

HEMARAJ LAND AND DEVELOPMENT PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 - ECONOMIC ENVIRONMENT AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Economic Environment

The operations of Hemaraj Land and Development Public Company Limited (“the Company”) and its subsidiaries (“Hemaraj Group”) may continue to be influenced for the foreseeable future by the economic conditions in Thailand and the Asia Pacific Region in general. The financial statements of the Company and its subsidiaries reflect the management’s current assessment of the impact of current economic conditions on the financial positions of the Company and its subsidiaries. However, actual results could differ from the management estimates.

Basis of Financial Statement Presentation

The financial statements of the Company and its subsidiaries have been presented in accordance with the Ministerial Regulation No.7 (B.E. 2539), under the Public Company Limited Act, B.E. 2535 and in conformity with generally accepted accounting principles practiced in Thailand. They have been prepared in the Thai language as required by Thai law and regulatory requirements and have been translated into English for the convenience of the reader.

The consolidated financial statements for the years ended December 31, consist of the financial statements of Hemaraj Land and Development Public Company Limited and subsidiaries as follows:

	Type of Business	Holding of Interest (%)	
		2001	2000
Eastern Industrial Estate Company Limited	Industrial Estate	99.99	99.99
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Industrial Estate	60.00	60.00
Eastern Pipeline Services Company Limited	Pipe Rack Rental	99.99	99.99
H-International (BVI) Company Limited*	Holding Company	100.00	100.00
Hemaraj International Limited**	Holding Company	99.99	99.99
H-Construction Management and Engineering Company Limited***	Engineering and Construction Supervision Services	99.99	-

* An overseas subsidiary, for which KPMG British Virgin Islands issued the unqualified auditors’ reports dated January 29, 2002 and January 12, 2001, respectively.

** An overseas subsidiary, based on information from the financial statements, which were provided by the management and were not audited.

*** Established in the third quarter of 2001, based on information from the financial statements, which were audited by another auditor.

Significant intercompany transactions are eliminated from the consolidated financial statements.

In addition, the consolidated and the Company’s financial statements for years ended December 31, include portions of gain (loss) from associated companies, based on information from the financial statements, which were provided by the management and were not audited or were audited by other auditors, as follows:

Economic environment and basis of financial statement presentation (continued)

2001

(Amounts:Million Baht)

Glow Company Limited (formerly: H-Power Company Limited)*	(301.45)
Elyo-H Facilities Management Limited **	(2.42)

2000

(Amounts:Million Baht)

Elyo-H Facilities Management Limited*	(0.45)
Pinago Services Limited**	0.35

* Based on information from the financial statements, which were audited by other auditors.

** Based on information from the financial statements, which were provided by the management and were not audited.

NOTE 2 - GENERAL INFORMATION

On August 15, 1988, the Company was incorporated under the Civil and Commercial Code of Thailand and was subsequently listed on the Stock Exchange of Thailand and transformed as a Public Company Limited on July 10, 1992 and July 12, 1993, respectively.

The Company, which is the parent company of Hemaraj Group, operates its business as an industrial estate developer with 3 industrial estate development projects located in the Eastern Seaboard of Thailand. The projects are operating under the joint operation agreements with the Industrial Estate Authority of Thailand, in the names of the Company and its 2 subsidiaries as follows:

<u>Company Name</u>	<u>Industrial Estate</u>	<u>Site Location</u>
Hemaraj Land and Development Plc.	Chonburi Industrial Estate (Bor-Win)	Sriracha district, Chonburi province
Eastern Industrial Estate Co., Ltd.	Eastern Industrial Estate (Map Ta Phut)	Muang district, Rayong province
Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.	Eastern Seaboard Industrial Estate (Rayong)	Pluak Daeng district, Rayong province

In addition, the Company has jointly invested in an electricity power production project with an overseas energy expert under the name Glow Group (formerly: "H-Power Group"), which was authorised by the Electricity Generating Authority of Thailand to construct an electricity and steam power plant with the 125 MW production capacity, which is under construction. Currently, the Glow Group is still in the process of constructing the independent power plant with 713 MW production capacity, which is expected to be completed and operating in the year 2002.

Hemaraj Group's headquarters is located at 18th Floor, UM Tower, 9 Ramkhamhaeng Road, Suan Luang, Bangkok 10250.

As at December 31, 2001, Hemaraj Group employs 145 staff.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Measurement Bases Used in Preparing the Financial Statements

Other than those disclosed in other topics and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Estimation

Preparation of financial statements in conformity with generally accepted accounting principles requires the management to make the estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and also the disclosures of contingent assets and liabilities at balance sheet date. However, actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and at banks net of cash at banks pledged as collateral.

Short-Term Investments

Available-for-sale securities consist of investments in marketable securities, which are stated at fair value net of accumulated impairment loss on investments.

Unrealised gain or loss from changes in carrying amount of available-for-sale securities is included under shareholders' equity.

Impairment loss on investments is included in the statement of income.

Accounts Receivable

Accounts receivable consist of land sale contracts receivable which represent the amount of contract prices net of installments received and deferred income, and service receivables which are shown net of allowance for doubtful accounts for billings overdue by more than 90 days.

Cost of Real Estate Developments

Cost of real estate developments consists of land costs, development costs and capitalised interest on loans for development project including advances and deposits for construction costs. These costs are transferred to cost of sales when revenue from sales is recognised.

Cost of real estate developments is stated at the lower of aggregate cost and net realisable value.

Loss on project revaluation is included in the statement of income.

Capitalisation of Borrowing Costs

Interest expense and fees on long-term loans and loan from directors and related person for development projects are capitalised to cost of real estate developments. The capitalisation will be suspended or ceased when the development projects are interrupted or completed.

Summary of significant accounting policies (continued)

Investments and Loans

Investments

- Investments in subsidiary and associated companies are recorded using the equity method.
- General investments represent investments in related and other companies which are stated at cost net of accumulated impairment loss on investments.

Impairment loss on investments is included in the statement of income.

Loans

Allowance for doubtful accounts is an estimate of those amounts which may prove to be uncollectible, based on a review of the current status and the ability of receivables to repay.

Leasehold Land and Land Held for Commercial Purposes

Leasehold land and land held for commercial purposes consists of land leasehold, land costs, development costs and capitalised interest on loans of undeveloped projects and projects which were suspended from development.

Leasehold land and land held for commercial purposes is stated at the lower of aggregate cost and net realisable value.

Loss on projects revaluation is included in the statement of income.

Assets for Rent

Assets for rent are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets of 15 years for pipe rack and 20 years for building.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets of 5 years for equipment and 20 years for building.

Goodwill

Goodwill represents the excess of acquisition cost over net assets of investments in subsidiary companies at the date of acquisition, and is being amortised over a ten-year period as from September 1991.

Deferred Interest on Hire Purchase Agreements

Deferred interest on hire purchase agreement is amortised over the period of hire purchase agreements.

Income Received in Advance

Income received in advance represents the amounts received from land sale and purchase contracts over the amount of revenues, which are recognised using the percentage of completion method, and service income received in advance.

Deferred Right of Use Income

Deferred right of use income represents right of use fee received on rental of land, building and pipe rack, and is recognised as revenue over the period of rental contract.

Summary of significant accounting policies (continued)

Revenue and Expense Recognition

Other than those disclosed in other topics, revenue and expense recognition are as follows:

- Revenue and Cost of Land Sales

Revenue from land sales is recognised upon signing of contract and receiving of deposits by the percentage of completion method, using the ratio of actual development costs incurred to total estimated development cost excluding land cost. Cost of sales is total estimated development costs proportionately recognised by the percentage of revenue recognition, using the ratio of accumulated revenue recognition to total estimated project revenues.

Total estimated revenues and development costs of each project are to be revised when they do not reflect total revenues and costs that expected to be incurred.

During 2001, the Company and its subsidiaries have revised estimated revenues and development cost for each project in order to reflect the amount that expected to be incurred, which has generally effected to the revenue and cost recognition.

- Revenue and Cost of Pre-fabricated Factory Sales (Eastern Seaboard Industrial Estate (Rayong) Company Limited)

Revenue and cost of pre-fabricated factory sales are recognised upon signing of sale contract.

- Service Income and Cost of Services

Service income and cost of services are recognised on the accrual basis. Service income represents income received from providing public utilities, tap water, raw water, wastewater processing, garbage collection services, construction services and rental services in respect of land, shop house, warehouse, factory and pipe rack to the Industrial Estate. Cost of services represents cost incurred from providing of such services.

The recognition of income from public utilities service is ceased when the receivables cease their business operations and are in troubling to make payments.

- Gain from Conditional Debt Release Agreements. (Hemaraj Land and Development Public Company Limited and Eastern Pipeline Services Company Limited)

Portions of long-term loans under the Conditional Debt Release Agreements and related interest payable, which would be forgiven, are to be recognised as revenue in the statement of income upon the completion of debt repayments.

- Other Incomes and Expenses

Other incomes and expenses are recognised on the accrual basis.

Summary of significant accounting policies (continued)

Accounts in Foreign Currency

- The financial statements of an overseas subsidiary company are translated into Baht for consolidation purposes using rates of exchange as follows:
 - Assets and liabilities are translated at the exchange rate ruling at the end of the year.
 - Revenues and expenses are translated at average exchange rates.
 - Share capital is translated at the exchange rate ruling on the transaction date.

Adjustments from translation of foreign financial statements are included under shareholders' equity.

- Convertible bonds and related transactions are translated into Baht using rates of exchange as follows:
 - Convertible bonds are translated into Baht at the forward rate of exchange stated in the Bond prospectus.
 - The provision for convertible bond redemption is converted into Baht at the rates stated in the Bond prospectus.
 - Accrued interest expense on convertible bonds is translated into Baht at the rate of exchange at the end of the year.

Adjustments from translation are included in the statement of income.

- Other foreign currency transactions occurring during the year are converted into Baht at the rates prevailing on the dates of the transactions. Assets and liabilities at the end of the year are converted into Baht at the rates of exchange on that date.

Gain or loss on translation is included in the statement of income.

Corporate Income Tax

Corporate income tax for each year is recognised on the accrual basis, which is based on the taxable profit (loss) for the year.

Loss per Share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is computed by dividing net loss attributable to ordinary shareholders for the year, as adjusted for the effect of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding during the year plus the number of potential ordinary shares.

NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

The Company has certain transactions with its related parties. Intercompany terms are determined at the maximum rate of 5% of contract price for commission on sales, maximum of 5% of service income received for management fees and 7% - 12.50% for interest on loans relating to business operation and expansion, of which the recognition of interest income is ceased when overdue more than 180 days.

