

HEMARAJ LAND AND DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. GENERAL INFORMATION

On August 15, 1988, Hemaraj Land and Development Public Company Limited (“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 a real estate developer as follows :

1. 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

2. A condominium for sale being developed under the Company's name is called "The Park of Chidlom", which is located at Chidlom road, Bangkok.

3. Service business related to the said industrial estates consisting of service providing for public utilities, prefabricated factory for sale and lease, land rental, commercial plaza rental, pipe rack rental in Industrial Estates, and additional work in building construction and others.

Hemaraj Group’s head office is located at 18th floor, UM Tower, 9 Ramkhamhaeng Road, Suanluang subdistrict, Suanluang district, Bangkok, Thailand 10250.

As at December 31, 2003 and 2002, Hemaraj Group employs 153 and 141 staff, respectively.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

2.1 Basis for preparation and presentation of financial statements

The financial statements of the Company have been presented in accordance with the Department of Business Development’s announcement on September 14, 2001, regarding the brief items to be presented in the financial statements B.E. 2544 and in conformity with generally accepted accounting standards.

The Company’s financial statements are prepared in the Thai language as required by Thai law, and translated into English for the convenience of a reader of the financial statements.

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 financial statement presentation.

Basis of consolidated financial statement presentation (continued)

2.2 Basis for preparation and presentation of consolidated financial statements

The consolidated accounts incorporate the accounts of the Company and its majority own directly or indirectly (over 50%) subsidiaries as at December 31, are as follows:

	TYPE OF BUSINESS	HOLDING OF INTEREST (%)	
		2003	2002
Eastern Industrial Estate Company Limited	Real Estate Development	99.99	99.99
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Real Estate Development	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 Service	99.99	99.99
The Park Residence Company Limited**	Property Development and Marketing and Service Management	99.99	-

* An overseas subsidiary, used information from the financial statements were provided by the management and have not been audited. However, the total assets and net income as show in these financial statements were not material to the consolidated interim financial statements as a whole.

** Establish in December 2003, based on information from the financial statements, which were audited by another auditor.

Significant intercompany transactions are eliminated from the consolidated financial statements.

All subsidiaries were incorporated in Thailand except H-International (BVI) Company Limited and Hemaraj International Limited which were incorporated in British Virgin Islands and Cayman Islands, respectively.

In addition, the consolidated and the Company's financial statements for the years ended December 31, include share of profits (losses) from associated companies, based on information from the financial statements, which were provided by the management and were not audited by an auditor, as follows:

	MILLION BAHT	
	2003	2002
Elyo-H Facilities Management Limited	(2.14)	(1.81)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Measurement Bases Used in Preparing the Financial Statements

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

Cash and Cash Equivalents

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

Current Investments

Available-for-sale securities consist of investments in marketable securities, which are stated at fair value net of allowance for investments revaluation.

Trade Account Receivables and Allowance for Doubtful Accounts

Trade account receivables represent land sale contract receivables under contract price net of installments received and deferred income. Public utilities service receivables are presented net of allowance for doubtful accounts.

Allowance for doubtful accounts is based on receivables which are overdue by more than 90 days.

Summary of significant accounting policies (continued)

Cost of Real Estate Developments

Cost of real estate developments consists of land costs, development costs, pre-fabricated factory costs, interest expense on loans for projects development and pre-fabricated factory construction, land deposits and advances 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 or net realisable value.

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

Capitalisation of Borrowing Costs

The Company and its subsidiaries have accounting policy to record interest expenses and fees on long-term loans and loan from related persons 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.

Investments and Loans

Investments

- Investments in subsidiary and associated companies are recorded by using the equity method.
- Other investments represent investments in related and other companies which are stated at net cost.

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

Loans

The Company and its subsidiaries have recorded allowance for doubtful debts by using uncollectible amounts, based on a review of the current financial status and the repayment ability. The recognition of interest income is ceased when overdue of more than 180 days.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment loss. 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 and structures.

Assets for Rent

Assets for rent are stated at cost less accumulated depreciation. 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.

Leasehold Right and Land Held for Commercial Purposes

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

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

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

Sinking Fund

The Company and its subsidiaries have recorded a fund for the major maintenance and replacement of utilities systems and facilities for the customers in the industrial estate, under the joint operating agreements with the Industrial Estate Authority of Thailand (“IEAT”) to be Deferred Sinking Fund and has recorded amortization to be cost of services by the straight-line method over 20 years of useful lives.

Summary of significant accounting policies (continued)

Deferred Interest Expense on Hire-Purchase Agreement

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

Impairment of Assets

The Company and its subsidiaries have evaluated the impairment of properties, plant and equipment and other assets when the event is occurred or there is the situational change, which indicates that the recoverable amount of assets will be lower than their book value. The Company and its subsidiaries will recognize the loss from impairment as an expense in the statement of income.

Income Received in Advance

Income received in advance represents the amounts received from purchase or lease contract, including utilities and rental income, over the amount of revenues, which are recognised by using the percentage of completion method.

Deferred Leasehold Right Income

Deferred leasehold right 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.

Revenue and Expense Recognition

Other than those disclosed in other topics, the policy of the company and its subsidiaries on revenue and expense recognition are as follows:

A. Recognition of Revenue and Cost of Land Sales

Revenue from land sales are recognised upon signing of contract and receiving of installments by the percentage of completion method, using the ratio of actual development costs incurred to total estimated development costs for each projects excluding land cost. Cost of sales is calculated from the realised sales contracts based on the ratio of total estimated project costs to total estimated project sales.

Total estimated costs and sales of each project shall be revised when there are significant changes in the estimated costs and expected sales price of each project.

B. Recognition of Revenue and Cost of pre-fabricated Factory Sales

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

C. Recognition of Revenue and Cost of Condominium Sales

Revenue and cost of condominium sales are recognised upon signing of contract and deposit receiving by using the percentage of completion method.

D. Recognition of Income and Cost of Services

Income and cost of services are recognised on the accrual basis. Service income represents income received from providing of public utilities, potable water, raw water and reused water, waste water treatment processing, additional work in building construction and rental services in respect of land, commercial plaza, warehouse, factory, resident and pipe rack to the Industrial Estate, training center and business center. Cost of services represents cost incurred from providing of such services.

Revenue and cost from mini and micro pre-fabricated factory construction are recognised upon signing of contract and receiving of installments by the percentage of completion method.

The recognition of income from public utilities service is ceased when the customers cease their business operations and has payment difficulty.

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

The Company has recorded portions of long-term loans and related accrued interest expense, which have been exempted as revenue in the statement of income in full amount upon the completion of debt repayments.

Summary of significant accounting policies (continued)

F. Gain from Compromising Debt. (Hemaraj Land and Development Public Company Limited)

The Company has recorded the difference between the aggregate amount of loan and related accrued interest expense, which have been compromised under the Restructuring Agreements, as revenue in the statement of income in full on the signing date of the Restructuring Agreement.

G. Gain from Debt Settlement by Transferring Assets. (Hemaraj Land and Development Public Company Limited)

The Company has recorded the difference between the aggregate amount of loan and related accrued interest expense, which have been restructured with a higher value than the fair value of transferred assets as revenue in the statement of income in full amount on the signing date of the Restructuring Agreement.

