been liquidated (see Note 4 (h)).
- (b) 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 31 December 2006 and 2005.
- (c) Minority interest balance arising from a subsidiary when shareholder under shareholder agreement undertaken to bear operating gain (loss) in their share capital.

2 Basis of preparation of the financial statements

The 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 financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million unless otherwise stated. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

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

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Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and call deposit. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Properties under development

Properties under development are stated at specifically identified cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the management. Properties held for sale are stated at the lower of cost and their estimated net realisable value.

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Interest expense related to financing construction has been capitalised as project costs up to the completion of construction or until the project development is suspended.

(f) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the equity method.

Investments in property funds

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

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

(g) Property development projects for rent

Owned assets

Property development projects for rent are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property development projects for rent. The estimated useful lives are as follows:

Leasehold right	Over the period of lease
Buildings, building improvement and system work	5-50 years
Equipment	5-7 years
Furniture and office equipment	5-7 years

No depreciation is provided on freehold land or assets under construction.

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(h) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Golf course	10	years
Buildings and building improvement	5-20	years
Club house	20	years
Equipment	3-7	years
Furniture and office equipment	5-7	years
Vehicles	5	years
Facilities system	5	years

No depreciation is provided on freehold land or assets under construction.

(i) Intangible assets

Software licenses

Software licenses that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the statement of income using the straight-line method for 3-5 years.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of income.

Calculation of recoverable amount

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

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Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefit

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(n) Revenue

Property development projects

Revenue from property development projects is recognised in the same manner as for construction contracts and after meeting further conditions, including among others:

- finalised sales agreements or in the case of condominium developments finalised sales agreements for a minimum of 40% of the area offered for sale;
- non-refundable deposits from customers of at least 20% of the value of each sales agreement; and
- the development is a minimum of 10% complete (as measured by estimations made by the project surveyors).

Revenue from rental and services

Revenue from rental and related services from property development project for rent is recognised as revenue on an accrual basis.

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

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Revenue from golf course membership

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

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Other income

Other income is recognised on an accrual basis.

(o) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

Other expense is recognised on the accrual basis.

(p) Income tax

Income tax on the profit or loss for the year is current tax. Income tax is recognised in the statement of income.

Current tax

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

4 Related persons and related party transactions and balances

Related person 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.

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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.
Rental and service income	Based on agreed prices.
Interest income	Average loan from bank rate and partly interest free.
Interest expense	Average loan from bank 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 and in 2006: not exceeding 7.75 percent per annum.
Rental expense	Based on contractually agreed prices.
Utility expense	Based on contractually agreed prices.
Management fee expense	Based on contractually agreed prices.
Central charge expense	Based on agreed prices.
Professional fee expense	Based on agreed prices.

Transactions for the years ended 31 December 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Revenue				
Subsidiaries				
Management fee income	-	-	319.96	344.40
Interest income	-	-	45.68	55.13
Associate				
Service income	2.11	0.66	-	-
Other income	1.45	1.55	-	-
Related companies				
Rental and service income	3.23	2.50	-	-
Expenses				
Subsidiaries				
Interest expense	-	-	2.25	1.78
Rental expense	-	-	22.24	15.00
Utility expense	-	-	1.80	2.10
Management fee expense	-	-	0.48	0.86
Related persons				
Interest expense	7.09	8.30	7.09	8.30
Directors' remuneration	0.49	0.73	0.49	0.73
Related companies				
Management fee expense	13.06	12.05	-	-
Central charge expense	3.52	3.41	-	-
Professional fee expense	11.03	11.06	-	-
Interest expense	19.68	26.63	-	-

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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Amounts due from related parties, net				
<i>Subsidiaries</i>				
United Homes Co., Ltd.	-	-	2,431.39	2,140.08
Walker Homes Co., Ltd.	-	-	27.00	27.00
Ritz Village Co., Ltd.	-	-	136.34	87.86
Golden Property Services Co., Ltd.	-	-	0.43	1.28
Sathorn Supsin Co., Ltd.	-	-	19.26	19.26
Sathorn Thong Co., Ltd.	-	-	67.43	67.42
Narayana Pavilion Co., Ltd.	-	-	0.22	-
Total	-	-	2,682.07	2,342.90
Less Allowance for doubtful accounts	-	-	(27.00)	(11.79)
Net	-	-	2,655.07	2,331.11

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Short-term loans to related parties				
(including interest receivable), net				
<i>Subsidiaries</i>				
Baan Chang Estate Co., Ltd.	-	-	271.57	279.13
United Homes Co., Ltd.	-	-	73.02	204.88
Golden Land Development Co., Ltd.	-	-	0.07	0.07
Golden Land (Mayfair) Co., Ltd.	-	-	720.80	838.66
Ritz Village Co., Ltd.	-	-	491.79	1.52
Golden Land Polo Co., Ltd.	-	-	111.62	106.19
Golden Land (Retail) Co., Ltd.	-	-	14.75	14.75
Golden Land (Nichada Thani) Co., Ltd.	-	-	2.40	2.39
S.R.E.F. (Manager) Co., Ltd.	-	-	0.18	0.01
Sathorn Thong Co., Ltd.	-	-	19.20	19.20
Sathorn Supsin Co., Ltd.	-	-	594.81	631.15
Walker Homes Co., Ltd.	-	-	12.83	141.11
North Sathorn Realty Co., Ltd.	-	-	70.76	426.73
Grand Paradise Property Co., Ltd.	-	-	0.03	0.03
Golden Habitation Co., Ltd.	-	-	0.66	0.35
MSGL Property Co., Ltd.	-	-	9.20	9.20
Narayana Pavilion Co., Ltd.	-	-	0.04	-
Related person	1.58	-	1.58	-
<i>Associates</i>				
Baan Jearanai Co., Ltd.	70.39	70.26	49.72	49.51
Others	0.36	0.37	0.05	0.05
Total	72.33	70.63	2,445.08	2,724.93
Less Allowance for doubtful accounts	(35.16)	(25.00)	(315.89)	(223.91)
Net	37.17	45.63	2,129.19	2,501.02