Related parties, which have transactions with the Company, are as follows:

<u>Company Name</u>	<u>Type of Business</u>	<u>Relationship</u>	Holding of Interest by the Company at December 31, 2001 <u>(%)</u>
<u>Subsidiary Companies</u>			
Eastern Industrial Estate Company Limited	Industrial Estate	Co. shareholders and management	99.99
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Industrial Estate	„	60.00
Eastern Pipeline Services Company Limited*	Pipe Rack Rental	„	99.99*
H-International (BVI) Company Limited	Holding Company	„	100.00
Hemaraj International Limited	Holding Company	„	99.99
H-Construction Management and Engineering Company Limited	Engineering and Construction Supervision Services	„	99.99
<u>Associated Companies</u>			
Glow Company Limited (formerly: H-Power Company Limited)	Holding Company	Co. shareholders and directors	24.99
Industrial Power Company Limited**	Electricity and Steam Power Generation	„	24.99**
Bowin Power Company Limited**	Independent Power Producer	„	24.99**
H-Infra Company Limited**	Holding Company	„	24.99**
Operation Power Services Company Limited**	Energy Consulting	„	24.99**
Industrial Water Supply Company Limited**	Industrial Water Supply	„	24.99**
Pinago Services Limited**	Holding Company	„	24.99**
Elyo-H Facilities Management Limited	Facilities Management Services	„	39.99
<u>Related Companies</u>			
Sriracha Harbor Public Company Limited	Port Services	Co. shareholders and directors	9.54
N.T.S. Steel Group Public Company Limited	Steel Manufacturer and Distributor	„	0.76
Nakornthai Strip Mill Public Company Limited	Steel Manufacturer and Distributor	„	1.39
Sun Tech Group Public Company Limited	Agriculture and Scrap Steel Business	„	-
Metal Star Company Limited	Cut-to-length Steel Stretching Steel and Sales	Co. directors	-
Benz BMB Company Limited	Automotive Sales and Service	„	-
Standard Inter Trade Company Limited	Automotive Sales and Service	„	-
Tractebel S.A.	Energy	Joint investor	-
<u>Related Persons</u>	-	Directors and shareholders	-

* Indirect holding by Eastern Industrial Estate Company Limited

** Indirect holding by Glow Company Limited (formerly: H-Power Company Limited)

Transactions with related parties (continued)

As at December 31, balances with related parties, which are shown in the balance sheets, are as follows:

	(Amounts: Million Baht)				Intercompany Terms
	Consolidated		The Company		
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	
<u>Assets</u>					
<u>Advances to:</u>					
- <u>Subsidiary company</u>					
Eastern Seaboard Industrial Estate (Rayong) Company Limited					
Accrued commission and management income	-	-	49.80	25.03	Maximum 5% of contract price and 5% of service income received
Advance payments	-	-	-	8.73	-
- <u>Associated Company</u>					
Elyo-H Facilities Management Limited					
Advance payments	<u>0.09</u>	<u>-</u>	<u>0.09</u>	<u>-</u>	-
Total	<u>0.09</u>	<u>-</u>	<u>49.89</u>	<u>33.76</u>	
<u>Loans to:</u>					
- <u>Subsidiary companies</u>					
Eastern Industrial Estate Company Limited					
Loans and accrued interest income	-	-	280.28	166.47	Interest rate 12.5%
Eastern Seaboard Industrial Estate (Rayong) Company Limited					
Promissory note and accrued interest income	-	-	-	16.59	Interest rate MLR
- <u>Associated Company</u>					
Glow Company Limited (formerly: H – Power Company Limited)					
Loans and accrued interest income	-	803.01	-	803.01	Interest rate 8%
- <u>Related Company</u>					
Tractebel S.A.					
Loans and accrued interest income	401.43	-	401.43	-	Interest rate LIBOR + 2%
Sriracha Harbor Public Company Limited					
Loans and accrued interest income, net	<u>0.01</u>	<u>-</u>	<u>0.01</u>	<u>-</u>	Interest rate 1% - MLR
Total	<u>401.44</u>	<u>803.01</u>	<u>681.72</u>	<u>986.07</u>	

Transactions with related parties (continued)

	(Amounts:Million Baht)				Intercompany Terms
	<u>Consolidated</u>		<u>The Company</u>		
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	
<u>Liabilities</u>					
<u>Short-term loans and advances from:</u>					
- <u>Subsidiary company</u>					
Eastern Seaboard Industrial Estate (Rayong) Company Limited					
Advance received	-	-	32.13	-	-
- <u>Related company</u>					
Siam Food Public Company Limited					
Loans and accrued interest expense	-	11.01	-	-	Interest rate MLR
Total	-	11.01	32.13	-	
<u>Loans from:</u>					
- <u>Subsidiary company</u>					
H-International (BVI) Company Limited					
Loans from repurchase of convertible bonds	-	-	1,010.14	1,034.60	-
Other loans	-	-	453.41	792.00	-
- <u>Related company</u>					
Other loan	1.52	1.52	1.52	1.52	-
Total	1.52	1.52	1,465.07	1,828.12	
<u>Loans from directors and related persons</u>	285.00	63.00	-	-	Interest rate MLR+1%

For the years ended December 31, transactions with related parties included in the statements of income are as follows:

	(Amounts:Million Baht)				Intercompany Terms
	<u>Consolidated</u>		<u>The Company</u>		
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	
<u>Revenues</u>					
Revenue from sales of land	0.20	5.76	0.20	5.76	
Service income	30.59	39.64	0.31	7.55	
Interest income	56.91	47.45	97.00	58.93	Interest rate 7% - 12.5%
Commission and management income	-	-	44.25	6.63	Maximum 5% of contract price and 5% of service income received
Other income	-	0.53	2.96	8.34	
<u>Expenses</u>					
Cost of services	4.75	-	1.34	-	
Interest expense	17.99	3.73	-	0.08	Interest rate MLR - 12.5%

Transactions with related parties (continued)

As at December 31, 2001, the Company's long-term investments in related parties are as follows:

Company	Type of Business	Relationship	Paid-up Capital (Million Baht)	Holding of Interest (%)	Investments			
					Cost (Million Baht)	Net Change in Equity (Million Baht)	Equity (Million Baht)	
<u>Subsidiary Companies</u>								
Eastern Industrial Estate Company Limited	Industrial Estate	Co. shareholders And management	400.00	99.99	400.00	105.04	505.04	
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Industrial Estate	„	358.00	60.00	214.80	549.07	763.87	
Eastern Pipeline Services Company Limited*	Pipe Rack Rental	„	60.00	99.99	-	(24.88)	(24.88)	
H-International (BVI) Company Limited	Holding Company	„	0.08	100.00	0.08	1,007.97	1,008.05	
Hemaraj International Limited	Holding Company	„	0.03	99.99	0.03	0.01	0.04	
H-Construction Management and Engineering Company Limited	Engineering and Construction Supervision Services	„	0.25	99.99	0.25	(0.24)	0.01	
<u>Associated Companies</u>								
Glow Company Limited (formerly: H-Power Company Limited)	Holding Company	Co. shareholders and directors	1,283.75	24.99	301.25	(274.31)	26.94	
Elyo-H Facilities Management Limited	Facilities Management Services	„	17.20	39.99	6.88	(2.87)	4.01	
<u>Related Company</u>								
Sriracha Harbor Public Company Limited	Port Services	„	1,572.75	9.54	<u>21.20</u>	<u>-</u>	<u>21.20</u>	
Total					<u>944.49</u>	<u>1,359.79</u>	<u>2,304.28</u>	

* Indirect holding by Eastern Industrial Estate Company Limited

Additional information

- H-International (BVI) Company Limited was registered in the British Virgin Islands (US. currency used for business operation).
- Hemaraj International Limited was registered in the Cayman Islands (US. currency used for business operation).
- During the year 2001, no dividend was received from subsidiary, associated and related companies except for a dividend from Eastern Seaboard Industrial Estate (Rayong) Company Limited amounting to Baht 23.63 million.

Transactions with related parties (continued)

As at December 31, 2000, the Company's long-term investments in related parties are as follows:

Company	Type of Business	Relationship	Paid-up Capital (Million Baht)	Holding of Interest (%)	Investments		
					Cost (Million Baht)	Net Change in Equity (Million Baht)	Equity (Million Baht)
<u>Subsidiary Companies</u>							
Eastern Industrial Estate Company Limited	Industrial Estate	Co. shareholders And management	400.00	99.99	400.00	68.22	468.22
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Industrial Estate	„	358.00	60.00	214.80	483.47	698.27
Eastern Pipeline Services Company Limited*	Pipe Rack Rental	„	60.00	99.99	-	(21.49)	(21.49)
H-International (BVI) Company Limited	Holding Company	„	0.08	100.00	0.08	1,116.00	1,116.08
Hemaraj International Limited	Holding Company	„	0.03	99.99	0.03	0.01	0.04
<u>Associated Companies</u>							
H-Power Company Limited	Holding Company	Co. shareholders and directors	1,205.00	24.99	301.25	27.14	328.39
Elyo-H Facilities Management Limited	Facilities Management Services	„	4.00	39.99	1.60	(0.45)	1.15
<u>Related Company</u>							
Sriracha Harbor Public Company Limited	Port Services	„	1,572.75	9.54	<u>21.20</u>	<u>-</u>	<u>21.20</u>
Total					<u>938.96</u>	<u>1,672.90</u>	<u>2,611.86</u>

* Indirect holding by Eastern Industrial Estate Company Limited

Additional information

- H-International (BVI) Company Limited was registered in the British Virgin Islands (US. currency used for business operation).
- Hemaraj International Limited was registered in the Cayman Islands (US. currency used for business operation).
- During the year 2000, no dividend was received from subsidiary, associated and related companies.

Transactions with related parties (continued)

Hemaraj Land and Development Public Company Limited

Share Transfer Agreement

According to the resolution passed by the Board of Directors' Meeting No. 1/2000 dated February 8, 2000, the Company entered into a share transfer agreement with Tractebel S.A. ("Tractebel"), an overseas business cooperation company and transferred its 33.25 million shares in Glow Company Limited (formerly: H-Power Company Limited) ("Glow"), an associated company, to Tractebel. All remunerations from such transaction were funded to Glow for Bowin Power Plant Project development under the condition of conversion into share capital of such company in the future.

The decrease in the Company's interest in Glow from 49.99% to 24.99% and Baht 46.03 million loss are results of the above transaction.

Restructuring Agreement

Later in 2001, the Company entered into a restructuring agreement with Tractebel as resolved by the 3/2001 Board of Directors' Meeting held on November 30, 2001. According to the agreement condition, the Company shall sell to Tractebel the whole amount of loan to Glow and a part of the proceeds shall be used to purchase shares of Bowin Power Company Limited and to make payments for the shares of Glow for the portion not yet fully paid.

NOTE 5 - CASH AND CASH EQUIVALENTS

As at December 31, cash and cash equivalents consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Cash on hand and at banks	110,095,240.80	97,703,036.61	9,421,079.91	4,862,865.74
Short-term investments - time deposits	45,862,010.17	46,800,300.04	546,145.54	2,489,663.54
<u>Less</u> Cash at banks pledged as collateral	<u>(46,897,628.56)</u>	<u>(55,768,536.40)</u>	<u>(546,145.54)</u>	<u>(5,438,084.69)</u>
Cash and Cash Equivalents, net	<u>109,059,622.41</u>	<u>88,734,800.25</u>	<u>9,421,079.91</u>	<u>(1,914,444.59)</u>

NOTE 6 - DEPOSITS FOR INVESTMENT

H-International (BVI) Company Limited

Deposits for investment as at December 31, 2001 represent deposits with an overseas investment adviser in the amount of USD 5.5 million under the Non-Discretionary Investment Advisory Agreement dated September 18, 2001, which aim at investment in assets and investments overseas.

According to the agreement condition, the investment adviser shall provide investment advisory service and act as representative of the Company to enter into transactions associated with assets as assigned by the Company. The Company has commitment to pay the investment advisory fee on a yearly basis.