H. Gain (loss) on Purchase of Debt and Right. (Eastern Industrial Estate Company Limited)

The Company has recorded the difference between the expected receivable and the price of purchase debt and right in full amount as loss from purchase of debt and right at the closing date and has recorded as profit once the repayment is settled.

I. Other incomes and expenses.

Other incomes and expenses are recognized on the accrual basis.

Accounts in Foreign Currency

A. The financial statements of our overseas subsidiary company are translated into Baht for consolidation purposes using rates of exchange as follows:

- Assets and liabilities are translated at the average selling and purchasing price of exchange rate at the end of the year.
- Revenues and expenses are translated at the average selling and purchasing price of exchange rate at the end of the month.
- Share capital is translated at the exchange rate on the transaction date.

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

B. 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 rate of exchange 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.

C. 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 and loss on exchange rate commission 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 for the year.

Summary of significant accounting policies (continued)

Earning per Share

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

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

4. TRANSACTIONS WITH RELATED PARTIES

The Company has certain transactions with its related parties. Intercompany terms are determined at the rate not exceeding 5% - 10% of contracted price for commission on sales of land, not exceeding 5% management fees of service income received, and 4% - 10% as the reasonable market rate at that time for interest on loans from/to related parties relating to business operation.

Enterprises that directly or indirectly through one or more intermediaries, control, or are under common control with the Company by through same shareholder and management or director as at December 31 are as follows:

COMPANY NAME	TYPE OF BUSINESS	RELATIONSHIP	PERCENTAGE OF HOLDING	
			2003	2002
<u>Subsidiary Companies</u>				
Eastern Industrial Estate Company Limited	Real Estate Development	Common shareholders and management	99.99	99.99
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Real Estate Development	„	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	Design and Construction Supervision Service	„	99.99	99.99
The Park Residence Company Limited	Real Estate Development and Service Management	„	99.99	-
<u>Associated Company</u>				
Elyo-H Facilities Management Limited	Facilities Management Service	Common shareholders and management	39.99	39.99
<u>Related Companies</u>				
Sriracha Harbor Public Company Limited	Port Service	Common shareholder and/or co-directors	9.54	9.54
Millenium Steel Public Company Limited	Steel Manufacturer and Distributor	„	-	0.03
Nakornthai Strip Mill Public Company Limited	Steel Manufacturer and Distributor	„	1.39	1.39
Sun Tech Group Public Company Limited	Agriculture and Scrap Steel Business	„	-	-
Benz BMB Company Limited	Automotive Sales and Service	Common directors	-	-
Eastern Fluid Transport Company Limited	Pipe Rack Maintenance	„	15.00	15.00
Siam Food Products Public Company Limited	Processing Agriculture Producer	Co-investors	-	-
Teo Hong Silom Company Limited	Facilities Management Service	„	-	-
Elyo South East Asia PTE. LTD.	Facilities Management Service	„	-	-
<u>Related Person</u>	-	Directors and shareholders	-	-

* 74.99% directly held by the Company and 25% indirectly held by Eastern Industrial Estate 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:

Assets

	THOUSAND BAHT				INTERCOMPANY TERMS
	CONSOLIDATED		THE COMPANY ONLY		
	2003	2002	2003	2002	
<u>Short - term loans to related parties:</u>					
Subsidiary companies :					
Eastern Industrial Estate Company Limited	-	-	334,535	416,730	MLR(TFB) +1%
Eastern Seaboard Industrial Estate (Rayong) Company Limited	-	-	155,594	128,532	5% - 10% of contract price and 5% of service income received and MLR(TFB) +1%
Eastern Pipeline Services Company Limited	-	-	54,130	38,628	MLR(TFB) +1%
H-Construction and Engineering Company Limited	-	-	558	522	MLR(TFB) +1%
The Park Residence Company Limited	-	-	6	-	-
Associated company :					
Elyo-H Facilities Management Company Limited	2,175	93	2,175	93	MLR(BBL)
Related company :					
Sriracha Harbor Public Company Limited	-	9	-	9	1% to MLR
Total	<u>2,175</u>	<u>102</u>	<u>546,998</u>	<u>584,514</u>	

Balance of Assets with related parties and its movement for the year 2003 are as follows:

	THOUSAND BAHT			
	BEGINNING	INCREASE	DECREASE	ENDING
<u>Consolidated</u>				
Short - term loans to related parties:				
Associated company	93	2,082	-	2,175
Related companies	9	10	(19)	-
Total Short - Term Loans to Related Parties	<u>102</u>	<u>2,092</u>	<u>(19)</u>	<u>2,175</u>
<u>The Company Only</u>				
Short - term loans to related parties:				
Subsidiary companies	584,412	217,536	(257,125)	544,823
Associated company	93	2,082	-	2,175
Related company	9	10	(19)	-
Total Short - term Loans to Related Parties	<u>584,514</u>	<u>219,628</u>	<u>(257,144)</u>	<u>546,998</u>

Liabilities

	THOUSAND BAHT				INTERCOMPANY TERMS
	CONSOLIDATED		THE COMPANY ONLY		
	2003	2002	2003	2002	
<u>Short - term loans from related parties:</u>					
Subsidiary company :					
Eastern Seaboard Industrial Estate (Rayong) Company Limited	-	-	39,844	26,726	-
Related company :					
Siam Food Products Public Company Limited	60,577	52,000	-	-	8%
Total	<u>60,577</u>	<u>52,000</u>	<u>39,844</u>	<u>26,726</u>	
<u>Long - term loans from related party:</u>					
Subsidiary company :					
H-International (BVI) Company Limited	-	-	1,449,723	1,026,807	-
<u>Long - term loans from related person:</u>					
Current portion of long-term loans	106,067	118,083	-	-	MLR (TFB) +1% and MLR (TFB)
Long-term loans	80,446	126,167	-	-	
Total	<u>186,513</u>	<u>244,250</u>	<u>-</u>	<u>-</u>	

Transactions with related parties (continued)

Balance of Liabilities with related parties and its movement for the year 2003 are as follows:

	THOUSAND BAHT			
	BEGINNING	INCREASE	DECREASE	ENDING
<u>Consolidated</u>				
Short - term loans from related parties:				
Related company	52,000	60,577	(52,000)	60,577
Loans from related person:	244,250	57,000	(114,737)	186,513
<u>The Company Only</u>				
Short - term loans from related parties:				
Subsidiary company	26,726	55,563	(42,445)	39,844
Long - term loans from related party:				
Subsidiary company	1,026,807	1,163,624	(740,708)	1,449,723

The significant transactions with related parties for the years ended December 31, are as follows:

	MILLION BAHT				INTERCOMPANY COST POLICY
	CONSOLIDATED		THE COMPANY ONLY		
	2003	2002	2003	2002	
Service income	8.93	1.99	7.94	1.64	Market price
Interest income	0.17	0.11	32.32	28.09	MLR (TFB) + 1% and LIBOR + 2%
Commission and management income	-	-	73.80	34.05	5% - 10% of contract price and 5% of service income received
Other income	0.07	1.03	-	-	-
Cost of service	7.32	8.49	1.30	1.84	-
Selling and administrative expenses	0.07	0.07	-	-	-
Interest expenses	1.63	1.48	-	-	MLR (TFB) + 1%