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Movements during the years ended 31 December on short-term loans to related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Short-term loans to related parties				
At 1 January	70.63	168.11	2,724.93	3,731.44
Increase	1.78	2.95	1,269.98	285.62
Decrease	(0.08)	(100.43)	(1,549.83)	(1,292.13)
At 31 December	<u>72.33</u>	<u>70.63</u>	<u>2,445.08</u>	<u>2,724.93</u>

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Short-term loans from related parties and related persons				
<i>Subsidiaries</i>				
Narayana Pavilion Co., Ltd.	-	-	324.98	379.54
Golden Land (Mayfair) Co., Ltd.	-	-	-	3.00
Sathorn Supsin Co., Ltd.	-	-	-	2.92
Golden Property Services Co., Ltd.	-	-	0.08	0.07
Sathorn Thong Co., Ltd.	-	-	56.22	63.47
United Homes Co., Ltd.	-	-	940.22	-
Ritz Village Co., Ltd.	-	-	-	32.55
North Sathorn Realty Co., Ltd.	-	-	-	160.00
Golden Habitation Co., Ltd.	-	-	4.95	4.95
<i>Related persons</i>	116.50	110.00	116.50	110.00
Total	<u>116.50</u>	<u>110.00</u>	<u>1,442.95</u>	<u>756.50</u>

Movements during the years ended 31 December on short-term loans from related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Short-term loans and advances from related parties				
At 1 January	110.00	170.47	756.50	665.70
Increase	66.50	-	1,715.28	762.35
Decrease	(60.00)	(60.47)	(1,028.83)	(671.55)
At 31 December	<u>116.50</u>	<u>110.00</u>	<u>1,442.95</u>	<u>756.50</u>

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	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Short-term loan from shareholder of subsidiary				
Siam Holdings Co., Ltd	<u>294.87</u>	<u>334.96</u>	<u>-</u>	<u>-</u>
Accrued interest expense				
Related party				
Siam Holdings Co., Ltd	<u>85.05</u>	<u>65.38</u>	<u>-</u>	<u>-</u>
Accrued expense				
Related party				
Ascott International Management (Thailand) Limited	<u>2.48</u>	<u>3.14</u>	<u>-</u>	<u>-</u>

- (a) On 31 December 2002, the Company and a subsidiary entered into a settlement agreement with an associated company under which the associated company agreed to settle loans totalling Baht 35 million (net of allowance for doubtful accounts of Baht 25 million) with the Company and the subsidiary by transferring ownership of its condominium units. However, the associated company has not yet transferred the ownership of condominium units to the Company and the subsidiary. As at 31 December 2006, the Company and subsidiary set up allowance for doubtful account of Baht 35 million.
- (b) As at 31 December 2006, interest on short-term loan from related persons was charged at the minimum loan rate but not exceeding 7.75 percent per annum with the first repayment due on 30 December 2002 and the last repayment due on 30 December 2007.
- (c) On 31 March 2006, the Company and two subsidiaries entered into agreements with North Sathorn Realty Company Limited and United Homes Company Limited to offset the said loan as follows:

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

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- (d) During the year 2006, a subsidiary repaid a loan from the Company and a related company 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.
- (e) In the third quarter of 2006, a subsidiary entered into a loan agreement of Baht 250 million with a bank and mortgaged the leasehold land, construction and land lease agreements and transferring the credit loan facility with condition according to loan agreement between the Company and two subsidiaries within 45 days after the first drawdown date. In January 2007, the addendum memorandum was made to reduce loan facilities from Baht 250 million to Baht 200 million and cancelled the contract condition of transferring the right with condition according to loan agreement between the Company and two subsidiaries.
- (f) The Company's Management Committee meeting on 29 December 2006 unanimously approved the following loan offsets.

(in million Bah)

- | | |
|---|--------|
| - Loan to Walker Homes Company Limited
with loan to Ritz Village Company Limited from
Walker Homes Company Limited | 135.82 |
| - Loan from North Sathorn Realty Company Limited
with loan to North Sathorn Realty Company Limited | 11.32 |
| - Transferring loan to United Homes Company Limited
and loan Ritz Village Company Limited from North
Sathorn Realty Company Limited | 8.01 |
| - Loan from Narayana Pavilion Company Limited
with loan from United Homes Company Limited from
Narayana Pavilion Company Limited | 12.42 |
| - Loan from Sathorn Thong Company Limited with
loan from Naragana Pavilion Company Limited from
Sathorn Thong Company Limited | 10.50 |
| - Loan to Ritz Village Company Limited with loan from
Ritz Village Company Limited | 75.00 |
- (g) On 22 May 2006, the Investment Committee of Siam Real Estate Fund approved the payment of dividend of Baht 2 per unit to unit holders, a total of approximately Baht 17.94 million, of which the Company's share was approximately Baht 10.76 million was paid.
- On 30 August 2006, the Investment Committee of Siam Real Estate Fund, passed to reduce its registration fund in the amount of Baht 12 million. The Company had received the said decreased fund of Baht 7.2 million.
- (h) On 6 October 2006, the unit holders resolved that the dissolution of Golden Land Fund Two (the Fund) is 9 October 2006. On 10 October 2006, management company had sent a letter notifying to the Securities and Exchange Commission was notified of the dissolution of the Fund. The Fund has been liquidated on 21 November 2006 and on 12 January 2007, the Fund's liquidator registered the dissolution with the Securities and Exchange Commission.

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- (i) In October 2006, Golden Land Fund Two (Fund), a subsidiary of the Company had entered into transfer agreement with the Company, which agreed to pay compensation for land lease to the Fund of Baht 696 million. The Company paid in October 2006.

According to the Board of Directors' meeting held on 18 October 2006 resolve as follows:

- the dissolution of the investment in the Golden Land Fund Two
- accept the Crown Property Bureau's offer to exchange the lease right for the Soi Polo site with a lease right for a plot of land on Rama IV Road for development in an amount equivalent to its book value total of Baht 696 million
- purchase construction design of Polo project of MSGL Property Company Limited.