NOTE 7 - SHORT-TERM INVESTMENTS

As at December 31, short-term investments consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Time deposits	45,862,010.17	46,800,300.04	546,145.54	2,489,663.54
Current investments classified as available-for-sale securities - Equity securities				
- Nakornthai Strip Mill PCL.	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00
- N.T.S. Steel Group PCL.	3,053,680.00	3,053,680.00	3,053,680.00	3,053,680.00
- Other companies and unit trusts	<u>281,120.00</u>	<u>261,820.00</u>	<u>281,120.00</u>	<u>261,820.00</u>
	38,334,800.00	38,315,500.00	38,334,800.00	38,315,500.00
<u>Less</u> Allowance for revaluation of investments	343.20	(21,476.80)	343.20	(21,476.80)
Accumulated impairment loss on investments	<u>(38,053,680.00)</u>	<u>(38,053,680.00)</u>	<u>(38,053,680.00)</u>	<u>(38,053,680.00)</u>
Current Investments, net	<u>281,463.20</u>	<u>240,343.20</u>	<u>281,463.20</u>	<u>240,343.20</u>
Total Short-term Investments, net	<u>46,143,473.37</u>	<u>47,040,643.24</u>	<u>827,608.74</u>	<u>2,730,006.74</u>

NOTE 8 - ACCOUNTS RECEIVABLE

As at December 31, accounts receivable consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
- Land sale contracts receivable				
Land sale contracts	588,557,742.00	693,977,180.00	3,487,425.00	3,487,425.00
<u>Less</u> Installments received	<u>(506,757,435.17)</u>	<u>(573,283,531.50)</u>	<u>(2,152,293.25)</u>	<u>(1,700,000.00)</u>
Installments receivable	81,800,306.83	120,693,648.50	1,335,131.75	1,787,425.00
<u>Less</u> Deferred income	<u>(17,283,369.12)</u>	<u>(34,873,237.19)</u>	-	-
Land Sale Contracts Receivable, net	64,516,937.71	85,820,411.31	1,335,131.75	1,787,425.00
- Service receivables				
Accrued service income	42,783,482.01	23,222,943.53	6,693,280.07	5,525,626.54
<u>Less</u> Allowance for doubtful accounts	<u>(12,639,062.01)</u>	<u>(8,544,093.38)</u>	<u>(5,426,844.55)</u>	<u>(3,722,048.48)</u>
Service Receivables, net	<u>30,144,420.00</u>	<u>14,678,850.15</u>	<u>1,266,435.52</u>	<u>1,803,578.06</u>
Accounts Receivable, net	<u>94,661,357.71</u>	<u>100,499,261.46</u>	<u>2,601,567.27</u>	<u>3,591,003.06</u>

Accounts receivable (continued)

As at December 31, 2001, installments receivable and accrued service income classified by aging are as follows:

	(Amounts:Baht)	
	<u>Consolidated</u>	<u>The Company</u>
Installments receivable		
Undue installments	65,565,175.08	100,000.00
Less than 3 months	300,000.00	300,000.00
Over 3 months to 12 months	847,706.75	847,706.75
Over 12 months	-	-
Installments paid on date of transfer of title deed	<u>15,087,425.00</u>	<u>87,425.00</u>
Total Installments Receivable	<u>81,800,306.83</u>	<u>1,335,131.75</u>
Accrued service income		
Less than 3 months	30,999,058.73	2,114,142.27
Over 3 months to 6 months	1,658,629.34	265,932.48
Over 6 months to 12 months	1,445,622.50	422,307.66
Over 12 months	<u>8,680,171.44</u>	<u>3,890,897.66</u>
	42,783,482.01	6,693,280.07
Less Allowance for doubtful accounts	(12,639,062.01)	(5,426,844.55)
Service Receivables, net	<u>30,144,420.00</u>	<u>1,266,435.52</u>

NOTE 9 - COST OF REAL ESTATE DEVELOPMENTS

As at December 31, cost of real estate developments consisted of:

	(Amounts:Baht)			
	<u>Consolidated</u>		<u>The Company</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Land cost - under development	2,743,483,013.06	2,734,943,807.49	850,138,396.25	850,138,396.25
Development project costs	4,583,426,163.66	4,344,739,704.07	1,011,027,781.54	1,117,452,735.84
Interest capitalised	1,795,803,915.78	1,754,709,732.51	654,411,655.58	654,411,655.58
Additional utility cost	7,053,939.15	10,615,481.83	7,053,939.15	10,615,481.83
Advance for construction costs	<u>7,418,663.13</u>	<u>-</u>	<u>-</u>	<u>-</u>
	9,137,185,694.78	8,845,008,725.90	2,522,631,772.52	2,632,618,269.50
<u>Less</u> Accumulated costs transferred				
to cost of land sales	(6,252,139,293.55)	(5,949,306,433.63)	(1,714,174,131.42)	(1,728,678,288.09)
Accumulated costs transferred to				
be assets for rent	(346,348,315.83)	(226,979,317.96)	(107,472,144.48)	(107,472,144.48)
Accumulated costs transferred to pay the				
Industrial Estate Authority of Thailand	<u>(137,596,881.51)</u>	<u>-</u>	<u>(137,596,881.51)</u>	<u>-</u>
	2,401,101,203.89	2,668,722,974.31	563,388,615.11	796,467,836.93
Less Loss on projects revaluation	-	-	-	-
Cost of Real Estate Developments, net	<u>2,401,101,203.89</u>	<u>2,668,722,974.31</u>	<u>563,388,615.11</u>	<u>796,467,836.93</u>

Cost of real estate developments (continued)

Hemaraj Land and Development Public Company Limited

Eastern Industrial Estate Company Limited

Eastern Seaboard Industrial Estate (Rayong) Company Limited

Valuation Stated in the Financial Statements

Cost of real estate developments is stated at the lower of aggregate cost and net realisable value for which during the year 1999, the Company and the 2 subsidiaries had obtained appraisal by an appraisal firm and had recognised loss from appraisal in the statements of income. Subsequently, during the year 2000, the cost of real estate developments has been re-appraised which cause the higher appraised value than the previous appraised value.

Obligation of Assets as at December 31, 2001

The majority of land in the projects of the Company and the 2 subsidiaries has been mortgaged as collateral for loans from local financial institutions and the other part has been mortgaged as collateral for the issue of the US\$ 19.2 million Guaranteed Bonds of an overseas subsidiary company.

Capitalisation of Borrowing Costs

Consolidated

For the years ended December 31, 2001 and 2000, interest expenses are capitalised to the cost of real estate developments in the approximate amounts of Baht 41.09 million and Baht 33.39 million, respectively.

The Company

The Company has ceased interest capitalisation since January 1, 1999.

Assets Transfer for Debt Repayment (Hemaraj Land and Development Public Company Limited)

During 2001, the Company transferred the land in its industrial estate with the cost of Baht 137.60 million (the fair value of Baht 222.41 million) to the Industrial Estate Authority of Thailand to pay debts of the Company and a subsidiary company and as a fund in accordance with the amendment to the joint operation agreements dated October 31, 2001 as disclosed in Note 15 and Note 30 to the financial statements.

NOTE 10 - INVESTMENTS AND LOANS

As at December 31, investments and loans consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Investments and loans - related parties, consisted of:				
- Investments				
Investments in subsidiary and associated companies	30,947,427.71	329,540,679.82	2,283,081,208.73	2,590,666,396.15
General investments in related companies	<u>76,800,026.00</u>	<u>76,800,026.00</u>	<u>75,300,000.00</u>	<u>75,300,000.00</u>
	107,747,453.71	406,340,705.82	2,358,381,208.73	2,665,966,396.15
<u>Less</u> Accumulated impairment loss on investments	<u>(54,105,000.00)</u>	<u>(54,105,000.00)</u>	<u>(54,105,000.00)</u>	<u>(54,105,000.00)</u>
Total Investments, net	53,642,453.71	352,235,705.82	2,304,276,208.73	2,611,861,396.15
- Loans and accrued interest income				
Subsidiary companies	-	-	280,277,307.91	183,060,054.08
Associated companies	-	803,012,101.70	-	803,012,101.70
Related companies	<u>434,302,590.35</u>	<u>32,864,273.62</u>	<u>412,793,412.26</u>	<u>11,355,095.53</u>
	434,302,590.35	835,876,375.32	693,070,720.17	997,427,251.31
<u>Less</u> Allowance for doubtful accounts	<u>(32,864,273.62)</u>	<u>(32,864,273.62)</u>	<u>(11,355,095.53)</u>	<u>(11,355,095.53)</u>
Total Loans, net	401,438,316.73	803,012,101.70	681,715,624.64	986,072,155.78
Total Investments and Loans - Related Parties, net	455,080,770.44	1,155,247,807.52	2,985,991,833.37	3,597,933,551.93
Investments in other company				
General investments in equity securities	1,000,000.00	1,000,000.00	-	-
Total Investments in Other Company	<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>-</u>	<u>-</u>
Total Investments and Loans	<u>456,080,770.44</u>	<u>1,156,247,807.52</u>	<u>2,985,991,833.37</u>	<u>3,597,933,551.93</u>

Details of investments in subsidiary, associated and related companies are shown in Note 4 to the financial statements.

NOTE 11 - LEASEHOLD LAND AND LAND HELD FOR COMMERCIAL PURPOSES

As at December 31, leasehold land and land held for commercial purposes consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	2001	2000	2001	2000
Land bank	10,201,000.00	10,201,000.00	10,201,000.00	10,201,000.00
Land cost of projects suspended				
from development	1,406,046,811.19	1,406,046,811.19	1,134,937,492.95	1,134,937,492.95
Suspended development				
project costs	268,526,849.22	271,111,686.04	266,499,451.72	269,511,218.54
Interest capitalized	556,408,618.16	556,408,618.16	556,118,666.11	556,118,666.11
Leasehold land	<u>77,077,105.71</u>	<u>77,077,105.71</u>	<u>77,077,105.71</u>	<u>77,077,105.71</u>
	2,318,260,384.28	2,320,845,221.10	2,044,833,716.49	2,047,845,483.31
<u>Less</u> Loss on projects revaluation	<u>(561,629,560.93)</u>	<u>(561,629,560.93)</u>	<u>(561,629,560.93)</u>	<u>(561,629,560.93)</u>
Leasehold Land and Land Held				
for Commercial Purposes, net	<u>1,756,630,823.35</u>	<u>1,759,215,660.17</u>	<u>1,483,204,155.56</u>	<u>1,486,215,922.38</u>

Hemaraj Land and Development Public Company Limited and Eastern Industrial Estate Company Limited

Valuation Stated in the Financial Statements

Leasehold land and land held for commercial purposes is stated at the lower of aggregate cost and net realisable value for which during the year 1999, the Company and the subsidiary had obtained appraisal by an appraisal firm and had recognised loss from appraisal in the statements of income. Subsequently, during the year 2000, leasehold land and land held for commercial purposes has been re-appraised which cause the higher appraised value than the previous appraised value.

Obligation of Assets as at December 31, 2001

The majority of land in the projects of the Company and the subsidiary has been mortgaged as collateral for loans from local financial institutions and the other part has been mortgaged as collateral for the issue of the US\$ 19.2 million Guaranteed Bonds of an overseas subsidiary company.