Transactions with related parties (continued)

As at December 31, 2003 the Company's investment for using the equity method are as follows:

Company	Type of Business	Relationship	Paid-up Capital (Million Baht)	Holding of Investment (%)	Investments		
					Cost (Million Baht)	Net Change in Equity (Million Baht)	Equity (Million Baht)
<u>Subsidiary Companies</u>							
Eastern Industrial Estate Company Limited	Real Estate Development	Co. shareholders and management	400.00	99.99	400.00	89.58	489.58
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Real Estate Development	„	358.00	60.00	214.80	664.17	878.97
Eastern Pipeline Services Company Limited*	Pipe Rack Rental	„	3.75	99.99	2.81	(7.89)	(5.08)
H-International (BVI) Company Limited	Holding Company	„	0.08	100.00	0.08	1,456.14	1,456.22
Hemaraj International Limited	Holding Company	„	0.03	99.99	0.03	0.01	0.04
H-Construction Management and Engineering Company Limited	Design and Construction Supervision Services	„	0.25	99.99	0.25	0.16	0.41
The Park Residence Company Limited	Property Development and Marketing and Service Management	„	0.25	99.99	0.25	(0.02)	0.23
<u>Associated Company</u>							
Elyo-H Facilities Management Limited	Facilities Management Services	„	34.00	40.00	<u>13.60</u>	<u>(6.83)</u>	<u>6.77</u>
Total					<u>631.82</u>	<u>2,195.32</u>	<u>2,827.14</u>

* 74.99% directly held by the Company and 25% indirectly held 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).
- In the second quarter of 2003, the Company received dividend from Eastern Seaboard Industrial Estate (Rayong) Company Limited in amount of Baht 55.85 million.
- In the fourth quarter of 2003, the Company received dividend from Eastern Industrial Estate Company Limited in amount of Baht 52 million.

Transactions with related parties (continued)

As at December 31, 2002 the Company's investment for using the equity method are as follows:

Company	Type of Business	Relationship	Paid-up Capital (Million Baht)	Holding of Investment (%)	Investments		
					Cost (Million Baht)	Net Change in Equity (Million Baht)	Equity (Million Baht)
<u>Subsidiary Companies</u>							
Eastern Industrial Estate Company Limited	Real Estate Development	Co. shareholders and management	400.00	99.99	400.00	(31.40)	368.60
Eastern Seaboard Industrial Estate (Rayong) Company Limited	Real Estate Development	„	358.00	60.00	214.80	596.88	811.68
Eastern Pipeline Services Company Limited*	Pipe Rack Rental	„	15.00	99.99	11.25	2.15	13.40
H-International (BVI) Company Limited	Holding Company	„	0.08	100.00	0.08	826.80	826.88
Hemaraj International Limited	Holding Company	„	0.03	99.99	0.03	0.01	0.04
H-Construction Management and Engineering Company Limited	Design and Construction Supervision Services	„	0.25	99.99	0.25	0.70	0.95
<u>Associated Company</u>							
Elyo-H Facilities Management Limited	Facilities Management Services	„	26.29	39.99	<u>10.50</u>	<u>(4.68)</u>	<u>5.82</u>
Total					<u>636.91</u>	<u>1,390.46</u>	<u>2,027.37</u>

* 74.99% directly held by the Company and 25% indirectly held 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).
- In the year 2002, the Company received dividend from Eastern Seaboard Industrial Estate (Rayong) Company Limited in amount of Baht 45.54 million and from H-International (BVI) Company Limited in amount of Baht 175 million.

Transactions with related parties (continued)

Other long-term investments - related parties, net

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
<u>Investments in related parties</u>				
Sriracha Harbor Public Company Limited	75,300	75,300	75,300	75,300
Eastern Fluid Transport Company Limited	1,500	1,500	-	-
Total	76,800	76,800	75,300	75,300
<u>Less</u> Provision for impairment loss on investments	(54,105)	(54,105)	(54,105)	(54,105)
Other Long-term Investments - Related Parties, net	<u>22,695</u>	<u>22,695</u>	<u>21,195</u>	<u>21,195</u>

Hemaraj Land and Development Public Company Limited

During the period 2002, the Company purchased 449,993 ordinary shares of Eastern Pipeline Services Company Limited from Eastern Industrial Estate Company Limited at net book value of the said subsidiary as at December 31, 2001. As a result, the Company is holding 74.99% directly and 25% indirectly through Eastern Industrial Estate Company Limited.

Later in September 2002, Eastern Pipeline Services Company Limited has decreased its authorized ordinary shares from 600,000 shares to 150,000 shares and in November 2003, the subsidiary has decreased its authorized ordinary shares to 37,500 shares. However, it did not affect the Company's shareholding proportion in Eastern Pipeline Services Company Limited both directly and indirectly.

5. CASH AND CASH EQUIVALENTS

For the purpose of preparation of the statements of cash flows in accordance with the relevant Thai Accounting Standard, as of December 31, cash and cash equivalents consisted of:

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Cash and deposits at financial institutions	841,567	124,082	207,506	21,096
Temporary investments				
- Time deposits	13,510	34,192	1	527
- Promissory notes - financial institutions	250,000	-	250,000	-
<u>Less</u> Cash at banks pledged as collateral and deposits with maturity dates longer than 3 months	(13,498)	(28,186)	-	(527)
Cash and Cash Equivalents	<u>1,091,579</u>	<u>130,088</u>	<u>457,507</u>	<u>21,096</u>

6. DEPOSITS FOR INVESTMENT

H-International (BVI) Company Limited

Deposits for investment represent deposits with an overseas investment adviser 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.

In the year 2003, the Company used deposits for investment to repurchase the convertible bond, for the amount of US\$ 8.58 million.

7. CURRENT INVESTMENTS

As at December 31, current investments consisted of:

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Time deposits	13,510	34,192	1	527
Promissory notes - financial institutions	250,000	-	250,000	-
Marketable securities				
Available-for-sale securities - Equity securities				
- Nakornthai Strip Mill Public Company	85,150	82,900	85,150	82,900
- Millenium Steel Plc.	-	2,524	-	2,524
- Other companies and unit trusts	51,613	49,820	51,613	49,820
Total Marketable securities	136,763	135,244	136,763	135,244
Add(Less) Allowance for investments revaluation	57,822	(79,748)	57,822	(79,748)
Marketable securities, net	194,585	55,496	194,585	55,496
Total Current Investments	<u>458,095</u>	<u>89,688</u>	<u>444,586</u>	<u>56,023</u>

In 2002, the Company exchanged ordinary shares and warrants of NTS Steel Group Public Company Limited for ordinary shares and warrants of Millenium Steel Public Company Limited at the ratio of 1:1 according to NTS Steel Group Public Company Limited's restructuring plan.

In 2003, the Company has subscribed 45 million units of warrants of Nakornthai Strip Mill Public Company Limited. The rights were issued to the existing shareholders with the offering price of Baht 0.05 per share. Since November 2003, Nakornthai Strip Mill Public Company Limited's securities has started for re trading in the Stock Exchange of Thailand.