Share subscription payable - subsidiary

- (j) During the year 2005 a subsidiary reduced 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:
- 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 to pay up the remaining unpaid capital.
 - Baht 102,000,000 from the cancellation of 10,200,000 shares held by shareholder of Sathorn Supsin Company Limited used as follows:
 - Baht 89,383,574 used to set-off such amount against the accumulation losses of Sathorn Supsin Company Limited; and
 - Baht 12,616,426 repayable in cash to the shareholder of Sathorn Supsin Company Limited to be granted to Sathorn Supsin Company Limited as shareholders loan thereby increasing the total loan from the shareholder of Sathorn Supsin Company Limited.

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The subsidiary 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
<i>Less</i> Subscription share payable	(153.00)
Deficit	(89.38)
Outstanding balance of short-term loan from shareholder of subsidiary	<u>12.62</u>

- (k) In February 2005, the Investment Committee of Siam Real Estate Fund approved the payment of a dividend of Baht 1 per unit to the unit holders, 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. In 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.

5 Cash and cash equivalents

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Cash on hand	2.22	0.54	1.89	0.12
Call deposits	198.66	420.46	6.40	23.96
Current accounts	48.34	2.32	0.10	0.11
Fixed deposit	2.66	3.00	1.44	-
Total	<u>251.88</u>	<u>426.32</u>	<u>9.83</u>	<u>24.19</u>

6 Current investments under commitments and deposit at banks under commitments

- (a) As at 31 December 2006, savings accounts of the subsidiaries of Baht 589.06 million (2005: Baht 1,001.28 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 are to be made in accordance with the withdrawal conditions stipulated in the escrow agreements.

The subsidiaries have transferred its right of claim over moneys in escrow accounts to certain banks to secure its loans.

- (b) As at 31 December 2006, the deposits at banks of the Company and its subsidiaries of Baht 50.66 million and of the Company of Baht 4.21 million (2005: Baht 95.97 million and Baht 8.02 million, respectively), were pledged to secure bank guarantees obtained from those banks.

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7 Trade accounts receivable and unbilled completed work, net

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Sales with signed agreements	12,013.61	14,026.38	-	-
Total project sales	15,696.60	18,424.02	-	-
Ratio of sales with signed agreements to total project sales (%)	76.54	76.13	-	-

Trade accounts receivable and unbilled completed work, net as at 31 December 2006 and 2005 consisted of:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Unbilled completed work	1,026.20	779.64	-	-
Accounts receivable, real estate	56.71	59.66	18.31	18.31
Rental and service receivable	29.58	26.93	1.62	4.07
Total	1,112.49	866.23	19.93	22.38
Less Allowance for doubtful accounts	(43.90)	(42.48)	(19.28)	(19.28)
Net	1,068.59	823.75	0.65	3.10

Trade accounts receivable and unbilled completed work, net as at 31 December 2006 and 2005 classified by the aging of the receivable were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Accounts receivable, real estate				
Over 1 - 3 months	12.25	18.60	-	-
Over 3 - 6 months	1.67	3.98	-	-
Over 6 - 12 months	2.51	-	-	-
Over 12 months	40.28	37.08	18.31	18.31
	56.71	59.66	18.31	18.31
Unbilled completed work	1,026.20	779.64	-	-
	1,082.91	839.30	18.31	18.31
Rental and service receivable				
Over 1 - 3 months	23.77	20.88	0.65	2.81
Over 3 - 6 months	0.30	0.47	-	0.12
Over 6 - 12 months	0.10	0.65	-	0.63
Over 12 months	5.41	4.93	0.97	0.51
	29.58	26.93	1.62	4.07
Total	1,112.49	866.23	19.93	22.38
Less Allowance for doubtful accounts	(43.90)	(42.48)	(19.28)	(19.28)
Net	1,068.59	823.75	0.65	3.10

If the receivable has been in default of payment for more than three months consecutively, the recognition of income will cease immediately with consideration for doubtful debt provision.

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As at 31 December 2006, the Company and subsidiaries have 4 receivables in default of payment for which the recognition of income has ceased of Baht 5.72 million (2005: 7 receivables of Baht 17.38 million).

Unbilled completed work and unearned income.

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Installments due	12,079.03	10,143.14	322.04	322.04
Less cash received	(12,022.32)	(10,083.48)	(303.73)	(303.73)
Installment accounts receivable	56.71	59.66	18.31	18.31
Installments due	12,079.03	10,143.14	322.04	322.04
Less sales recognised to date	(12,963.69)	(9,936.96)	(322.04)	(322.04)
	(884.66)	206.18	-	-
The balance consisted of:				
Unbilled completed work	1,026.20	779.64	-	-
Unearned income	(141.54)	(985.82)	-	-
	884.66	(206.18)	-	-

8 Property development projects for sale - new projects, net

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Land	1,689.34	1,404.81	-	-
Leasehold land	33.82	54.75	-	-
Land improvement	702.13	678.52	-	-
Construction cost	595.61	684.36	-	-
Capitalised interest	71.04	92.09	-	-
Others	141.45	137.58	-	-
Total	3,233.39	3,052.11	-	-
Less Allowance for project devaluation	(10.00)	(10.00)	-	-
Net	3,223.39	3,042.11	-	-

The subsidiaries have mortgaged land, including present and future structures thereon, with financial institutions to secure their bank loans, bank overdraft 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.