NOTE 12 - ASSETS FOR RENT

As at December 31, 2001 and 2000, assets for rent consisted of:

(Amounts:Million Baht)

	Changes in Cost					Changes in Accumulated Depreciation					Net Book Value	
	Beginning	Addition	Sale/Written off	Transfer	Ending	Beginning	Depreciation	Sale/Written off	Transfer	Ending	Beginning	Ending
<u>Consolidated</u>												
Land	45.44*	-	-	19.61	65.05*	-	-	-	-	-	45.44	65.05
Building	181.96*	0.18	-	98.45	280.59*	11.80	10.27	-	-	22.07	170.16	258.52
Pipe rack	<u>102.51</u>	<u>-</u>	<u>-</u>	<u>14.01</u>	<u>116.52</u>	<u>20.63</u>	<u>7.77</u>	<u>-</u>	<u>-</u>	<u>28.40</u>	<u>81.88</u>	<u>88.12</u>
Total	<u>329.91</u>	<u>0.18</u>	<u>-</u>	<u>132.07</u>	<u>462.16</u>	<u>32.43</u>	<u>18.04</u>	<u>-</u>	<u>-</u>	<u>50.47</u>	<u>297.48</u>	<u>411.69</u>
<u>The Company</u>												
Land	25.20*	-	-	-	25.20*	-	-	-	-	-	25.20	25.20
Building	<u>82.27*</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82.27*</u>	<u>7.23</u>	<u>4.13</u>	<u>-</u>	<u>-</u>	<u>11.36</u>	<u>75.04</u>	<u>70.91</u>
Total	<u>107.47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107.47</u>	<u>7.23</u>	<u>4.13</u>	<u>-</u>	<u>-</u>	<u>11.36</u>	<u>100.24</u>	<u>96.11</u>

Consolidated

- As at December 31, 2001 and 2000, portions of land and building for rent, which have been transferred from the cost of real estate developments, were in the accumulated amounts of Baht 345.04* million and Baht 226.98* million, respectively.

- Depreciation of building and pipe rack for the year ended December 31, 2001 is included in cost of services.

The Company

- As at December 31, 2001 and 2000, portion of land and building for rent, which has been transferred from the cost of real estate developments, was in the accumulated amount of Baht 107.47* million.

- Depreciation of building for the year ended December 31, 2001 is included in cost of services.

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2001 and 2000, property, plant and equipment consisted of:

(Amounts:Million Baht)

	Changes in Cost					Changes in Accumulated Depreciation					Net Book Value		Costs of Fully
	Beginning	Addition	Sale	Transfer	Ending	Beginning	Depreciation	Sale	Transfer	Ending	Beginning	Ending	Depreciated Assets
<u>Consolidated</u>													
Land	17.28	-	-	-	17.28	-	-	-	-	-	17.28	17.28*	-
Building and structure	202.41	1.02	-	-	203.43	32.83	9.42	-	-	42.25	169.58	161.18*	0.16
Building improvements	1.42	2.37	-	-	3.79	1.42	0.06	-	-	1.48	-	2.31	1.42
Office equipment and furniture and fixture	58.61	10.56	(0.66)	-	68.51	41.09	5.76	-	-	46.85	17.52	21.66	33.04
Vehicles	28.58	11.03	(5.21)	-	34.40	15.81	5.08	(4.05)	-	16.84	12.77	17.56	10.27
Construction in progress	24.31	0.32	-	(14.01)	10.62	-	-	-	-	-	24.31	10.62**	-
Raw water pipe	<u>3.66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.66</u>	<u>0.64</u>	<u>0.24</u>	<u>-</u>	<u>-</u>	<u>0.88</u>	<u>3.02</u>	<u>2.78</u>	<u>-</u>
Total	336.27	25.30	(5.87)	(14.01)	341.69	91.79	20.56	(4.05)	-	108.30	244.48	233.39	<u>44.89</u>
<u>Less</u> Reserve for impairment loss of assets											-	(10.17)**	
<u>Less</u> Reserve for possible loss of title of land and office building											-	(36.96)*	
Property, Plant and Equipment, net											<u>244.48</u>	<u>186.26</u>	
<u>The Company</u>													
Land	2.93	-	-	-	2.93	-	-	-	-	-	2.93	2.93*	-
Building and structure	45.35	-	-	-	45.35	9.70	1.62	-	-	11.32	35.65	34.03*	0.16
Building improvements	1.42	0.14	-	-	1.56	1.42	-	-	-	1.42	-	0.14	1.42
Office equipment and furniture and fixture	36.48	1.40	(0.66)	-	37.22	27.23	2.39	-	-	29.62	9.25	7.60	24.43
Vehicles	11.96	6.16	(0.42)	-	17.70	4.61	2.88	(0.40)	-	7.09	7.35	10.61	1.98
Construction in progress	0.86	-	-	-	0.86	-	-	-	-	-	0.86	0.86**	-
Raw water pipe	<u>3.66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.66</u>	<u>0.64</u>	<u>0.24</u>	<u>-</u>	<u>-</u>	<u>0.88</u>	<u>3.02</u>	<u>2.78</u>	<u>-</u>
Total	102.66	7.70	(1.08)	-	109.28	43.60	7.13	(0.40)	-	50.33	59.06	58.95	<u>27.99</u>
<u>Less</u> Reserve for impairment loss of assets											-	(0.72)**	
<u>Less</u> Reserve for possible loss of title of land and office building											-	(36.96)*	
Property, Plant and Equipment, net											<u>59.06</u>	<u>21.27</u>	

Property, plant and equipment (continued)

Consolidated

For the year ended December 31, 2001, depreciation of building and equipment are included in selling and administrative expenses and cost of services in the amounts of Baht 13.36 million and Baht 7.20 million, respectively.

The Company

For the year ended December 31, 2001, Depreciation of building and equipment are included in selling and administrative expenses and cost of services in the amounts of Baht 6.85 million and Baht 0.28 million, respectively.

Hemaraj Land and Development Public Company Limited

During 2001, the Company has provided reserve for loss of the possessory right over the land and office building in the amount of Baht 25.18 million as the management of the Company view that the Company may not receive transfer of such possessory right. The Company has already instituted a case to the court.

NOTE 14 - ADVANCES TO THE PROVINCIAL ELECTRICITY AUTHORITY

As at December 31, advances to the Provincial Electricity Authority in the consolidated financial statements consisted of:

	<u>(Amounts:Baht)</u>	
	<u>2001</u>	<u>2000</u>
Eastern Industrial Estate Company Limited	7,413,611.12	7,431,711.12
Eastern Seaboard Industrial Estate (Rayong) Company Limited	7,358,760.90	48,014,760.90
Total	<u>14,772,372.02</u>	<u>55,446,472.02</u>

The 2 companies had advanced to the Provincial Electricity Authority for transmission line construction costs supporting electricity in their industrial estates under the condition of recovering those costs without interest, by way of receiving installments in the period not less than 3 years from the date of using the line to transmit electricity to the industrial estates. The installments are being made at the maximum rate of 30% of monthly electricity fees that the Provincial Electricity Authority charges to entrepreneurs in the industrial estates.

NOTE 15 - SINKING FUND

As at December 31, sinking fund in the consolidated and the Company's financial statements consisted of:

	<u>(Amounts:Baht)</u>	
	<u>2001</u>	<u>2000</u>
Hemaraj Land and Development Public Company Limited	147,485,209.96	69,048,180.80
Eastern Industrial Estate Company Limited	76,189,031.83	29,418,964.35
Eastern Seaboard Industrial Estate (Rayong) Company Limited	<u>136,660,511.03</u>	<u>123,132,760.01</u>
Total	<u>360,334,752.82</u>	<u>221,599,905.16</u>

Hemaraj Land and Development Public Company Limited and Eastern Industrial Estate Company Limited

As disclosed in Note 30 to the financial statements, both companies entered into the amendment to the joint operation agreements with the Industrial Estate Authority of Thailand (“IAET”) dated October 31, 2001, specifying that both companies shall provide a fund for the maintenance and construction of utilities system and facilities in the industrial estates (“the Fund”). Both companies had transferred the land and cash to the Fund in the amount as stated in the agreements and transferred the right of disbursement to IEAT for use according to the objectives. Income or returns arising from the Fund will be contributed to the Fund.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

The company has entered into the joint operation agreements with the IEAT dated September 4, 1996 for the Eastern Seaboard (Rayong) Industrial Estate development project and dated February 28, 1997 for the expansion area. According to the conditions of such agreements, the company was obliged to establish a fund by way of opening, and transferring a withdrawal right to the IEAT, a time deposit with a commercial bank in the name of the fund for maintaining and constructing utility systems in its industrial estate. All benefits arising have been contributed to the fund.

NOTE 16 - GOODWILL

Goodwill represents the excess of acquisition cost over net assets of investments in subsidiary companies at the date of acquisition in the amount of Baht 15,921,431.39, and is being amortised over a ten-year period as from September 1991.

NOTE 17 - LOANS UNDER DEBT RESTRUCTURING NEGOTIATION PLAN

Hemaraj Land and Development Public Company Limited

As at December 31, 2001, loans under debt restructuring negotiation plan consisted of:

- Long-term loan in the amount of Baht 130.82 million, which had previously been restructured on March 31, 1999 with a financial institution that was subsequently closed down in accordance with a notice of the Ministry of Finance.

Subsequent to the above event, the Company has ceased the payments of interest payable. As a result, the whole amount of loan is subject to immediate payment in accordance with the condition of the loan restructuring agreement. As at December 31, 2001, interest payable is in the amount of Baht 125.76 million. Currently, the loan is under supervision of the Financial Institutions Development Fund while the Company’s management is planning for debt restructuring negotiations again.

- During 2001, the Company has failed to pay the principal and interest payable of Baht 20 million and Baht 40.21 million, respectively on long-term loans from a commercial bank with the principal of Baht 404.55 million, which were previously restructured on September 30, 1998 and September 28, 2000. As a result, the whole amount of loans is subject to immediate payment in accordance with the condition of the loan restructuring agreement. Currently, the Company’s management are negotiating for the extension of debt repayments with the bank, the results of which have not yet been determined.

NOTE 18 - CONVERTIBLE BONDS

Hemaraj Land and Development Public Company Limited

The US\$ 60 million convertible bonds, issued on September 9, 1993, bear interest at the rate of 3.5 percent per annum, net of withholding tax, payable annually commencing on September 9, 1994, and will be redeemed on September 9, 2003.

On September 10, 1993, a resolution was passed by the Board of Directors Meeting No.11/1993 to approve the Company to manage funds from convertible bonds in the amount of Baht 1,512.18 million for developing land for commercial purposes and to record the interest from convertible bonds as a part of land development cost.

Conversion and Option for Redemption

As from December 9, 1993 up to August 9, 2003, each convertible bond may be converted into 135 fully paid ordinary shares of the Company. Such conversion rate may be changed as a result of the issue of warrants and the offering of ordinary shares as disclosed in Note 25 and Note 32 to the financial statements, respectively. At present, the Company is under process of giving notice to the trustee and the bondholders for the new conversion rate.

The convertible bonds may be redeemed, in whole or in part, by the Company as from September 9, 1996 at varying percentages of the principal amount from 109.28 percent to 116.50 percent. At the option of the bondholders, the Company must redeem such convertible bonds on September 9, 1998 at 116.50 percent of principal amount.

Repurchase of Convertible Bonds

During 1998 and 1997, an overseas subsidiary repurchased part of the Company's convertible bonds. According to the Bond prospectus, the repurchased convertible bonds shall be cancelled forthwith. As at December 31, 2001 and 2000, repurchased convertible bonds were in the approximate amounts of US\$ 30.34 million, which were shown as loan from repurchase of convertible bonds.

Remaining Convertible Bonds and Provision for Convertible Bond Redemption

As at December 31, 2001 and 2000, the remaining convertible bonds were in the amount of US\$ 24.02 million (Baht 605.25 million). The Company has based the provision for redemption of the remaining convertible bonds. As at December 31, 2001 and 2000, the Company had reserved provision for convertible bond redemption in the approximate amounts of Baht 666.84 million and Baht 640.46 million, respectively, and included these amounts within convertible bonds.