8. TRADE ACCOUNT RECEIVABLES - OTHER PARTIES, NET

As of December 31, trade account receivables - other parties, net consisted of:

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Land sale contracts receivable				
Land sale contracts	412,404	381,515	22,972	1,987
<u>Less</u> Installments received	<u>(132,635)</u>	<u>(109,899)</u>	<u>(17,378)</u>	<u>(652)</u>
Installments receivable	279,769	271,616	5,594	1,335
<u>Less</u> Deferred income	<u>(72,090)</u>	<u>(39,776)</u>	-	-
Land Sale Contracts Receivable, net	<u>207,679</u>	<u>231,840</u>	<u>5,594</u>	<u>1,335</u>
Service receivables				
Accrued service income	46,423	42,953	8,710	9,989
<u>Less</u> Allowance for doubtful accounts	<u>(15,548)</u>	<u>(17,124)</u>	<u>(3,513)</u>	<u>(7,961)</u>
Service Receivables, net	<u>30,875</u>	<u>25,829</u>	<u>5,197</u>	<u>2,028</u>
Trade Account Receivables - Other Parties, net	<u>238,554</u>	<u>257,669</u>	<u>10,791</u>	<u>3,363</u>

As of December 31, the land sale contracts receivable and accrued service income classified by aging are as follows:

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
<u>Land sale contracts receivable</u>				
Undue installments	207,679	231,840	5,594	1,335
Less than 3 months	-	-	-	-
Over 3 months to 12 months	-	-	-	-
Over 12 months	-	-	-	-
Installments paid on date of transfer of title deed	-	-	-	-
<u>Less</u> Deferred income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total land sale contracts receivable	<u>207,679</u>	<u>231,840</u>	<u>5,594</u>	<u>1,335</u>
<u>Accrued service income</u>				
Less than 3 months	30,875	25,829	5,197	2,028
Over 3 months to 6 months	1,049	1,182	23	266
Over 6 months to 12 months	1,837	2,791	414	1,802
Over 12 months	12,662	13,151	3,076	5,893
	<u>46,423</u>	<u>42,953</u>	<u>8,710</u>	<u>9,989</u>
<u>Less</u> Allowance for doubtful debts	<u>(15,548)</u>	<u>(17,124)</u>	<u>(3,513)</u>	<u>(7,961)</u>
Accrued service income, net	<u>30,875</u>	<u>25,829</u>	<u>5,197</u>	<u>2,028</u>

9. COST OF REAL ESTATE DEVELOPMENTS, NET

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

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Land cost - under development	3,924,139	3,076,675	1,283,592	845,411
Development project costs	5,380,693	4,865,863	961,405	927,723
Interest capitalised	1,805,734	1,776,321	634,971	634,971
Additional utility cost	7,275	7,340	7,115	7,185
Advance for construction costs	6,377	4,305	-	-
	<u>11,124,218</u>	<u>9,730,504</u>	<u>2,887,083</u>	<u>2,415,290</u>
<u>Less</u> Accumulated costs transferred to cost of land sales	(7,404,816)	(6,848,611)	(1,912,455)	(1,897,704)
Accumulated costs transferred to Assets for rent	(479,873)	(343,850)	-	-
Accumulated costs transferred for Debt settlement	(143,838)	(143,838)	(143,838)	(143,838)
	<u>3,095,691</u>	<u>2,394,205</u>	<u>830,790</u>	<u>373,748</u>
<u>Less</u> Loss on projects revaluation	(38,480)	(38,480)	(38,480)	(38,480)
Cost of Real Estate Developments, net	<u><u>3,057,211</u></u>	<u><u>2,355,725</u></u>	<u><u>792,310</u></u>	<u><u>335,268</u></u>

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 the projects in the same area of each company. During the year 2002, the Company and the 2 subsidiaries had obtained an appraisal by the appraisal specialist. Additionally, the company has included the market selling price of each project in the cost of real estate development consideration. The Company had recognised loss from each projects revaluation in the statements of income.

Obligation of Assets as at December 31, 2003

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 related person.

Capitalisation of Borrowing Costs

Consolidated

For the years ended December 31, 2003 and 2002, interest expenses are capitalised to the cost of real estate developments in the approximate amounts of Baht 29.41 million and Baht 31.41 million, respectively.

The Company Only

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

Debt Settlement by Transferring Assets (Hemaraj Land and Development Public Company Limited)

During 2002, the Company transferred the land in its industrial estate with the cost of Baht 143.84 million to an asset management company, which received right claim over the asset from a commercial bank to settle the debt under the Restructuring Agreement as disclosed in Note 26 to the financial statements.

10. OTHER LONG-TERM INVESTMENTS

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Glow IPP Company Limited (Formerly : Bowin Power Company Limited)	175,000	125,000	175,000	125,000
Glow Company Limited	50,059	226,763	50,059	226,763
Other company	1,000	1,000	-	-
Total	<u>226,059</u>	<u>352,763</u>	<u>225,059</u>	<u>351,763</u>

Hemaraj Land and Development Public Company Limited

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 of Glow Company Limited ("Glow"), a related company, to Tractebel. Full amount of income from such transactions were funded to Glow for Bowin Power Plant Project development under the condition of conversion into share capital of such company in the future.

In the year 2001, the Company entered into a debt restructuring agreement with Tractebel as resolved by the 3/2001 Board of Directors' Meeting held on November 30, 2001. Subsequently, in the third quarter of 2002, the Board of Directors had passed the resolution at the meeting No. 7/2545 dated August 14, 2002 to amend the Restructuring Agreement that a part of the loan to Glow sold to Tractebel should be used to pay for paid up capital of Glow IPP Company Limited (Formerly : Bowin Power Company Limited) as stipulated by the condition made with the Electricity Generating Authority of Thailand, and the balance of unpaid up portion of the shares capital of Glow, and reserve for payment of the increase in Glow IPP share capital in the future. However, the Company have the right to proceed in selling of all of Glow's shares to Tractebel. For the year 2002, the Company sold part of the Glow share capital about 10.65 million shares. As a result, the Company shareholding remains in Glow is 16.99%.

In the first quarter of 2003, Glow had proceeded to increase its registered capital by proposing to sell new shares to all existing shareholders in the same proportion they held. In this regard, the Company waived the rights to subscribe Glow's new shares. As a result, the Company's shareholding proportion in Glow remains 4.55%. Subsequently, during the first and the second quarter of 2003, the Company had exercised the put option to sell a part of the shares to Tractebel, equivalent to 17.60 million shares, which results of 1.01% Glow shareholding proportion remaining.