9 Other current assets

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Refundable VAT	15.52	29.57	-	-
Withholding income tax	3.66	1.32	-	-
Prepaid interest expense	0.03	1.77	0.03	1.77
Other receivable: transfer fee of ownership expense for customer	17.71	17.98	-	-
Others	21.97	24.37	8.49	1.21
Total	58.89	75.01	8.52	2.98

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10 Investments accounted for using the equity method

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

	Ownership interest		Paid-up capital		Consolidated Cost method		Equity method		Deficit on investments	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(%)		(in million Baht)							
<i>Associates</i>										
1 Baan Jearanai Company Limited	50.00	50.00	20.00	20.00	9.23	9.23	-	-	(10.16)	-
2 Siam Real Estate Fund	60.00	60.00	-	-	-	-	39.19	55.16	-	-
Total			20.00	20.00	9.23	9.23	39.19	55.16	(10.16)	-
<i>Less Allowance for doubtful accounts on accounts receivable from and loans to related parties</i>									10.16	-
Total									-	-

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	Ownership interest		Paid-up capital		The Company Cost method		Equity method		Deficit on investments	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(%)		(in million Baht)							
Subsidiaries										
1 Baan Chang Estate Company Limited	100.00	100.00	30.00	30.00	30.00	30.00	-	-	(70.21)	(60.30)
2 Narayana Pavilion Company Limited	100.00	100.00	475.00	475.00	475.22	475.22	812.33	819.62	-	-
3 United Homes Company Limited	100.00	100.00	50.00	50.00	50.00	50.00	482.82	419.76	-	-
4 Golden Land Development Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	0.69	0.65	-	-
5 Golden Land (Mayfair) Company Limited	100.00	100.00	11.00	11.00	11.00	11.00	-	-	(15.58)	(37.95)
6 North Sathorn Realty Company Limited	100.00	100.00	638.60	638.60	549.04	549.04	722.65	492.44	-	-
7 Ritz Village Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	16.74	4.96	-	-
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	-	-	(33.58)	(27.92)
9 Golden Land (Retail) Company Limited	100.00	100.00	0.10	0.10	0.10	0.10	-	-	(14.58)	(14.55)
10 Golden Land (Nichada Thani) Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	-	-	(0.96)	(1.57)
11 Grand Paradise Property Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	-	-	(27.81)	(21.33)
12 Golden Property Services Company Limited	100.00	100.00	1.00	1.00	1.00	1.00	3.33	3.38	-	-
13 Golden Habitation Company Limited	100.00	100.00	5.00	5.00	5.00	5.00	-	-	(28.87)	(17.09)
14 Sathorn Thong Company Limited	79.00	79.00	154.00	154.00	121.66	121.66	-	-	(12.38)	(13.82)
15 S.R.E.F. (Manager) Company Limited	70.00	70.00	1.00	1.00	0.70	0.70	0.31	0.27	-	-
16 Sathorn Supsin Company Limited	60.00	60.00	245.00	500.00	130.42	269.46	-	44.63	(131.71)	-
17 Walker Homes Company Limited (100% holding together with subsidiary)	50.00	50.00	1.00	1.00	0.50	0.50	-	-	(64.84)	(62.22)
18 Golden Land Fund Two	-	90.50	-	709.80	-	709.80	-	629.10	-	-
Associates										
1 Baan Jearnai Company Limited	50.00	50.00	20.00	20.00	9.23	9.23	-	-	(10.16)	-
2 Siam Real Estate Fund	60.00	60.00	-	-	-	-	39.19	55.17	-	-
Total			1,636.70	2,601.50	1,388.87	2,237.71	2,078.06	2,469.98	(410.68)	(256.75)
<i>Less Allowance for doubtful accounts on accounts receivable from and loans to related parties</i>									325.01	218.72
Total									(85.67)	(38.03)

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12 Land and leasehold land held for development, net

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Land	1,239.71	1,782.74	313.25	236.47
Land improvement	10.43	16.13	1.05	0.99
Leasehold land (See note 4 (i))	1,405.62	1,322.41	742.97	31.96
Capitalised interest	176.24	164.21	20.88	20.88
Others	204.65	183.08	11.47	11.47
Total	3,036.65	3,468.57	1,089.62	301.77
<i>Less</i> Allowance for project devaluation	(31.96)	(31.96)	(31.96)	(31.96)
Net	3,004.69	3,436.61	1,057.66	269.81

- (a) A property fund, and a subsidiary of the Company has “Leasehold land held for future development” with a combined book value of Baht 782 million (2005: Baht 782 million). During the year 2006, the new plan for Bangkok was announced. The professional appraisal value during 2006 under the “Market comparable approach” is Baht 788 million.
- (b) During the year 1996, North Sathorn Realty Company Limited, 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 of 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" of 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. In January 2007, the said subsidiary had cancelled the said lease agreement and entered into a new lease agreement (See note 37 (a)).
- (c) During the year 2005, the Company had set up allowance for impairment loss of Baht 32 million on land held for development which may not generate future income in the earnings statements of 2005, under “loss from impairment and write-off of assets”.
- (d) During the year 2005, subsidiary wrote off advance payment account of Baht 16 million made for land and building purchase, recording the amount in the 2005 under “Loss from impairment and write-off of assets” since such asset may not generate future benefits.
- (e) The Company and its subsidiaries have mortgaged most of land and leasehold rights to secure loans from financial institutions and bank overdraft of the Company and its subsidiaries.

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13 Property development projects for rent, net

	Land	Leasehold right	Building	Consolidated Equipment (in million Baht)	Furniture and fixture	Construction in progress	Total
<i>Cost</i>							
At 1 January 2005	735.76	867.47	1,920.66	21.45	262.81	1.54	3,809.69
Addition	-	-	-	1.23	7.02	-	8.25
Disposal	-	-	-	-	(0.19)	-	(0.19)
Transfer in (out)	-	-	78.55	-	43.93	-	122.48
At 31 December 2005	735.76	867.47	1,999.21	22.68	313.57	1.54	3,940.23
Addition	-	-	36.78	2.44	9.11	0.21	48.54
Disposal	-	-	-	(0.28)	(0.47)	-	(0.75)
Transfer in (out)	1.28	(543.54)	596.20	7.01	(28.20)	-	32.75
At 31 December 2006	737.04	323.93	2,632.19	31.85	294.01	1.75	4,020.77
<i>Accumulated depreciation</i>							
At 1 January 2005	-	146.66	126.13	8.63	53.65	-	335.07
Depreciation charge for the year	-	32.01	73.61	4.09	56.61	-	166.32
Disposal	-	-	-	-	(0.09)	-	(0.09)
At 31 December 2005	-	178.67	199.74	12.72	110.17	-	501.30
Depreciation charge for the year	-	7.12	108.86	5.67	42.64	-	164.29
Disposal	-	-	-	(0.21)	(0.38)	-	(0.59)
Transfer in (out)	-	(158.11)	163.69	2.72	(3.64)	-	4.66
At 31 December 2006	-	27.68	472.29	20.90	148.79	-	669.66
<i>Net book value</i>							
At 31 December 2005	735.76	688.80	1,799.47	9.96	203.40	1.54	3,438.93
At 31 December 2006	737.04	296.25	2,159.90	10.95	145.22	1.75	3,351.11