Default in Convertible Bond Redemption and Payment of Interest

The Company failed to redeem the convertible bonds which the bondholders sought redemption in accordance with their rights on September 9, 1998, and failed to meet payments of interest on convertible bonds which were due on September 9, 2001, 2000, 1999 and 1998 in the total amount of US\$ 3.96 million (Baht 175.46 million). As at December 31, 2001, accrued interest on convertible bonds totaled US\$ 4.27 million (Baht 189.28 million). To date, the Company's management have been in the process of negotiation to restructure debts, the results of which has not yet been determined. On April 28, 2000, the resolution was passed by the Annual General Meeting of Shareholders giving approval for the Company to change some conditions of convertible bonds for convenience of debt restructuring, based on the result of negotiation for debt restructuring.

NOTE 19 - INCOME RECEIVED IN ADVANCE

As at December 31, income received in advance consisted of:

	(Amounts:Baht)			
	Consolidated		The Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Land sale contracts receivable				
Land sale contracts	7,829,931,177.93	7,133,496,397.93	111,087,500.00	111,087,500.00
<u>Less</u> Installments received	(7,739,937,982.01)	(7,127,284,595.93)	(111,087,500.00)	(111,087,500.00)
<u>Less</u> Deferred income	(224,740,771.62)	(184,292,046.29)	(1,627,578.38)	(1,829,778.89)
Income Received in Advance	<u>(134,747,575.70)</u>	<u>(178,080,244.29)</u>	<u>(1,627,578.38)</u>	<u>(1,829,778.89)</u>

NOTE 20 - LOANS FROM DIRECTORS AND RELATED PERSONS

Eastern Seaboard Industrial Estate (Rayong) Company Limited

As at December 31, loans from directors and related persons consisted of:

	Credit Line	Credit	Conditions			Interest Payment		Balances	
	(Million Baht)	Period	Term	Total Installments	Principal Repayment	Period	Rate (%)	(Million Baht) 2001	2000
a. Loan from director in term of promissory note with grace period of 1 year	80.00	November 2000 To April 2003	Quarterly	4	Total of the first 3 periods, which approximates 25% of principal of each promissory note will, after grace period, be repaid equally for each period and the remaining will be repaid in the last period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	80.00	24.00
b. Loan from 3 shareholders in term of promissory note with grace period of 1 year									
- Under the agreement dated October 31, 2000	110.00	November 2000 To April 2003	Quarterly	4	Total of the first 3 periods, which approximates 25% of principal of each promissory note will, after grace period, be repaid equally for each period and the remaining will be repaid in the last period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	110.00	39.00
- Under the agreement dated May 2, 2001	30.00	May 2001 To July 2005	Quarterly	12	Approximately 8.33% of principal of each promissory note will be equally repaid for each period, after grace period	Monthly	MLR+1% of Thai Farmers Bank Plc.	30.00	-
- Under the agreement Dated May 3, 2001	<u>65.00</u>	August 2001 To September 2005	Quarterly	12	Approximately 8.33% of principal of each promissory note will be equally repaid for each period, after grace period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	<u>65.00</u>	<u>-</u>
	<u>285.00</u>							285.00	63.00
<u>Less</u> Current portion of loan from directors and related persons								(102.77)	-
Loans from Director and Related Persons, net								<u>182.23</u>	<u>63.00</u>

The Company obtained loans from its director and related persons for financing the construction of micro pre-fabricated factories and mini pre-fabricated factories for sale and rent. Part of land and factories has been mortgaged as collateral for such loans.

NOTE 21 - LONG-TERM LIABILITIES

As at December 31, long-term liabilities consisted of:

							(Amounts:Million Baht)					
Credit Line (Million Baht)	Credit Period	Current Repayment Condition					Balances					
		Principal Repayment			Interest Payment		Consolidated		The Company			
		Installment Amount (Million Baht)	Term	Total Installments	Term	Rate (%)	2001	2000	2001	2000		
<u>Hemaraj Land and Development Public Company Limited</u>												
Loans from 2 local banks and 3 local finance companies												
1) Loan with credit line of Baht 1,200 million, to be repaid within 3 years as from September 28, 1994. Payment, when no mortgage, is at the rate of 60% of transferred land price. The interest rate is MLR+1% per annum.												
According to the results of debt restructuring on September 30, 1998, the credit line is changed to Baht 228.25 million and extended to be repaid in 4 years within September 28, 2001. Payment is made under the old policy. The interest rate is MLR per annum, payable monthly. Subsequently, on September 28, 2000 the latest debt restructuring negotiation is reached.												
107.55	September 28, 2000 to December 30, 2005			10.00	Quarterly	8	Monthly	MLR	107.55	107.55	107.55	107.55
2) Loan with credit line of Baht 297 million and grace period of 18 months, which changed from promissory note from debt restructuring on September 30, 1998, to be repaid within 14 quarters from June, 2000 to September, 2003. The interest rate is MLR per annum, payable monthly. Subsequently, on September 28, 2000 the latest debt restructuring negotiation is reached.												
297.00	September 28, 2000 to December 30, 2005						Monthly	MLR	297.00	297.00	297.00	297.00
3) Loan in the amount of Baht 150 million, to be repaid within 12 quarters, in 3 years from 1996. The interest rate is MLR+1% per annum.												
According to the results of debt restructuring on December 14, 1998, the credit line is changed to Baht 75 million and extended to be repaid in 5 years within December 2003, commencing on December 14, 2001. Subsequently, on November 29, 2001, the latest debt restructuring negotiation is reached.												
75.00	November 29, 2001 to September 30, 2004			10.00	Commencing in December		Monthly	MLR	75.00	75.00	75.00	75.00

Long-term liabilities (continued)

(Amounts:Million Baht)

Credit Line (Million Baht)	Credit Period	Current Repayment Condition						Balances			
		Principal Repayment			Interest Payment			Consolidated		The Company	
		Installment Amount (Million Baht)	Term	Total Installments	Term	Rate (%)	2001	2000	2001	2000	
4) Loan with credit line of Baht 100 million and grace period of 36 months, which was changed from promissory note, is to be repaid within December, 2003 commencing on December 14, 2001. Subsequently, on November 29, 2001, the latest debt restructuring negotiation is reached.	November 29, 2001 to September 30, 2004	12.50 Commencing in December 2002	Quarterly	8	Monthly	MLR	100.00	100.00	100.00	100.00	
5) Loan in the amount of Baht 110 million, to be repaid within 20 months as from February 13, 1996. The interest rate is MLR+0.5% per annum. According to the results of debt restructuring on June 24, 1998, the principal was extended to be repaid on December 20, 1998 and the interest rate was changed to MLR per annum. Subsequently, according to the results of debt restructuring on March 31, 1999, the principal is changed to Baht 130.82 million, of which Baht 20.82 million changed from liability arising from guarantee of promissory note. The first installment due on January 31, 2001.	March 31, 1999 to December 28, 2001	Minimum 11.00	Monthly	12	Monthly	MLR+1 to 1.5	130.82	130.82	130.82	130.82	
6) Loan under the Conditional Debt Release Agreement dated July 31, 2000, the original principal of Baht 172 million is to be repaid totaling Baht 86.93 million, of which Baht 12.62 million was repaid at beginning of the agreement. The remaining Baht 74.31 million is to be repaid as described in current repayment condition. The first installment due on July 31, 2000.	July 31, 2000 to December 31, 2002	Minimum 2.87	Monthly	30	Monthly	11.75	117.42	146.21	117.42	146.21	
Total		882.37					827.79	856.58	827.79	856.58	
<u>Eastern Industrial Estate Company Limited</u>											
Loan from a local bank with credit line of Baht 93 million and grace period of 18 months, which was changed from promissory note from debt restructuring on September 30, 1998, to be repaid within 6 quarters from June, 2000 to September, 2001. The interest rate is MLR per annum, payable monthly. Subsequently, on August 30, 2000 and February 6, 2002 the debt restructuring negotiations are reached.	February 6, 2002 to December 30, 2004		Payment is made, when no mortgage, at the rate of 70% of the transferred land price and at the minimum annual rate as specified in the agreement, commencing in 2002.		Monthly	MLR	93.00	93.00	-	-	
Total		93.00					93.00	93.00	-	-	

Long-term liabilities (continued)

(Amounts:Million Baht)

Credit Line (Million Baht)	Credit Period	Current Repayment Condition					Balances			
		Principal Repayment			Interest Payment		Consolidated		The Company	
		Installment Amount (Million Baht)	Term	Total Installments	Term	Rate (%)	2001	2000	2001	2000
<u>Eastern Seaboard Industrial Estate (Rayong) Company Limited</u>										
Loans from 2 local banks, consisted of:										
1) Loan with credit line of Baht 550 million, repayable within March, 2000, subsequently, extended to March 2001. Latest, the repayment term is extended to within March 2003.	550.00	March, 2000 to March, 2003	Repayable as titles are transferred at 50% of land contract price and the outstanding amount repayable within March, 2003.	Monthly	MLR	160.20	412.66	-	-	
2) Loan in the amount of Baht 230 million, repayable within July, 2000. Subsequently, it was extended to July, 2001.	-					-	90.36	-	-	
Total	550.00					160.20	503.02	-	-	
<u>Eastern Pipeline Services Company Limited</u>										
Loan from a finance company with credit line of Baht 50 million, to be repaid over 72 months from April 30, 1998 to March 31, 2004. The interest rate is MLR+1% per annum, payable monthly. The loan had been put up for sale by FRA. Subsequently, according to the Conditional Debt Release Agreement, which the Company entered into it with a Mutual Fund on July 31, 2000, the original principal is to be repaid totaling Baht 20.57 million, of which Baht 2.90 million was paid at beginning of the agreement. The remaining Baht 17.67 million is to be repaid as described in current repayment condition. The first installment due on July 31, 2000.										
	50.00	July 31, 2000 to December 31, 2002	Minimum 0.68	Monthly	30	Monthly	11.75	23.86	30.71	-
Total	50.00					23.86	30.71	-	-	
Total Long-Term Liabilities	1,575.37					1,104.85	1,483.31	827.79	856.58	
<u>Less</u> Portions under debt restructuring negotiation plan						(535.37)	(130.82)	(535.37)	(130.82)	
<u>Less</u> Current portions of long-term liabilities shown under current liabilities						(71.54)	(177.49)	(54.85)	(71.29)	
Long-Term Liabilities, net						497.94	1,175.00	237.57	654.47	

Long-term liabilities (continued)

The above liabilities are variously collateralised.

Hemaraj Land and Development Public Company Limited

- Portions of long-term loans under the Conditional Debt Release Agreement and related interest payable totaling Baht 162.98 million, which would be forgiven, are to be recognised as revenue in the statement of income upon the completion of debt repayments.
- As at December 31, 2001, long-term loans of the Company under debt restructuring negotiation plan as described in Note 17 to the financial statements represent loans, of which payments of principal and interest were defaulted, and are under the process of negotiating for debt restructuring.

Eastern Pipeline Services Company Limited

Portions of long-term loan under the Conditional Debt Release Agreement and related interest payable totaling Baht 32.08 million, which would be forgiven, are to be recognised as revenue in the statement of income upon the completion of debt repayments.

NOTE 22 - GUARANTEED BONDS

H-International (BVI) Company Limited

On September 25, 1998, a resolution was passed by the Board of Directors Meeting No. 5/1998 to approve the company to issue, in two tranches, US\$ 19.2 million Guaranteed Bonds to a foreign commercial bank which had acquired part of the convertible bonds issued by Hemaraj Land and Development Public Company Limited. The principal amounts are US\$ 11.5 million for the first tranche and US\$ 7.7 million for the second tranche, to be repaid within 2005 in 8 semi-annual installments, with the first installment due on March 31, 2002. The interest rates (net of withholding tax) are 1% per annum and 5% per annum, respectively, payable quarterly as from December 31, 1998.