11. PROPERTY, PLANT AND EQUIPMENT, NET

As at December 31, 2003 and 2002, property, plant and equipment, net consisted of:

	<u>Changes in Cost</u>						<u>Changes in Accumulated Depreciation</u>					<u>Net Book Value</u>	
	<u>Beginning</u>	<u>Addition</u>	<u>Sale</u>	<u>Transfer</u>	<u>Ending</u>		<u>Beginning</u>	<u>Depreciation</u>	<u>Sale</u>	<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<u>Consolidated</u>													
Land	17.28	-	-	-	17.28		-	-	-	-	17.28	17.28	
Building and structure	204.20	0.18	-	-	204.38		50.12	7.91	-	58.03	154.08	146.35	
Building improvements	4.23	0.44	-	-	4.67		2.20	0.59	-	2.79	2.03	1.88	
Office equipment and furniture and fixture	70.94	5.29	(1.95)	-	74.28		53.73	5.73	(0.02)	59.44	17.21	14.84	
Vehicles	35.17	13.92	(1.71)	-	47.38		16.53	6.60	(1.71)	21.42	18.64	25.96	
Construction in progress	10.62	-	-	-	10.62		-	-	-	-	10.62	10.62	
Raw water pipe	<u>3.66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.66</u>	3.66	<u>1.12</u>	<u>0.24</u>	<u>-</u>	<u>-</u>	<u>1.36</u>	<u>2.54</u>	<u>2.30</u>
Total	<u>346.10</u>	<u>19.83</u>	<u>(3.66)</u>	<u>-</u>	<u>362.27</u>		<u>123.70</u>	<u>21.07</u>	<u>(1.73)</u>	<u>143.04</u>	222.40	219.23	
Less Reserve for impairment loss of assets											(10.17)	(10.17)	
Less Reserve for possible loss of title of land and office building											<u>(36.96)</u>	<u>(36.96)</u>	
Property, Plant and Equipment, net											<u>175.27</u>	<u>172.10</u>	
<u>The Company Only</u>													
Land	2.93	-	-	-	2.93		-	-	-	-	2.93	2.93	
Building and structure	45.35	-	-	-	45.35		11.32	-	-	11.32	34.03	34.03	
Building improvements	1.42	-	-	-	1.42		1.42	-	-	1.42	-	-	
Office equipment and furniture and fixture	38.50	4.03	(1.94)	-	40.59		32.13	2.07	(0.02)	34.18	6.37	6.41	
Vehicles	21.20	10.42	(1.67)	-	29.95		9.58	4.32	(1.66)	12.24	11.62	17.71	
Construction in progress	0.86	-	-	-	0.86		-	-	-	-	0.86	0.86	
Raw water pipe	<u>3.65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.65</u>		<u>1.12</u>	<u>0.24</u>	<u>-</u>	<u>-</u>	<u>1.36</u>	<u>2.53</u>	<u>2.29</u>
Total	<u>113.91</u>	<u>14.45</u>	<u>(3.61)</u>	<u>-</u>	<u>124.75</u>		<u>55.57</u>	<u>6.63</u>	<u>(1.68)</u>	<u>60.52</u>	58.34	64.23	
Less Reserve for impairment loss of assets											(0.72)	(0.72)	
Less Reserve for possible loss of title of land and office building											<u>(36.96)</u>	<u>(36.96)</u>	
Property, Plant and Equipment, net											<u>20.66</u>	<u>26.55</u>	

Property, plant and equipment, net (continued)

Consolidated

For the year ended December 31, 2003, depreciation of building and equipment are included in selling and administrative expenses and cost of services in the amounts of Baht 11.96 million and Baht 9.11 million, respectively.

The Company Only

For the year ended December 31, 2003, depreciation of building and equipment are included in selling and administrative expenses and cost of services in the amounts of Baht 6.30 million and Baht 0.33 million, respectively.

Hemaraj Land and Development Public Company Limited

As at December 31, 2003, the Company has provided reserve for loss of the possessive right over the land and office building in the amount of Baht 36.96 million as the management of the Company viewed that the Company might not receive transfer of such possessive right.

12. ASSETS FOR RENT, NET

As at December 31, 2003 and 2002, assets for rent, net consisted of:

(Amounts:Million Baht)

	<u>Changes in Cost</u>					<u>Changes in Accumulated Depreciation</u>					<u>Net Book Value</u>	
	<u>Beginning</u>	<u>Addition</u>	<u>Sale/Written off</u>	<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>Depreciation</u>	<u>Sale/Written off</u>	<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<u>Consolidated</u>												
Land	54.65*	54.50	-	-	109.15*	-	-	-	-	-	54.65	109.15
Building	287.79*	135.83	(10.57)	-	413.05*	22.18	21.93	(2.63)	-	41.48	265.61	371.57
Pipe rack	116.51	-	-	-	116.51	36.17	7.77	-	-	43.94	80.34	72.57
Construction in progress	-	7.08	-	-	7.08	-	-	-	-	-	-	7.08
Total	<u>458.95</u>	<u>197.41</u>	<u>(10.57)</u>	<u>-</u>	<u>645.79</u>	<u>58.35</u>	<u>29.70</u>	<u>(2.63)</u>	<u>-</u>	<u>85.42</u>	<u>400.60</u>	<u>560.37</u>
<u>The Company Only</u>												
Land	-	28.06	-	-	28.06	-	-	-	-	-	-	28.06
Building	-	26.24	-	-	26.24	-	5.41	-	-	5.41	-	20.83
Total	<u>-</u>	<u>54.30</u>	<u>-</u>	<u>-</u>	<u>54.30</u>	<u>-</u>	<u>5.41</u>	<u>-</u>	<u>-</u>	<u>5.41</u>	<u>-</u>	<u>48.89</u>

Consolidated

- As at December 31, 2003 and 2002, 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 136.02* million and Baht 343.13* million, respectively.
- Depreciation of building and pipe rack for the year ended December 31, 2003 is included in cost of services.

The Company Only

- Depreciation of building for the year ended December 31, 2003 is totally included in cost of services.

13. LEASEHOLD LAND AND LAND HELD FOR COMMERCIAL PURPOSES, NET

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

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Land bank	10,201	10,201	10,201	10,201
Land cost of projects suspended from development	1,135,711	1,135,711	1,135,711	1,135,711
Suspended development project costs	266,909	266,909	266,909	266,909
Interest capitalized	556,119	556,119	556,119	556,119
Leasehold land	77,077	77,077	77,077	77,077
	<u>2,046,017</u>	<u>2,046,017</u>	<u>2,046,017</u>	<u>2,046,017</u>
<u>Less</u> Accumulated costs transferred for debt settlement	(645,413)	(645,413)	(645,413)	(645,413)
Loss on projects evaluation	<u>(315,322)</u>	<u>(315,322)</u>	<u>(315,322)</u>	<u>(315,322)</u>
Leasehold Land and Land Held for Commercial Purposes, net	<u><u>1,085,282</u></u>	<u><u>1,085,282</u></u>	<u><u>1,085,282</u></u>	<u><u>1,085,282</u></u>

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

Leasehold land and land held for commercial purposes is stated at the lower of aggregate cost or net realisable value for which during the year 2002, the Company and the subsidiary had obtained appraisal by an appraisal firm and had recognised loss from projects evaluation in the statements of income.

Obligation of Assets as at December 31, 2003

The majority of land in the projects of the Company and the subsidiary has been mortgaged as collateral for loans from local financial institutions.

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

During the year 2002, the Company transferred the land in its industrial estate with the cost of Baht 645.41 million to an asset management company, which received rights claim of the assets from a commercial bank to settle the debt under the Restructuring Agreement as disclosed in Note 26 to the financial statements.