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	The Company					
	Land	Building	Equipment <i>(in million Baht)</i>	Furniture and fixture	Construction in progress	Total
Cost						
At 1 January 2005	707.51	147.78	1.90	2.69	1.54	861.42
At 31 December 2005	707.51	147.78	1.90	2.69	1.54	861.42
Addition	-	-	-	-	0.21	0.21
At 31 December 2006	707.51	147.78	1.90	2.69	1.75	861.63
Accumulated depreciation						
At 1 January 2005	-	69.62	1.87	2.69	-	74.18
Depreciation charge for the year	-	7.39	0.01	-	-	7.40
At 31 December 2005	-	77.01	1.88	2.69	-	81.58
Depreciation charge for the year	-	7.39	0.01	-	-	7.40
At 31 December 2006	-	84.40	1.89	2.69	-	88.98
Net book value						
At 31 December 2005	707.51	70.77	0.02	-	1.54	779.84
At 31 December 2006	707.51	63.38	0.01	-	1.75	772.65

As at 31 December 2006 property development projects for rent at cost of Baht 13.33 million (2005: Baht 13.5 million) in the consolidated financial statements and Baht 4.57 million (2005: Baht 4.5 million) in the Company's financial statements are fully depreciated but still in use.

Two subsidiaries had leasehold right agreement with the Privy Purse Bureau and a foundation for 30 years, starting from 1 September 1992 to 31 August 2022 and for 50 years, starting from 5 October 2003 to 4 October 2053, respectively.

The Company and its subsidiaries have mortgaged most of land and buildings for rent thereon with financial institutions to secure the Company's debentures and loan from financial institutions of its subsidiaries (See note 18).

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14 Property, plant and equipment, net

	Consolidated								
	Land	Golf course	Building	Club house	Equipment <i>(in million Baht)</i>	Furniture and office equipment	Vehicle	Facilities system	Total
<i>Cost</i>									
At 1 January 2005	70.24	205.13	12.61	40.62	2.66	77.97	25.79	63.18	498.20
Addition	-	-	-	-	1.98	8.67	0.02	-	10.67
Disposal	-	-	-	-	-	(0.15)	(5.90)	-	(6.05)
At 31 December 2005	70.24	205.13	12.61	40.62	4.64	86.49	19.91	63.18	502.82
Addition	-	-	0.11	-	0.41	5.94	15.22	-	21.68
Disposal	-	-	(0.03)	-	(2.75)	(26.35)	(6.02)	-	(35.15)
Transfer in (out)	-	-	-	-	11.54	(29.92)	-	-	(18.38)
At 31 December 2006	70.24	205.13	12.69	40.62	13.84	36.16	29.11	63.18	470.97
<i>Accumulated depreciation</i>									
At 1 January 2005	-	204.95	10.25	14.73	2.53	34.99	18.28	63.16	348.89
Depreciation charge for the year	-	0.14	0.24	2.03	0.12	10.04	2.86	-	15.43
Disposal	-	-	-	-	-	(0.03)	(5.89)	-	(5.92)
At 31 December 2005	-	205.09	10.49	16.76	2.65	45.00	15.25	63.16	358.40
Depreciation charge for the year	-	0.04	0.24	2.03	2.56	5.80	4.28	-	14.95
Disposal	-	-	(0.01)	-	(2.13)	(21.37)	(2.53)	-	(26.04)
Transfer in (out)	-	-	-	-	4.68	(8.46)	-	0.02	(3.76)
At 31 December 2006	-	205.13	10.72	18.79	7.76	20.97	17.00	63.18	343.55
<i>Allowance for property devaluation</i>									
At 1 January 2005	11.51	-	-	-	-	-	-	-	11.51
Addition	0.95	-	-	-	-	-	-	-	0.95
At 31 December 2005	12.46	-	-	-	-	-	-	-	12.46
At 31 December 2006	12.46	-	-	-	-	-	-	-	12.46
<i>Net book value</i>									
At 31 December 2005	57.78	0.04	2.12	23.86	1.99	41.49	4.66	0.02	131.96
At 31 December 2006	57.78	-	1.97	21.83	6.08	15.19	12.11	-	114.96

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	The Company								
	Land	Golf course	Building	Club house	Equipment <i>(in million Baht)</i>	Furniture and office equipment	Vehicle	Facilities system	Total
<i>Cost</i>									
At 1 January 2005	57.78	205.13	7.90	40.62	2.54	28.05	22.80	63.18	428.00
Addition	-	-	-	-	1.92	1.74	-	-	3.66
Disposal	-	-	-	-	-	-	(5.90)	-	(5.90)
At 31 December 2005	57.78	205.13	7.90	40.62	4.46	29.79	16.90	63.18	425.76
Addition	-	-	-	-	-	5.31	15.23	-	20.54
Disposal	-	-	-	-	-	(13.34)	(5.58)	-	(18.92)
At 31 December 2006	57.78	205.13	7.90	40.62	4.46	21.76	26.55	63.18	427.38
<i>Accumulated depreciation</i>									
At 1 January 2005	-	204.95	7.90	14.73	2.44	18.32	17.43	63.16	328.93
Depreciation charge for the year	-	0.14	-	2.03	0.11	3.15	2.35	-	7.78
Disposal	-	-	-	-	-	-	(5.90)	-	(5.90)
At 31 December 2005	-	205.09	7.90	16.76	2.55	21.47	13.88	63.16	330.81
Depreciation charge for the year	-	0.03	-	2.03	0.41	3.50	3.77	-	9.74
Disposal	-	-	-	-	-	(8.98)	(2.08)	-	(11.06)
Transfer in (out)	-	-	-	-	-	(0.02)	-	0.02	-
At 31 December 2006	-	205.12	7.90	18.79	2.96	15.97	15.57	63.18	329.49
<i>Net book value</i>									
At 31 December 2005	57.78	0.04	-	23.86	1.91	8.32	3.02	0.02	94.95
At 31 December 2006	57.78	0.01	-	21.83	1.50	5.79	10.98	-	97.89

As at 31 December 2006 plant and equipment at cost of Baht 292.20 million (2005: Baht 309 million) in the consolidated financial statements and Baht 291.56 million (2005: Baht 295 million) in the Company's financial statements are fully depreciated but still in use.