On September 30, 1998, the company issued the first tranche of Guaranteed Bonds in the amount of US\$ 11.5 million in the acquisition of 7,700 convertible bonds (US\$ 7.7 million) issued by Hemaraj Land and Development Public Company Limited, which were held by the referred bank, at a price of US\$ 8.47 million. Subsequently, the company issued the second tranche of Guaranteed Bonds in the amount of US\$ 7.7 million for its working capital.

Provision for Guaranteed Bond Redemption

Provision for Guaranteed Bond redemption is calculated over the period of the Guaranteed Bonds and included in Guaranteed Bonds. As at December 31, 2001 and 2000, provision for Guaranteed Bond redemption were in the amounts of US\$ 2.23 million (Baht 98.88 million) and US\$ 1.42 million (Baht 61.49 million), respectively.

Collateral

- Hemaraj Land and Development Public Company Limited has co-operated with 2 related companies to guarantee the issue of Guaranteed Bonds. These companies have obligations to comply with terms and conditions of the issue of Guaranteed Bonds.
- Investments in ordinary shares and certain land of a related company have been used as collateral for the issue of Guaranteed Bonds.

Guaranteed bonds (continued)

Other Conditions of Guaranteed Bonds

- The Guaranteed Bonds are not capable of being quoted, listed or ordinarily dealt in any stock exchange, over-the-counter or other organised securities market and may not be transferred to any person other than to a related company of the registered holder.
- The Guaranteed Bonds may be redeemed early in whole or in part and the company is mandated to redeem part of the bonds when the mortgaged land is sold. The redemption price is being calculated to give a yield of 7% - 9% per annum from the issuing date to redemption date.

As at December 31, portions of the Guaranteed Bonds classified by redemption period after such dates to maturity are as follows:

<u>Redemption Period</u>	<u>(Amounts:Million Baht)</u>			
	<u>2001</u>		<u>2000</u>	
	<u>Redemption Price</u>	<u>Book Value</u>	<u>Redemption Price</u>	<u>Book Value</u>
Within 1 year	222.05	213.31	21.19	20.11
Over 1 year to 2 years	226.24	201.32	217.26	193.19
Over 2 years to maturity	<u>436.25</u>	<u>346.42</u>	<u>648.23</u>	<u>496.10</u>
Total	<u>884.54</u>	<u>761.05</u>	<u>886.68</u>	<u>709.40</u>

NOTE 23 - RESERVE FOR POSSIBLE LOSS FROM LAWSUITS AND RESERVE FOR POSSIBLE LOSS FROM PLEDGE OF SECURITIES

Hemaraj Land and Development Public Company Limited

- A lawsuit relating to the obligation under guarantee, filed against the Company requiring it to indemnify the amount of Baht 128 million, has been under consideration of the primary court. The Company has reserved the maximum loss that may arise from this case in the financial statements.
- On June 7, 2000, a resolution was passed at the Board of Directors' Meeting No. 4/2000 approving the Company to provide reserve for possible loss from pledge of securities in the total amount of Baht 235.50 million, according to the securities pledged agreements, against loans to 2 related companies with the credit lines of Baht 105 million and Baht 130.50 million, based on the consideration regarding failure to make loan repayment and substantial doubt about their ability to continue as a going concern.

Subsequently, in the third quarter of 2001, the Company provided an additional reserve in the amount of Baht 158.40 million, based on the consideration regarding the lawsuit, which has been filed against the Company as a co-borrower, requiring it to indemnify the total amount of Baht 484.10 million. However, the Company's management believes that the maximum loss that the Company would be responsible for would not exceed said reserve.

NOTE 24 - SHARE CAPITAL

The Extraordinary General Meeting of Shareholders No. 1/2001 of Hemaraj Land and Development Public Company Limited held on December 28, 2001 approved the Company to proceed its authorised share capital summarised as follows:

- Decrease authorised share capital, from authorised share capital of Baht 3,270,000,000 to authorised share capital of Baht 2,252,967,250, consisting of 225,296,725 ordinary shares of Baht 10 par value, by way of revoking 101,703,275 unissued ordinary shares (including ordinary shares allocated to accommodate the exercise of the right of convertible bonds of 51,234,425 shares, with the remaining 13,000,000 ordinary shares to accommodate the exercise of right of convertible bonds) of Baht 10 par value, amounting to Baht 1,017,032,750, and to adapt Clause 4 of the Company's Memorandum of Association to conform with this resolution. The Company registered the decrease of its authorised share capital with the Ministry of Commerce on January 2, 2002.
- Increase authorised share capital by Baht 7,747,032,750, from authorised share capital of Baht 2,252,967,250 to authorised share capital of Baht 10,000,000,000, divided into 1,000,000,000 ordinary shares of Baht 10 par value, by issuing authorised 774,703,275 ordinary shares of Baht 10 par value, and to adapt Clause 4 of the Company's Memorandum of Association to conform with the resolution. The Company registered the increase of its authorised share capital with the Ministry of Commerce on January 3, 2002.
- Allocation of the increased ordinary shares is as follows:
 1. 283,163,108 shares for offering to the existing shareholders at the rate of 1 existing share to 4 new shares of Baht 1 each;
 2. 159,782,075 shares for offering via private placement in accordance with the Notification of the Securities and Exchange Commission No. Kor Jor. 12/2543 regarding request for permission and permission to offer newly issued shares at the offering price of not lower than Baht 3; and
 3. 331,758,092 shares to accommodate the exercise of the right of warrant holders to purchase ordinary shares in addition to the existing allocation. The ordinary shares allocated to accommodate the exercise of the right of warrant holders to purchase ordinary shares total 473,264,040 shares.

NOTE 25 - WARRANTS

Hemaraj Land and Development Public Company Limited

- Issue of Warrants and Registering as Listed Securities

According to the resolutions of the Annual General Meeting of Shareholders dated April 30, 1999, the Company issued 141,531,150 warrants to the existing shareholders and specific investors, at the unit price of Baht 0.1. Total cash received from offer of warrants was in the approximate amount of Baht 14.15 million. The Company registered its warrants with the Stock Exchange of Thailand ("SET") as listed securities and the warrants were approved by the SET to be listed securities from December 15, 1999 onwards.

- Condition of Warrants

Old Condition

Warrants are to be exercised within the period of 5 years from the issuing date, in the ratio of 1 new share for each warrant, at a price of Baht 10 per share.

Revised Condition

The Extraordinary General Meeting of Shareholders No. 1/2001 of the Company held on December 28, 2001 approved the extension of exercised period to 10 years from the issuing date, which will end within September 30, 2009 and the adjustment of exercised price to Baht 3 per share.

NOTE 26 - DIRECTORS' REMUNERATION AND PERSONNEL EXPENSES

For the years ended December 31, directors' remuneration included in the consolidated and the Company's financial statements consisted of:

	<u>(Amounts:Million Baht)</u>	
	<u>2001</u>	<u>2000</u>
Hemaraj Land and Development Public Company Limited	31.60	16.98
Eastern Seaboard Industrial Estate (Rayong) Company Limited	4.35	3.08
H-International (BVI) Company Limited	<u>50.41</u>	<u>31.01</u>
Total	<u>86.36</u>	<u>51.07</u>

For the years ended December 31, personnel expenses included in selling and administrative expenses and cost of services in the statements of income are as follows:

	<u>(Amounts:Million Baht)</u>	
	<u>2001</u>	<u>2000</u>
Consolidated statements of income	63.43	60.97
The Company's statements of income	26.27	23.75

NOTE 27 - LOSS PER SHARE COMPUTATION

For the years ended December 31, loss per share computation in the consolidated and the Company's financial statements consisted of:

	2001			2000		
	<u>Net Loss for the Year</u> (Baht)	Number of Shares (Share)	<u>Loss per Share</u> (Baht)	<u>Net Loss for the Year</u> (Baht)	Number of Shares (Share)	<u>Loss per Share</u> (Baht)
<u>Basic loss per share</u>						
Net loss attributable to ordinary shareholders	(493,229,484.26)	70,790,777	(6.97)	(851,997,810.30)	70,781,772	(12.04)
<u>The effect of potential ordinary shares</u>						
Convertible bonds						
- Adding back the expenses that will be saved on the conversion of convertible bonds (net of income tax 25% for 2001 and 30% for 2000)	54,950,158.35			154,340,558.41		
- Increase in ordinary shares under conversion of convertible bonds**		3,254,033			3,254,033	
Warrants						
- Number of shares that would have been issued for no consideration as the average fair value of ordinary shares exceeds the exercise price		280,095,044			32,150,501	
<u>Loss per share after adjustment by the effect of potential ordinary shares</u>						
Net loss attributable to ordinary shareholders in case of convertible bonds being converted and all warrants being exercised	(438,279,325.91)	354,139,854	(1.24)	(697,657,251.89)	106,186,306	(6.57)

**Conversion ratio may be changed as disclosed in Note 18 to the financial statements.

For the years ended December 31, 2001 and 2000, loss per share after adjustment by the effect of potential ordinary shares is not shown in the statements of income since the amounts resulting from the effect of potential ordinary shares are lower than basic loss per share.

NOTE 28 - PLEDGED ASSETS

As at December 31, 2001, pledged assets are as follows:

Hemaraj Land and Development Public Company Limited

- Time deposits of approximately Baht 0.54 million have been pledged to local banks against letters of guarantee issued to the Communication Authority of Thailand, the Provincial Electricity Authority, the Industrial Estate Authority of Thailand and other companies.
- Investments in 10 million ordinary shares of Nakornthai Strip Mill Public Company Limited, a related company, have been used as collateral for loans from a financial institution.
- Investments in 9,999,994 ordinary shares of Eastern Industrial Estate Company Limited, a subsidiary company, have been used as collateral for the issue of Guaranteed Bonds of an overseas subsidiary company.
- Investments in 15 million ordinary shares of Sriracha Harbor Public Company Limited, which is a related company, have been used as collateral for loans obtained by 2 related companies from financial institutions.
- The majority of land and attachments have been mortgaged as collateral for loans from local financial institutions.

Eastern Industrial Estate Company Limited

- Time deposit of approximately Baht 19.25 million has been pledged to local banks against security given for performance under sale contracts and utility construction.
- All of the company's land for development and the majority of its land held for commercial purposes have been mortgaged as collateral for long-term loans from a local commercial bank and the issue of Guaranteed Bonds of an overseas related company.
- Investments in 599,993 ordinary shares of Eastern Pipeline Services Company Limited, a subsidiary company, have been used as collateral for a loan issued by a financial institution to that subsidiary.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- Time deposit of approximately Baht 25.96 million has been pledged to local banks against security given for performance under sale contracts and utility services.
- The majority of the company's land has been mortgaged as collateral for overdrafts and loan from 2 commercial banks.
- Land, mini and micro pre-fabricated factories of the company have been mortgaged as collateral for loans from directors and related persons.

H-International (BVI) Company Limited

- Saving deposit of approximately US\$ 0.03 million (Baht 1.14 million) has been reserved for payment of Guaranteed Bond interest.

NOTE 29 - PROVIDENT FUND

Hemaraj Land and Development Public Company Limited

Eastern Industrial Estate Company Limited

Eastern Seaboard Industrial Estate (Rayong) Company Limited

Eastern Pipeline Services Company Limited

The Company and the 3 subsidiaries jointly established the provident fund under the Provident Fund Act B.E. 2530, named "Hemaraj Provident Fund", to provide membership for their employees. According to regulations of the fund, members are required to make contributions at the rate of 4% of their monthly salaries while the Company and the subsidiaries will also make contributions at the rate of 4% - 8% of such salaries, depending on the length of work. Members are entitled to the companies' contributions plus net benefit thereon, depending on their working period.