14. SINKING FUND, NET

As disclosed in the Note 30 to the financial statements, the Company and its subsidiaries had entered into the joint operating agreements with the Industrial Estate Authority of Thailand (“IEAT”). The Company and its subsidiaries are committed to be a provider and to set up a fund (“Sinking Fund”) for the major maintenance and replacement of utilities systems and facilities for the customers in the industrial estate. The Company and its subsidiaries had made the payment by cash and by transferring of partial piece of land for the Sinking Fund, and in addition, the Company and its subsidiaries had transferred the withdrawal rights over the Sinking fund to the IEAT per the terms and conditions of such agreements. As a service provider for utilities system and facilities in the industrial estate under the current joint agreement with IEAT, the Company believed and proposed that the Sinking Fund should also be an asset of the joint operating partner in order to be consistent with the infrastructure assets. Thai Industrial Estate Association, of which the Company and its subsidiaries are members, is under negotiation with IEAT to amend the agreement in order to make clear and comply with the Company’s proposal. On January 21, 2003, the Board of IEAT had a resolution to accept in the concept and during the procedure to amend the announcement appropriately.

Sinking Fund, net (continued)

As at December 31, sinking fund, net consisted of :

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Sinking Fund	380,911	389,234	151,848	149,434
<u>Less</u> Interest Income	(44)	(16,911)	-	(191)
Sinking Fund payable	-	(21,950)	-	(14,235)
Sinking Fund balance	380,867	350,373	151,848	135,008
<u>Less</u> Accumulated amortization	(58,154)	(40,151)	(14,457)	(7,450)
Sinking Fund, net	<u>322,713</u>	<u>310,222</u>	<u>137,391</u>	<u>127,558</u>

Since the year 2002, the Company has recorded the cash paid and land transferred to IEAT for Sinking Fund to Sinking Fund. The amortization period of 20 years is applied on the useful future economic life of Sinking Fund under the joint contract agreements with IEAT. The Company has recorded the interest income from the said Sinking Fund to the other assets because the company has the right to withdraw these interest income for the major maintenance and replacement of the utilities systems and facilities. The Sinking Fund payable is the undue Sinking Fund, which has been recorded in full under the said agreements.

15. CONVERTIBLE BONDS

On September 9, 1993, Hemaraj Land and Development Public Company Limited issued the US\$ 60 million convertible bonds, which 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. The Company failed to redeem the convertible bonds and failed to pay the interest due commencing on September 9, 1998. Currently, the company is in the process of negotiating with the existing bondholders.

During the year of 2003, the Company repurchased the convertible bonds as follows :

	<u>MILLION BAHT</u>
Convertible bond balance as of January 1, 2003	1,202.31
Less : repurchase in the year 2003	<u>(1,201.08)</u>
Convertible bond balance as of December 31, 2003	<u>1.23</u>

The repurchases of the Company's convertible bonds during the year 2003 as above were handled by the Company and a 100% owned subsidiary of 23,225 units with the price of US\$ 15.59 million.

The repurchased convertible bonds were cancelled forthwith by the trustee.

16. LONG-TERM LOANS TO RELATED PARTIES

As of December 31, 2003, Hemaraj Land and Development Public Company Limited has made loan agreement with an overseas subsidiary company, H-International Company Limited, in the amount of Baht 1,449.72 million, which does not have the maturity date and interest charge.

17. LONG-TERM LOANS FROM RELATED PERSON

Eastern Seaboard Industrial Estate (Rayong) Company Limited

As at December 31, long-term loans from related person consisted of:

	Credit Line	Credit	Conditions			Interest Payment		Balances	
	(Million Baht)	Period	Term	Total Installments	Principal Repayment	Period	Rate	(Million Baht)	
a. Loan from director									
- Promissory note of with grace period of 1 year	80.00	November 2000 to April 2005	Quarterly	4	Total of the first 3 periods, which approximates 25% of principal of each promissory note for Baht 80 million loan will, after grace period, be repaid equally, and the remaining will be repaid in the last period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	25.33	58.67
	10.00	August 2002 to August 2007	Monthly	12	48 months equal installments be repaid for Baht 10 million loan, after grace period.	Monthly	"	9.17	10.00
- Under the agreement dated January 30, 2003	25.00	March 2003 to December 2007	Quarterly	4	5 years equal installments be repaid or be fully repaid after the second year, when the lender call.	Monthly	MLR of Thai Farmers Bank Plc.	20.00	-
b. Loan from 3 shareholders									
- Promissory note of with grace period of 1 year									
- Under the agreement dated October 31, 2000	165.00	November 2000 to August 2005	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.	77.42	132.42
- Under the agreement dated October 31, 2000 and July 24, 2002	20.00 10.00	May 2000 to July 2007	Quarterly Monthly	4 12	Total of the first 3 periods, which approximates 25% of principal of each promissory note for Baht 20 million loan will, after grace period be repaid equally, and the remaining will be repaid in the last period and 48 months equal installments be repaid for Baht 10 million loan, after grace period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	9.33 9.17	16.00 10.00
- Under the agreement dated May 2, 2001	20.00	May 2001 to July 2005	Quarterly	4	Total of the first 3 periods, which approximates 25% of principal of each promissory note will, after grace period, be repaid equally, and the remaining will be repaid in the last period.	Monthly	MLR+1% of Thai Farmers Bank Plc.	10.50	17.16
- Under the agreement dated January 30, 2003	<u>32.00</u>	March 2003 to September 2007	Quarterly	4	5 years equal installments be repaid or be fully repaid after the second year, when the lender call.	Monthly	MLR of Thai Farmers Bank Plc.	<u>25.60</u>	<u>-</u>
Total Loans from Related Person	<u>362.00</u>							186.52	244.25
Less Current portion of long-term loan shown under current liabilities								(106.07)	(118.08)
Long-term Loans from Related Person								<u>80.45</u>	<u>126.17</u>

The said subsidiary company obtained loans from its related person for financing the construction of mini pre-fabricated factories and micro pre-fabricated factories for sale and rent. Part of land and

factories has been mortgaged as collateral for such loans.

18. OTHER LONG-TERM LOANS

As at December 31, other long-term loans consisted of:

		Current Repayment Condition						(Amounts: Million Baht)				
Credit Line (Million Baht)	Credit Period	Principal Repayment			Interest Payment		Balances		The Company Only			
		Installment Amount (Million Baht)	Term	Total Installments	Term	Rate (%)	Consolidated 2003	2002	2003	2002		
Hemaraj Land and Development Public Company Limited												
Loans from 2 local commercial banks and 3 local finance institutions												
1) Loan in the amount of Baht 150 million. Later on October 10, 2002, the latest debt restructuring is reached under repayment conditions. On December 1, 2003, the Company has made repayment in full amount of loans.	75.00	September 2001 to December 2005	5.36 Commencing in September 2002	Quarterly	14	Monthly	MLR	-	58.92	-	58.92	
2) Loan with credit line of Baht 100 million. Later on October 10 2002, the latest debt restructuring is reached under repayment conditions. On December 1, 2003, the Company has made repayment in full amount of loans.	100.00	September 2001 to December 2005	7.14 Commencing in September 2002	Quarterly	14	Monthly	MLR	-	78.58	-	78.58	
3) Loan in the amount of Baht 110 million. Subsequently, debt claim right of lender had been transferred to a mutual fund, which the Company had entered into a Debt Compromising Agreement, dated September 5, 2002 under current repayment conditions.	130.82	September 2002 to March 2004	7.27 Commencing in September 2002	Monthly	18	-	-	14.54	101.75	14.54	101.75	
4) Loan with credit line of Baht 58 million for pre-fabricated factories repayment.	<u>58.00</u>	January 2003 to January 2010	0.60 - 0.90 Commencing in August 2003	Monthly	78	Monthly	MRR + 3.25%	<u>47.47</u>	<u>-</u>	<u>47.47</u>	<u>-</u>	
Total	<u>363.82</u>							<u>62.01</u>	<u>239.25</u>	<u>62.01</u>	<u>239.25</u>	
Eastern Industrial Estate Company Limited												
1) Loan with credit line of Baht 93 million in form of promissory note. Amendment on Debt Restructuring Agreement had been made on March 4, 2002 under repayment conditions. On November 6, 2003, the company has made repayment in full amount of loans.	93.00	February 2002 to December 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	-	84.00	-	-	
2) Loan with credit line of 720 million, fully repay within 5 years and 3 months from the sign agreement date on October 14, 2003.	<u>720.00</u>	October 2003 to January 2009	Under grace period for 18 months, In 2005, each not less than Baht 15 million. In 2006, each not less than Baht 30 million. In 2007, each not less than Baht 45 million. In 2008, each not less than Baht 50 million.			Quarterly	Monthly	Personal fixed Deposit 1 year rate + 3.75% 4.5% on 1 st year 4.75% on 2 nd year	<u>320.12</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total

813.00

320.12

84.00

-

-

Other long-term loans (continued)

(Amounts: Million Baht)

	Credit Line (Million Baht)	Credit Period	Current Repayment Condition				Balances				
			Principal Repayment			Interest Payment		Consolidated		The Company Only	
			Installment Amount (Million Baht)	Term	Total Installments	Term	Rate (%)	2003	2002	2003	2002
<u>Eastern Seaboard Industrial Estate (Rayong) Company Limited</u>											
Loans from local commercial banks consisted of:											
1) Loan with credit line of Baht 550 million, repayable 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	-	19.14	-	-	
2) Loan in the amount of Baht 270 million, repayable within 7 years from the first withdrawal.	270.00	March 2002 to March 2009	Minimum Baht 3.75 million per month, Commencing from the last working day of the month 13 and 30% of the amount that already repaid.		Monthly	MLR MLR-0.5%, only 1 st year	2.90	31.75	-	-	
3) Loan in the amount of Baht 100 million, repayable within 4 years from the first withdrawal.	100.00	May 2002 to May 2006	Minimum 30% of the repayment amount. When no mortgage, not less than Baht 0.60 million per rai by deducting from the amount that already repaid.		Monthly	MLR MLR-0.5%, only 1 st year	-	59.24	-	-	
4) Loan in the amount of Baht 320 million, repayable within 4 years from the first withdrawal.	320.00	February 2003 to February 2007	Minimum 30% of the repayment amount. When no mortgage, not less than Baht 0.85 million per rai by deducting from the amount that already repaid.		Monthly	MLR MLR-0.5%, only 1 st year	106.61	-	-	-	
5) Loan in the amount of Baht 300 million, repayable within 5 years from the first withdrawal.	<u>300.00</u>	December 2003 to December 2008	Repayment on no mortgage date, not less than Baht 0.28 million per rai.		Monthly	MLR-2%, on 1 st -3 rd year. MLR-1%, on 4 th -5 th year.	<u>20.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total	<u>1,540.00</u>						<u>129.51</u>	<u>110.13</u>	<u>-</u>	<u>-</u>	
Total Other Loans	<u>2,716.82</u>						511.64	433.38	62.01	239.25	
<u>Less</u> Current portions of other long-term loans shown under current liabilities							<u>(17.44)</u>	<u>(217.11)</u>	<u>(14.54)</u>	<u>(137.22)</u>	
Other Long-Term Loans							<u>494.20</u>	<u>216.27</u>	<u>47.47</u>	<u>102.03</u>	

Other long-term loans (continued)

The above loans 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 repayment. In the second quarter of the year 2002, the debt repayment is completed.

Eastern Pipeline Services Company Limited

Portions of long-term loans 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 repayment. In the second quarter of the year 2002, the debt repayment is completed.

19. 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, with these assets mortgaged as collateral as follows:

- 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.

Subsequently, on March 29, 2002, a resolution was passed by the Board of Directors' Meeting to authorise the Company to enter into the Supplemental Agreement Relating to Trust Deed to amend certain of the terms and interest expenses of the said guaranteed bonds, which effective from April 1, 2002.

On the fourth quarter of 2003, the Company had made repayment in full for the said guaranteed bonds.

20. PROVISIONS

As at December 31, provisions consisted of:

	MILLION BAHT	
	2003	2002
Maximum loss reserve that may arise from		
20.1 Guarantee agreement in a related company	206.46	128.40
20.2 A pledge of securities on pledged agreements, against loans to a related company	256.27	236.69
Total	<u>462.73</u>	<u>365.09</u>

21. SHARE CAPITAL

21.1 The Annual General Meeting of Shareholders of the Company on April 30, 2002 approved the Company to proceed its authorized share capital summarised as follows :

- Decrease authorised share capital, from authorised share capital of Baht 10,000,000,000 to authorised share capital of Baht 8,402,179,250, consisting of 840,217,925 ordinary shares of Baht 10 par value, by way of revoking 159,782,075 unissued ordinary shares of Baht 10 par value, amounting to Baht 1,597,820,750. The Company registered the decrease of its authorized share capital with the Ministry of Commerce on May 8, 2002.
- Increase authorized share capital by Baht 4,597,820,750, from authorized share capital of Baht 8,402,179,250 to authorized share capital of Baht 13,000,000,000, divided into 1,300,000,000 ordinary shares of Baht 10 par value, by issuing authorized 459,782,075 ordinary shares of Baht 10 par value. The Company registered the increase of its authorized share capital with the Ministry of Commerce on May 10, 2002.
- Allocation of the increased ordinary shares is as follows :
 - 402,782,075 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 per share.
 - 57,000,000 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 530,264,040 shares.

21.2 The Board of Directors' Meeting No.7/2003 held on September 15, 2003 approved the Company to allocate the 120,000,000 ordinary 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 Baht 8 per share. The allocation was approved by The Annual General Meeting of Shareholders of the Company of the year 2002 held on April 30, 2002.

21.3 The Extra-Ordinary Meeting of Shareholders of Hemaraj Land and Development Public Company Limited No. 1/2003 held on October 16, 2003, had passed the resolution to change the Company's par value from Baht 10 each to 1 per share. As a result of this change, the Company's authorised share capital of Baht 13,000,000, consisting of 13,000,000 ordinary shares of Baht 1 par value. The Company completed the registration on October 24, 2003.

22. WARRANTS

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.

The Extraordinary Ordinary 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 for the adjustment of exercised price to Baht 3 per share.

Subsequently, the Board of Directors' Meeting No. 1/2002 held on February 20, 2002 approved the adjustment to the numbers of the existing warrants with the additional ratio of 2.33333 units per each 1 existing warrant, in accordance with announcement of the Office of the Securities and Exchange Commission regarding guidelines on the adjustment to the exercise price/exercise ratio of warrants. The warrants after the adjustment are 471,686,471 units with the exercise ratio of 1 ordinary share per each warrant and exercise price of Baht 3 per share.