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

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15 Intangible assets, net

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
<i>Software licenses at cost</i>				
Beginning balance at 1 January	8.34	7.50	7.94	7.16
Addition	0.07	0.84	0.02	0.78
Disposal	(3.56)	-	(3.56)	-
Ending balance at 31 December	<u>4.85</u>	<u>8.34</u>	<u>4.40</u>	<u>7.94</u>
<i>Accumulated amortisation</i>				
Beginning balance at 1 January	5.29	4.20	5.10	4.13
Amortisation for the year	1.18	1.09	1.03	0.97
Disposal	(2.73)	-	(2.73)	-
Ending balance at 31 December	<u>3.74</u>	<u>5.29</u>	<u>3.40</u>	<u>5.10</u>
<i>Net book value at 31 December</i>	<u>1.11</u>	<u>3.05</u>	<u>1.00</u>	<u>2.84</u>

As at 31 December 2006 software license at cost of Baht 2.56 million (2005: Baht 2.72 million) in the consolidated financial statements and Baht 2.56 million (2005: Baht 2.72 million) in the Company's financial statements are fully amortised but still in use.

16 Other receivable, net

In 1998, the Company entered into an agreement with a company to sell its investment in 2.5 million ordinary shares of Rajadamri Land Company Limited 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 pay 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 a leasehold to a minimum of 127.39 square wahs of the Rajadamri Land project for 29 years. The Company has recorded such receivables as "Other receivables" in the balance sheets and on 31 December 2006 and 2005, the outstanding balance of such receivables of Baht 10 million and the Company has recorded an allowance for doubtful debt in full amount.

17 Other non-current assets, net

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Deferred expenses	4.16	16.39	4.16	16.39
Deposit (see Note 20)	23.79	30.50	20.79	0.21
Others, net	1.92	14.40	-	-
Total	<u>29.87</u>	<u>61.29</u>	<u>24.95</u>	<u>16.60</u>

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18 Interest-bearing liabilities

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Current				
Bank overdrafts				
- secured	73.74	13.65	46.04	13.65
Short-term loans from financial institutions				
- secured	76.00	260.00	76.00	260.00
Current portion of long-term loans from financial institutions				
- secured	1,861.19	1,641.00	300.00	300.00
Current portion of debentures				
- secured	396.00	396.00	396.00	396.00
Short-term loans from related parties and related persons				
- unsecured	116.50	110.00	1,442.95	756.50
Short-term loans from shareholder of subsidiary				
- unsecured	294.87	334.96	-	-
Hire purchase payable	0.76	0.84	0.76	0.84
	<u>2,819.06</u>	<u>2,756.45</u>	<u>2,261.75</u>	<u>1,726.99</u>
Non-current				
Long-term loans from financial institutions				
- secured	2,105.56	2,141.18	400.00	400.00
Debentures				
- secured	308.00	704.00	308.00	704.00
	<u>2,413.56</u>	<u>2,845.18</u>	<u>708.00</u>	<u>1,104.00</u>
Total	<u>5,232.62</u>	<u>5,601.63</u>	<u>2,969.75</u>	<u>2,830.99</u>

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Within one year	2,819.06	2,756.45	2,261.75	1,726.99
After one year but within five years	1,763.56	2,195.18	708.00	1,104.00
After five years	650.00	650.00	-	-
Total	<u>5,232.62</u>	<u>5,601.63</u>	<u>2,969.75</u>	<u>2,830.99</u>

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- (a) The Company and its subsidiaries' bank overdrafts and short-term loans from financial institutions carry interest at the minimum loan rate plus/minus a certain percentage per annum, and are due for repayment within one year.
- (b) The Company and its subsidiaries have mortgaged most of their freehold land and the constructions thereon (both present and future construction) with banks to secure their bank overdraft and short-term loans from financial institutions.
- (c) The Company and its subsidiaries' long-term loans from financial institutions carry interest at the minimum loan rate plus/minus a certain percentage per annum.
- (d) 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.
- (e) 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.
- (f) 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 right to receive moneys in escrow accounts to certain banks to secure their loans.
- (g) As at 31 December 2006, the Group had unutilised credit facilities totaling Baht 5,071.73 million (2005: Baht 4,414.56 million).
- (h) 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.
- (i) 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.

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19 Other current liabilities

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Deposit received for land	15.01	-	-	-
Hire purchase payable (See note 18)	0.76	0.84	0.76	0.84
Others	36.56	73.54	14.89	12.07
Total	<u>52.33</u>	<u>74.38</u>	<u>15.65</u>	<u>12.91</u>

20 Provision for losses as a result of litigation

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Beginning balance at 1 January	166.00	-	166.00	-
Provision made	10.29	166.00	9.24	166.00
Ending balance at 31 December	<u>176.29</u>	<u>166.00</u>	<u>175.24</u>	<u>166.00</u>

As at 31 December 2006, the following significant litigation had been filed against the Company and its subsidiaries

- (a) The House Committee on Consumer Protection filed lawsuits against the Company and a related company, seeking the return of deposits received of Baht 123.32 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 of Baht 22.69 million, the cases are being heard by the court of first instance;
 - For cases with claims valued of Baht 4.7 million, the cases are being heard by the appeals court and
 - For the cases with claims of Baht 95.93 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 outstanding 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.