The provident fund is managed by a commercial bank as the fund manager, and therefore does not appear in the balance sheet.

NOTE 30 - COMMITMENTS

As at December 31, 2001, commitments are as follows:

Hemaraj Land and Development Public Company Limited

- The Company has participated in the establishment project of Chonburi Industrial Estate (Bor Win) in Phase 1 and Phase 2 with the Industrial Estate Authority of Thailand ("IEAT") according to the joint operation agreement dated July 5 and December 29, 1989, respectively. Later on October 31, 2001, the Company entered into the amendment to such joint operation agreement with IEAT. The major conditions are summarised as follows:

1. The Company shall provide utilities systems and facilities to the entrepreneurs in the industrial estate with payment of expenses on its participation in the procedures to the IEAT.
2. The Company shall not transfer assets, component part and equipment as well as utilities systems and facilities to the IEAT.
3. The Company shall provide a fund for the maintenance and construction of utilities systems and facilities in the industrial estate ("the Fund").

The Company transferred the land and cash to pay expenses on its participation in the procedures and made transfer to the Fund. The profit from the amendment to the joint operation agreement amounted to Baht 174.34 million.

- The Company and another company (the Co-investor) have jointly invested in 2 associated companies, Glow Company Limited (formerly: H-Power Company Limited) and Bowin Power Company Limited. Subsequently, the Co-investor has entered into an agreement with the financial institutions, which are the lenders, in order to guarantee the Company in proportionate support of the capital increase of these two associated companies, according to the condition of the Financial Agreement. The Company has also entered into the Reimbursement Agreement with the Co-Investor whereas it is obliged to reimburse the Co-Investor for guarantee expenses with the condition of providing the Co-Investor options to purchase its investment in share capital of Glow Company Limited, proportionately on unpaid expenses, in case it could not pay such expenses. This may effect the holding of interest in the future, further to the discussion in Note 4 to the financial statements.

Commitments (continued)

Eastern Industrial Estate Company Limited

The Company has participation in the establishment project of Eastern Industrial Estate (Map Ta Phut) with the IEAT according to the joint operation agreement dated December 27, 1989. Later on October 31, 2001, the Company entered into the amendment to such cooperation agreement with IEAT. The major conditions are summarized as follows:

1. The Company shall provide utilities systems and facilities to the entrepreneurs in the industrial estates with payment of expenses on its participation in the procedures to the IEAT.
2. The Company shall not transfer assets, component part and equipment as well as utilities systems and facilities to the IEAT.
3. The Company shall provide a fund for the maintenance and construction of utilities systems and facilities in the industrial estate ("the Fund").

The Company transferred the land and cash to pay expenses on its participation in the procedures and made transfer to the Fund. The profit from the amendment to the joint operation agreement amounted to Baht 48.14 million.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- The company has a liability, under a joint-investment agreement with Hemaraj Land and Development Public Company Limited and another company, to pay commission to Hemaraj Land and Development Public Company Limited based on revenues from sales of land, public utility service providing and lease of factory.
- The company has commitment under construction contracts with 2 contractors to construct mini and micro pre-fabricated factory, phase II, amounting to Baht 48.57 million.
- The company has commitment under construction contracts with 2 contractors to construct a utilities system phase II B and phase 4, amounting to Baht 110.03 million.
- The company has commitment under service agreement with a related company in obtaining the maintenance of utility system service from such company, amounting to Baht 5.67 million.

NOTE 31 - COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2001, commitments and contingent liabilities consisted of:

Hemaraj Land and Development Public Company Limited

- The Company has guaranteed a subsidiary company's loan amounting to Baht 50 million, and has co-operated with 2 subsidiaries to guarantee the issue of the US\$ 19.20 million Guaranteed Bonds of an overseas subsidiary company.
- The Company has obligations, under condition of the letters of guarantee issued by the banks for its performance under the joint operation agreements with the IEAT, the construction of utilities under land sale contract, and its performance under the raw water purchase agreement and others, as well as the letters of guarantee issued by the banks for the performance of its associated company under the power plant construction agreement with the Electricity Generating Authority of Thailand, in the total amount of Baht 72.90 million.

Commitments and contingent liabilities (continued)

Eastern Industrial Estate Company Limited

- The company has entered into land sale and purchase contracts. Under the terms of the contracts, the company is contingently liable to repay deposits and installments in the event that buyers are unable to obtain satisfactory approval from the Board of Investment and/or the IEAT to set up operations and, consequently, obliged to cancel contracts.
- The company has co-operated with 2 related companies to guarantee the issue of the US\$ 19.20 million Guaranteed Bonds of an overseas related company.
- The company has obligation regarding guarantee of the hire purchase agreements of its 2 related companies in the total credit line of Baht 14.28 million.
- The company has obligations, under condition of the letters of guarantee issued by the banks for its performance under the joint operation agreement with the IEAT, the construction of utility and power substation in its industrial estate, and others in the total amount of Baht 188.21 million.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- The company has entered into land sale and purchase contracts. Under the terms of the contracts, the company is contingently liable to repay deposits and installments in the event that buyers are unable to obtain satisfactory approval from the Board of Investment and/or the IEAT to set up operations and, consequently, obliged to cancel contracts.
- The company has obligation, under condition of the letters of guarantee issued by banks to guarantee its performance under the joint operation agreement with the IEAT, the construction of utility, transmission lines and power station in its industrial estate, and others in the total amount of Baht 224.33 million.

Eastern Pipeline Services Company Limited

The company has co-operated with 2 related companies to guarantee the issue of the US\$ 19.20 million Guaranteed Bonds of an overseas related company.

NOTE 32 - SUBSEQUENT EVENTS

During January 14-18, 2002, Hemaraj Land Development Public Company Limited issued 283,163,108 ordinary shares to the existing shareholders at the rate of 1 existing share to 4 new shares of Baht 1 each. The total proceeds amounted to Baht 283.16 million, which will be used as working capital of the Company.

NOTE 33 - PROMOTIONAL PRIVILEGES

The Company and its 2 subsidiary companies have been granted promotional certificates under the Investment Promotion Act, B.E. 2520 as follows:

Hemaraj Land and Development Public Company Limited

Industrial Estate Business

- A. On December 29, 1988, obtaining the first promotional certificate for the development area of 1,500 Rais; and
- B. On February 15, 1990, obtaining the second promotional certificate for the development area of 2,000 Rais.

Promotional privileges (continued)

Major Privileges

- A. Exemption from corporate income tax on net income derived from the promoted business for a period of 7 years as from the date when revenues are first earned.
- B. Reduction of 50% of the normal rate of corporate income tax on net income derived from the promoted business for 5 years from the expiry date under condition A.

The promotion period under condition A expired and the Company is currently in the promotion period under condition B.

Eastern Industrial Estate Company Limited

Industrial Estate Business

- A. On May 8, 1989, obtaining the first promotional certificate for the development area of 626 Rais; and
- B. On September 23, 1992, obtaining the second promotional certificate for the development area of 1,850 Rais.

Major Privileges

- A. Exemption from corporate income tax on net income derived from the promoted business from the date when revenues are first earned as follows:
 - 5 years for the first promotional certificate.
 - 8 years for the second promotional certificate.
- B. Reduction of 50% of the normal rate of corporate income tax on net income derived from the promoted business for 5 years from the expiry date under condition A.

The promotion period under condition A expired and the company is currently in the promotion period under condition B.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

A. Industrial Estate Business

- A1 On June 21, 1995, obtaining the promotional certificate for the development area of 2,063 Rais, which subsequently, extended to be 3,595 Rais on August 9, 1995.
- A2 On October 27, 1997, obtaining the promotional certificate for the development area of 2,466 Rais.

B. Industrial Factory Development Business

- B1 On January 19, 2000, obtaining the promotional certificate for the development of industrial factories for sale and rent, 17 units for micro factory and 5 units for mini factory.
- B2 On June 21, 2000, obtaining the promotional certificate for the development of industrial factories for sale and rent, 6 units for micro factory and 7 units for mini factory.
- B3 On January 26, 2001, obtaining the promotional certificate for the development of industrial factories for sale and rent, 1 unit for micro factory and 11 units for mini factory.

Promotional privileges (continued)

Major Privileges

- A. Exemption from corporate income tax on net income derived from the promoted business for a period of 8 years as from the date when revenues are first earned.
- B. Reduction of 50% of the normal rate of corporate income tax on net income derived from the promoted business for 5 years from the expiry date of 8 years after the date when revenues of each business are first earned.
- C. Double deduction of transportation expenses, electricity expenses and water supply expenses is allowed for 10 years from the date when the revenues are first earned.

For the years ended December 31, domestic revenues are classified into the promoted and the non-promoted businesses as follows:

	(Amounts: Million Baht)					
	<u>The promoted</u>		<u>The non-promoted</u>		<u>Total</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Consolidated</u>						
Revenue from sales of land	534.17	311.43	0.20	5.75	534.37	317.18
Revenue from sales of						
pre-fabricated factory	35.00	-	-	30.34	35.00	30.34
Service income	<u>234.59</u>	<u>218.42</u>	<u>133.85</u>	<u>62.57</u>	<u>368.44</u>	<u>280.99</u>
Total	<u>803.76</u>	<u>529.85</u>	<u>134.05</u>	<u>98.66</u>	<u>937.81</u>	<u>628.51</u>
<u>The Company</u>						
Revenue from sales of land	-	3.49	0.20	5.75	0.20	9.24
Service income	<u>13.24</u>	<u>15.23</u>	<u>36.82</u>	<u>25.37</u>	<u>50.06</u>	<u>40.60</u>
Total	<u>13.24</u>	<u>18.72</u>	<u>37.02</u>	<u>31.12</u>	<u>50.26</u>	<u>49.84</u>

NOTE 34 - FINANCIAL INSTRUMENTS

Risk Management Policy

Exposure to interest rate and currency risk arises in the normal course of the Hemaraj Group's business. These are subject to the risk of market rates changing subsequent to transaction date.

The Hemaraj Group's policy on interest rate risk and currency risk hedging is as follows:

- Maintaining proportions of domestic and foreign borrowings denominated in USD currency at 45% and 55%, respectively;
- Borrowing loans at fixed and floating interest rates in proportions of 60% and 40%, respectively;
- Mobilizing fund from directors and shareholders; and
- Pledging assets as collateral against loans.

The Hemaraj Group has no policy to speculate on or engage in the trading of any off-balance-sheet derivative financial statements.

Financial instruments (continued)

Fair Value of Financial Instruments

Except as disclosed in Note 3 to the financial statements, fair value of significant financial instruments consists of:

- Fair value of cash and cash equivalents, deposits for investment, accounts receivable, bank overdrafts and loans from financial institutions, accounts payable and accrued expenses approximates the carrying amount because of short maturity of these instruments.
- Fair value of short-term investments in available-for-sale securities is equal to the carrying amount.
- Fair value of short-term loans and advances to related parties, loans to related parties, short-term loans and advances from related parties, due to and loans from related parties could not be determined since the repayment period is not determined.
- Fair value of convertible bonds, loans under debt restructuring negotiation plan and related interest payable could not be determined since the conditions of payments have not yet been determined.
- Fair value of the restructured domestic loans could not be determined due to uncertainty of payment under the conditions of debt restructuring agreements.
- Fair value of Guaranteed Bonds, which is computed by giving the discount rates to each installment, is equal to the carrying amount.