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- (b) The customers of a related company have filed lawsuits against the Company and that related company, suing for compensation of Baht 12.67 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 Baht 1.04 million, the cases are being heard by the court of first instance.
 - For the cases with claims of Baht 11.63 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 outstanding 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 liabilities set out in Notes 20 (a) and 20 (b) based on the sales value plus interest at the rate of 7.5 percent per annum Baht 175.24 million (2005: 166.00 million Baht). As at 31 December 2006 the Company placed a collateral deposit with the court of Baht 20.40 million which is presented as a deposit.

21 Other non-current liabilities

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Deposit for building rental	5.05	-	-	-
Others	3.94	3.62	1.52	1.20
Total	8.99	3.62	1.52	1.20

22 Share capital

	<i>Par value (in Baht)</i>	2006		2005	
		Number	Baht	Number	Baht
		<i>(in million share /in million Baht)</i>			
Authorised					
At 1 January	10.00	708.78	7,087.82	708.78	7,087.82
Reduction in share capital	10.00	(76.30)	(763.00)	-	-
Creation of new shares	10.00	76.30	763.00	-	-
At 31 December	10.00	708.78	7,087.82	708.78	7,087.82
Issued and fully paid					
At 1 January	10.00	630.08	6,300.82	630.08	6,300.82
At 31 December	10.00	630.08	6,300.82	630.08	6,300.82

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At the Extraordinary Shareholders' Meeting of the Company on 21 December 2006 and Board of Directors' Meeting on 13 November 2006, it was resolved to:

- (a) Decrease registered capital of the Company from Baht 7,087.82 million to Baht 6,324.82 million by canceling registered unissued shares, in the number of 76.30 million shares (for in the amount of Baht 763 million) remaining in the ordinary shares for the warrant given to staffs as per the minutes of Annual General Meeting Shareholders No. 9/2002. The shares shall be remained to satisfy the warrant to acquire the said shares which is valid until 20 January 2008 for 2.40 million shares (Baht 24 million) in accordance with the Public Limited Companies Act concerning procedures for increase in capital.
- (b) Increase registered capital of the Company from Baht 6,324.82 million to Baht 7,087.82 million by issuing new 76.30 million ordinary shares at a par value of 10 each, totaling Baht 763 million to provide for rights under the warrants to purchase ordinary shares of the Company distributed to directors of the Company.

23 Warrants

The Company issued warrants of 28.18 million units to staff 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 is as follows:

Warrants unexercised 1 January 2006	Warrants issued	Units		Warrants unexercised at 31 December 2006	Exercise by cash or debt/ Equity conversion (Baht/share)	Expiry date
		Warrants (cancelled) (in million units)	Warrants unexercised at 31 December 2006			
18.41	-	(16.01)	2.40	47.25	10	20 January 2008
-	47.25	-		<u>49.65</u>	10	5 years from issued date

At the Extraordinary Shareholders' Meeting of the Company on 21 December 2006 and Board of Directors' Meeting on 13 November 2006, it was resolved to:

- (a) Issue and offer of 47.25 million units of warrants to purchase the Company's ordinary shares to director of the Company. (ESOP)
- (b) Allocate warrants to the Company's directors who are eligible for warrants exceeding 5% of the total ESOP.
- (c) Allot 47.25 million new ordinary shares at par of Baht 10 to reserve for the exercise of warrants offered to the Company's directors and approve to allot 29.05 million new ordinary shares by private placement. The offering price, subscription period, conditions and other details of the private placement allotment is determined by the Board of Directors.

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24 Reserves

Share premium

The share premium account is set up under the provisions of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). The account is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

25 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.

Business segments

The Group comprises the following main business segments:

<i>Segment 1</i>	Real estate business
<i>Segment 2</i>	Rental and service business
<i>Segment 3</i>	Golf course 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.

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Business segment results

	Real estate business		Rental and service business		Golf course business		Management service business		Others		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(in million Baht)</i>													
Revenue	3,162.40	2,255.46	484.66	433.13	22.40	22.67	319.96	345.06	404.65	54.93	(725.96)	(388.66)	3,668.11	2,722.59
Cost of sales	<u>2,017.13</u>	<u>1,343.86</u>	<u>319.18</u>	<u>295.65</u>	<u>5.65</u>	<u>5.79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,341.96</u>	<u>1,645.30</u>
Gross profit	1,145.27	911.60	165.48	137.48	16.75	16.88	319.96	345.06	404.65	54.93	(725.96)	(388.66)	1,326.15	1,077.29
Selling and administrative expenses													626.79	761.90
Loss from impairment and write off of assets													3.29	156.42
Loss from investment in property fund													0.75	-
Directors' remuneration													0.49	0.73
Loss as a result of litigation													<u>10.29</u>	<u>166.00</u>
Profit (loss) before interest and income tax expenses													684.54	(7.76)
Interest expense													319.61	261.74
Income tax expense													<u>118.73</u>	<u>86.73</u>
Profit (loss) after interest and income tax expenses													246.20	(356.23)
Net loss of minority interest													<u>24.93</u>	<u>53.72</u>
Net profit (loss)													<u>271.13</u>	<u>(302.51)</u>

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Business segment financial position

	Real estate business		Rental and service business		Golf course business		Management service business		Others		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Property development projects for rent and property, plant and equipment, net	3.40	5.73	3,364.74	3,470.34	97.90	94.75	-	-	0.03	0.07	-	-	3,466.07	3,570.89
Other assets													9,118.44	9,757.88
Total assets													12,584.51	13,328.77
Interest-bearing liabilities	7,556.19	7,896.93	4,801.05	4,854.44	-	-	-	-	225.88	230.22	(7,350.49)	(7,379.96)	5,232.63	5,601.63
Other liabilities													1,426.44	1,955.30
Total liabilities													6,659.07	7,556.93

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29 Interest expense

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Interest paid to:				
- related parties, related persons and director	26.77	34.93	9.34	10.08
- financial institutions	304.87	235.94	94.77	100.68
Total finance costs	331.64	270.87	104.11	110.76
Finance cost capitalised	(12.03)	(9.13)	-	-
	319.61	261.74	104.11	110.76

30 Income tax expense

The Company

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The Company has, accordingly, calculated income tax on the portion of its taxable profit for the years ended 31 December 2006 not exceeding Baht 300 million at the 25% corporate income tax rate.

31 Basic earnings (loss) per share

The calculation of basic earnings (loss) per share at 31 December 2006 was based on the profit (loss) attributable to ordinary shareholders of Baht 271.13 million (2005: *Baht (302.51) million*) and the number of shares outstanding and paid up as at end of the year 2006 of 630.08 million shares (2005: *630.08 million shares*).

32 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.

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Foreign currency risk

As at 31 December 2006 and 2005, 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.

33 Commitments

As at 31 December 2006 and 2005, the Company and its subsidiaries had the following outstanding commitments:

- (a) The Company has outstanding commitments of Baht 52.14 million in respect of the uncalled portion of share capital in its investment in a subsidiary (2005: Baht 52.14 million).
- (b) As at 31 December 2006, the Company and its subsidiaries had outstanding bank guarantees of Baht 226.20 million in the consolidated financial statements and Baht 4.21 million in the Company's financial statements (2005: Baht 269.47 million and Baht 6.07 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. The Company has provided guarantees to financial institution against the bank guarantee of subsidiaries.
- (c) As at 31 December 2006, the Company and its subsidiaries have provided guarantees to financial institutions against certain obligations and bank overdraft of its subsidiaries of Baht 6,122.47 million (2005: 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.
- (d) As at 31 December 2006, the subsidiaries have outstanding commitments of Baht 1,707.82 million, USD 0.85 million, and SGD 3,000 (2005: Baht 2,694 million) with respect to design and construction contracts.

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- (e) 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:

	2006	2005
Payment due	<i>(in million Baht)</i>	
Within one year	8.68	3.68
After one year but within five years	20.63	25.25
After five year	234.17	238.22
Total	<u>263.48</u>	<u>267.15</u>

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

- (f) 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:

	2006	2005
Payment due	<i>(in million Baht)</i>	
Within one year	2.42	2.30
After one year but within five years	10.93	10.40
After five year	42.07	45.00
Total	<u>55.42</u>	<u>57.70</u>

- (g) 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:

	2006	2005
Payment due	<i>(in million Baht)</i>	
Within one year	68.25	67.80
After one year but within five years	197.90	216.10
After five year	1,300.00	1,350.00
Total	<u>1,566.15</u>	<u>1,633.90</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. In January 2007, the said subsidiary had cancelled the said lease agreement and entered into a new lease agreement (See note 37 (a)).

- (h) In 2006, the Company entered into agreements with the Crown Property Bureau to lease land for the development of building for rent, for a period of 33 years (ending October 2038). Future minimum rental payments required under these lease agreements are as follow:

	2006	2005
Payment due	<i>(in million Baht)</i>	
Within one year	15.50	-
After one year but within five years	67.00	-
After five year	660.39	-
Total	<u>742.89</u>	<u>-</u>

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Furthermore, the lessee shall have an option to renew the Lease Period for 30 years, under the conditions, covenants and with the rental fees as stipulated in the agreement.

- (i) 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 minimum rental payments required under these lease agreements are as follow:

	2006	2005
Payment due	<i>(in million Baht)</i>	
Within one year	-	-
After one year but within five years	-	192.3
After five year	-	1,863.9
Total	<u>-</u>	<u>2,056.2</u>

- (j) Two subsidiaries have entered into management and royalty agreements with two companies, for management of serviced apartment projects of the subsidiaries and trademarks. The agreements are 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.

34 Contingent liabilities

The Company, a subsidiary company and a related company were prosecuted as a result of agreement and compensation claims by customer project “complainants” in the amount of Baht 4.47 million. Currently, the said case is in the process of preparing the testimony to the case. The said case result has been not completed, so as at 31 December 2006 the Company and the said subsidiary company did not recognise the expenses in the statement of income.

35 Other

At the Board of Directors’ Meeting of the Company on 13 November 2006, it was resolved that the establishment of a “property Fund Type I” in order to support the Company’s cash and equity requirements. To maximize the Company’s benefit, the Mayfair Marriott Executive Apartments would be the most suitable asset to lease to the property fund.

36 New and revised accounting standards not yet adopted

On 11 October 2006, the Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a “held for sale” investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used. This revision to TAS No. 44 is applicable to financial statements covering periods beginning on or after 1 January 2007, with early adoption encouraged.

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The Company proposes to adopt the change in accounting treatment for its investments in subsidiary companies, and associate companies for the Company's 2007 financial statements. The change in accounting treatment will be applied retrospectively and the Company's 2006 financial statements which will be restated accordingly. The effect of the change on the Company's financial statements has not presently been determined by management. The consolidated financial statements of the Group will not be affected by the change.

37 Events after balance sheets date

(a) On 7 January 2007, North Sathorn Realty Company Limited, a subsidiary cancelled the lease right with the Crown Property Bureau under the previous lease agreements as follows:

- Lease agreement dated 7 October 2002 for 4 years;
- Lease agreement dated 7 October 2002 for 30 years;
- Lease agreement dated 8 May 2003 for 4 years;
- Lease agreement dated 8 May 2003 for 30 years; and
- Addendum to the Lease agreement date 15th November 2004.

The subsidiary entered into new four lease agreements with the Crown Property Bureau to lease land for high-end development for a period of 33 years and 9 months (ending October 2039). Future minimum rental payments required under these lease agreements are as follow:

	Payment due	(in million Baht)
Within one year		68.25
After one year but within five years		197.90
After five years		1,400.00
Total		<u>1,666.15</u>

Furthermore, the lesser agrees to grant the subsidiary the option to renew these lease agreements for 30 years, under the conditions, covenants and the rental fees as stipulated in the agreement.

(b) In February 2007, a subsidiary of Golden Land (Mayfair) Company Limited was established.

38 Reclassification of accounts

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