Sensitivity Analysis

In managing interest rate and currency risks, the Hemaraj Group aims to reduce the short-term impact of fluctuations on their operations. However, permanent changes in foreign exchange and interest rates will have an impact on their operations in the long run.

For the year ended December 31, 2001, significant sensitivity analysis consisted of:

- Based on the balances as at December 31, 2001 of financial assets and liabilities with floating interest rate, it is estimated that a general change of one percentage point in interest rate will cause a change in the consolidated and the Company's operations in the amounts of Baht 4.91 million and Baht 3.42 million, respectively.
- Based on the balances as at December 31, 2001 of financial assets and liabilities denominated in USD currency, it is estimated that, a general change of one percentage point in exchange rate of Baht against USD from the exchange rate as at December 28, 2001 will cause a change in the consolidated and the Company's financial positions and operations in the amounts of Baht 15.01 million and Baht 15.06 million, respectively.

The Hemaraj Group has no hedging agreement against exposure to foreign currency risk from financial assets and liabilities.

- The changes in some conditions of convertible bonds, which is subject to the outcome of negotiation with the representative of convertible bondholders and the adjustment to the conversion ratio of convertible bonds will affect the portion of debt-to-equity swap and shareholding structure.
- Energy joint venture agreement with a co-investor may affect the Company's shareholding in an associated company.

Financial instruments (continued)

Interest Rate of Significant Financial Assets and Financial Liabilities

Significant financial assets and financial liabilities included in the consolidated balance sheets, classified by period of interest rate revision or due date, whichever is earlier, from December 31, are as follows

(Amounts: Million Baht, except interest rate)

	<u>Within 1 year</u>		<u>More than 1 year</u>		<u>Non-Interest Bearing</u>		<u>Total</u>		<u>Average Interest Rate (%)</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Financial Assets</u>										
Cash on hand and cash at banks	109.88	90.09	-	-	0.21	7.61	110.09	97.70	-	-
Deposits for investment	243.55	-	-	-	-	-	243.55	-	-	-
Short-term investments - Time deposits	45.86	46.80	-	-	-	-	45.86	46.80	-	-
Short-term investments in available-for-sale securities, net	-	-	-	-	0.28	0.24	0.28	0.24	-	-
Accounts receivable, net	-	-	-	-	94.66	100.50	94.66	100.50	-	-
Accounts receivable - related parties, net	-	-	-	-	3.75	4.35	3.75	4.35	-	-
Advances and loans to related parties, net	398.04	-	-	-	3.48	-	401.52	-	-	-
Long-term investments in other company	-	-	-	-	1.00	1.00	1.00	1.00	-	-
Advances to the Provincial Electricity Authority	-	-	-	-	14.77	55.45	14.77	55.45	-	-
Total Financial Assets	<u>797.33</u>	<u>136.89</u>	<u>-</u>	<u>-</u>	<u>118.15</u>	<u>169.15</u>	<u>915.48</u>	<u>306.04</u>		
<u>Financial Liabilities</u>										
A. Baht Currency										
Bank overdrafts	40.01	37.74	-	-	-	-	40.01	37.74	-	-
Loans under debt restructuring process	535.37	130.82	-	-	-	-	535.37	130.82	21.41	30.00
Other loan	-	40.00	-	-	-	-	-	40.00	13.11	11.16
Accounts payable	-	-	-	-	91.27	53.53	91.27	53.53	-	-
Accounts payable - the Industrial Estate Authority of Thailand	58.72	359.81	-	-	1.70	18.03	60.42	377.84	-	-
Due to and loans from related parties	-	11.01	-	-	1.52	1.52	1.52	12.53	-	7.96
Loans from directors and related person	285.00	63.00	-	-	-	-	285.00	63.00	8.33	8.88
Long-term liabilities with fixed interest rate	40.05	35.63	101.24	141.29	-	-	141.29	176.92	11.75	11.75
Long-term liabilities with floated interest rate	<u>428.20</u>	<u>1,175.56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428.20</u>	<u>1,175.56</u>	7.30	8.41
Total	1,387.35	1,853.57	101.24	141.29	94.49	73.08	1,583.08	2,067.94		
B. US Dollar Currency										
Convertible Bonds with fixed interest rate	1,272.09	1,245.71	-	-	-	-	1,272.09	1,245.71	3.50	3.50
Guaranteed Bonds with fixed interest rate	213.31	20.11	547.74	689.29	-	-	761.05	709.40	7.00-9.00	7.00-9.00
Total	1,485.40	1,265.82	547.74	689.29	-	-	2,033.14	1,955.11		
Total Financial Liabilities	<u>2,872.75</u>	<u>3,119.39</u>	<u>648.98</u>	<u>830.58</u>	<u>94.49</u>	<u>73.08</u>	<u>3,616.22</u>	<u>4,023.05</u>		

Financial instruments (continued)

Interest Rate of Significant Financial Assets and Financial Liabilities

Significant financial assets and financial liabilities included in the Company's balance sheets, classified by period of interest rate revision or due date, whichever is earlier, from December 31, are as follows:

(Amounts: Million Baht, except interest rate)

	<u>Within 1 year</u>		<u>More than 1 year</u>		<u>Non-Interest Bearing</u>		<u>Total</u>		<u>Average Interest Rate (%)</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<u>Financial Assets</u>										
Cash on hand and cash at banks	9.34	4.50	-	-	0.08	0.36	9.42	4.86	-	-
Short-term investments - Time deposits	0.55	2.49	-	-	-	-	0.55	2.49	-	-
Short-term investments in available-for-sale securities, net	-	-	-	-	0.28	0.24	0.28	0.24	-	-
Accounts receivable, net	-	-	-	-	2.60	3.59	2.60	3.59	-	-
Accounts receivable - related parties, net	-	-	-	-	0.13	1.31	0.13	1.31	-	-
Short-term loans, advances and long-term loans to related parties, net	<u>398.05</u>	<u>16.59</u>	<u>264.09</u>	<u>166.47</u>	<u>69.47</u>	<u>33.76</u>	<u>731.61</u>	<u>216.82</u>	10.61	10.23
Total Financial Assets	<u>407.94</u>	<u>23.58</u>	<u>264.09</u>	<u>166.47</u>	<u>72.56</u>	<u>39.26</u>	<u>744.59</u>	<u>229.31</u>		
<u>Financial Liabilities</u>										
A. Baht Currency										
Bank overdrafts	39.82	37.72	-	-	-	-	39.82	37.72	-	-
Loans under debt restructuring process	535.37	130.82	-	-	-	-	535.37	130.82	21.41	30.00
Other loan	-	40.00	-	-	-	-	-	40.00	13.11	11.16
Accounts payable	-	-	-	-	5.04	8.53	5.04	8.53	-	-
Accounts payable - the Industrial Estate Authority of Thailand	37.16	243.06	-	-	-	-	37.16	243.06	-	15.00
Short-term loans, advances and long-term loans to related parties	-	-	-	-	1,497.20	1,828.12	1,497.20	1,828.12	-	-
Long-term liabilities with fixed interest rate	32.35	28.79	85.07	117.42	-	-	117.42	146.21	11.75	11.75
Long-term liabilities with floated interest rate	175.00	579.55	-	-	-	-	175.00	579.55	7.30	8.41
Total	819.70	1,059.94	85.07	117.42	1,502.24	1,836.65	2,407.01	3,014.01		
B. US Dollar Currency										
Convertible Bonds with fixed interest rate	<u>1,272.09</u>	<u>1,245.71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	1,272.09	1,245.71	3.50	3.50
Total Financial Liabilities	<u>2,091.79</u>	<u>2,305.65</u>	<u>85.07</u>	<u>117.42</u>	<u>1,502.24</u>	<u>1,836.65</u>	<u>3,769.10</u>	<u>4,259.72</u>		

NOTE 35 - SEGMENT INFORMATION

As at December 31, assets in the consolidated balance sheets classified by domestic and overseas businesses are as follows:

(Amounts:Million Baht)

	2001			2000				
	Domestic		Overseas	Domestic		Overseas		
	Industrial Estate	Others	Holding Company	Industrial Estate	Others	Holding Company		
			Total			Total		
Cost of real estate developments	2,401.10	-	-	2,401.10	2,668.72	-	-	2,668.72
Leasehold land and land held for commercial purposes	1,756.63	-	-	1,756.63	1,759.22	-	-	1,759.22
Assets for rent	323.57	88.12	-	411.69	215.59	81.88	-	297.47
Property, plant and equipment, net	186.26	-	-	186.26	230.46	14.02	-	244.48
Other assets	<u>1,048.76</u>	<u>4.37</u>	<u>320.35</u>	<u>1,373.48</u>	<u>1,709.03</u>	<u>2.31</u>	<u>7.83</u>	<u>1,719.17</u>
Total Assets	<u>5,716.32</u>	<u>92.49</u>	<u>320.35</u>	<u>6,129.16</u>	<u>6,583.02</u>	<u>98.21</u>	<u>7.83</u>	<u>6,689.06</u>

Segment information (continued)

For the years ended December 31, operations in the consolidated statements of income classified by domestic and overseas businesses are as follows:

(Amounts:Million Baht)

	2001			2000			
	Domestic		Overseas	Domestic		Overseas	Total
	Industrial Estate	Others	Holding Company	Industrial Estate	Others	Holding Company	Total
Sales of land	534.37	-	-	534.37	317.18	-	317.18
Sales of pre-fabricated factory	35.00	-	-	35.00	30.34	-	30.34
Service income	<u>350.28</u>	<u>18.16</u>	<u>-</u>	<u>368.44</u>	<u>264.58</u>	<u>16.41</u>	<u>280.99</u>
Total Sales and Service Income	<u>919.65</u>	<u>18.16</u>	<u>-</u>	<u>937.81</u>	<u>612.10</u>	<u>16.41</u>	<u>628.51</u>
Gain (loss) from operations	111.82	(3.69)	(0.93)	107.20	68.21	5.02	72.46
Other incomes	319.23	0.98	0.34	320.55	159.60	-	189.76
Interest expense	(161.31)	(1.35)	(58.24)	(220.90)	(215.90)	(4.81)	(271.33)
Directors' remuneration	(35.95)	-	(50.41)	(86.36)	(20.06)	-	(51.07)
Share of loss in associated companies	(303.87)	-	-	(303.87)	(138.28)	-	(138.28)
Loss on exchange rate	(22.94)	-	(24.04)	(46.98)	(163.53)	-	(301.21)
Reserve for loss of possessory right over							
the land and office building	(25.18)	-	-	(25.18)	-	-	-
Reserve for possible loss from pledge of securities	(158.40)	-	-	(158.40)	(235.50)	-	(235.50)
Impairment loss on investments	-	-	-	-	(38.05)	-	(38.05)
Loss on sale of investments	-	-	-	-	(46.03)	-	(46.03)
Impairment loss on construction in progress	(10.17)	-	-	(10.17)	-	-	-
Income tax	<u>(8.23)</u>	<u>-</u>	<u>-</u>	<u>(8.23)</u>	<u>(0.96)</u>	<u>-</u>	<u>(0.96)</u>
Gain (loss) before minority interests	<u>(295.00)</u>	<u>(4.06)</u>	<u>(133.28)</u>	<u>(432.34)</u>	<u>(630.50)</u>	<u>0.21</u>	<u>(820.21)</u>
Minority interests				<u>(60.89)</u>			<u>(31.79)</u>
Net loss				<u>493.23)</u>			<u>(852.00)</u>

NOTE 36 - RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended December 31, 2000 have been reclassified to conform with the presentation in the financial statements for the year ended December 31, 2001.