Warrants (continued)

The Board of Directors' Meeting No. 7/2003 held on September 15, 2003 had passed the resolution in accordance with the provision for the adjustments of warrant exercise ratio as stipulated by the Prospectus that would be changed from 1:1 to be one warrant exercisable to 1.05918 ordinary shares. The Company shall not adjust the exercise price, however the Company shall bring forward the adjustment to be included in the following adjustment of rights. The above adjustments would take effect upon the first date of the ordinary shares offering.

Later, the Extra-Ordinary Meeting of Shareholders held on October 16, 2003 had passed the resolution of the adjustments of the Company's par value, resulting in the exercise ratio changing from 1 : 1.05918 to be one warrant exercisable to 10.5918 ordinary shares at the exercise price of Baht 0.283 per share. According to the SEC's Notification regarding guideline relating to adjustments of the exercise price/ratio of warrants, it permits the Company to adjust the number of warrants rather than to adjust the exercise ratio. Therefore, the Company chose to adjust the number of warrants which resulting that the number of warrants increased from 427,084,638 to 4,527,831,794. Consequently, the warrants have the same exercise ratio at one warrant exercisable to purchase one ordinary share at Baht 0.283 per share.

23. DIRECTORS' REMUNERATION AND PERSONNEL EXPENSES

For the years ended December 31, directors' remuneration which consisting of meeting fee and annual compensation are as follows:

	MILLION BAHT	
	2003	2002
Hemaraj Land and Development Public Company Limited	9.80	12.33
Eastern Seaboard Industrial Estate (Rayong) Company Limited	6.39	6.45
Total	<u>16.19</u>	<u>18.78</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:

	MILLION BAHT	
	2003	2002
Consolidated statements of income	120.50	91.88
The Company's statements of income	66.75	53.00

24. LOSS ON EVALUATION AND IMPAIRMENT LOSS OF ASSETS

24.1 Loss on projects evaluation

In the year 2002, the Company has recorded the difference between the book value and the fair value of cost of development as loss on projects evaluation Baht 160.97 million .

24.2 Loss on impairment of assets evaluation

In the second quarter of 2002, the Company and its subsidiaries had the cost of real estate developments, appraised by an independent appraiser. The Company and its subsidiaries had the policy to adjust only those value are decreased. Loss which are recorded amounting to Baht 58.96 million.

25. DIVIDEND

The Board of Directors' Meeting No. 6/2003 held on August 26, 2003 approved the distribution of interim dividends deriving from the first half operating results of the year 2003 at the rate of 0.25 per one ordinary share, totaling Baht 88.69 million.

26. EXTRAORDINARY ITEMS, NET

26.1 Gain from debt release agreement

In the second quarter of 2002, the Company and its subsidiaries repaid their entire debts to a mutual fund in accordance with conditions agreed upon the debt settlements agreement. The released amount are summarized as follows :

	THOUSAND BAHT			
	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Debt under debt release agreement	-	302,555	-	249,902
<u>Less</u> Repayment	-	(107,498)	-	(86,925)
Gain from debt release agreement	-	195,057	-	162,977

26.2 Gain from compromising debt

In the third quarter of 2002, the Company had settled a debt with Financial Institutions Development Fund with a gain of Baht 151.88 million. The balance under the debt settlement agreement amounting to Baht 130.82 million is to be paid in 18 months installment at Baht 7.27 million each, with the first installment on September 30, 2002. A related company shares had been pledged as collateral.

26.3 Gain from convertible bond repurchases

During the year 2002, the Company offered to repurchase the Company's convertible bonds from the bondholders and had repurchased 764 units, resulting in Baht 22.64 million gain from convertible bond repurchases.

During the year 2003, the Company and an overseas subsidiary had repurchased 23,225 units of the Company's convertible bonds at a price of US\$ 15.99 million and the repurchased convertible bonds were cancelled forthwith, resulting in Baht 723.88 million gain from convertible bond repurchases which was included as extraordinary item in the statements of income.

26.4 Gain from debt settlement by transferring assets

In the fourth quarter of 2002, the Company had entered into the restructuring agreement with an asset management company, which have been transferred debt equity in a loan from a commercial bank. Such loan consists of long-term amounting to Baht 404.55 million, bank overdraft amounting to Baht 29.90 million and interest payable amounting to Baht 71.33 million, which the Company agreed to make loan repayment by transferred right in land and prefabricated factories to the said asset management company. However, the Company can payback all or part of it within 5 years from transferred right of asset date. As a result, the Company has gain from debt settlement by transferring assets in the amount of Baht 51.81 million.

26.5 Gain(loss) on purchase of debt and right

In the year 2002, Eastern Industrial Estate Company Limited, a subsidiary, has entered into a Right Transfer Agreement with 2 mutual funds to release the Company from the debt obligations and cease the court litigation. The subsidiary has paid Baht 132.15 million in order to obtain the rights over the Company, related person and including all collaterals.

Consequently, the mutual funds withdrew the case and released Hemeraj Land and Development Public Company Limited, as a guarantor, from the lawsuit. Therefore, the Company has reversed a loss provision for the legal disputes in the amount of Baht 181.84 million. The loss provision from such legal dispute was recorded by the subsidiary in full amount and the Company will record as a gain if the Company receives the payment from the claims in the future.

Later on June 30, 2003, the subsidiary company had entered into a Right Transfer Agreement with a company, under the terms and conditions specified, in order to transfer the right obtained from the 2 mutual funds, in the total amount of Baht 80 million. In the second and third quarter of 2003, the subsidiary company had received payment in the amount of Baht 30 million and Baht 50 million, respectively. The subsidiary company has recorded such amount of payment in full as gain on right transfer.

27. EARNINGS PER SHARE COMPUTATION

Earnings per share computation in the consolidated for the years ended December 31, consisted of:

	2003			2002		
	Thousand Baht Net profit for the Year	Number Of Share (Thousand share)	Baht Earnings per share	Thousand Baht Net profit for the Year	Number Of Share (Thousand share)	Baht Earnings per share
<u>Basic earnings (loss) per share</u>						
Net profit attributable to ordinary shareholders	1,383,306	4,002,116 (A)	0.35 (B)	624,829	3,479,863 (A)	0.18 (B)
<u>The effect of potential ordinary shares</u>						
1. <u>Convertible bonds</u>						
1.1 Adding back the expenses that will be saved on the conversion of convertible bonds (net of income tax 25%)	9,289					
1.2 Deducting the revenues that will not be Recognized upon the conversion of Convertible bonds (net of income tax 25%)				(10,385)		
1.3 Increase in ordinary shares under Conversion of convertible bonds (C)		3			3,225	
2. <u>Warrants</u>						
Number of shares that would have been issued for no consideration as the average fair Value of ordinary shares exceeds the Exercise price		2,863,563			2,040,878	
<u>Earnings per share after adjustment by</u>						
<u>The effect of potential ordinary shares</u>						
Net profit attributable to ordinary shareholders in case of convertible bonds being converted and all warrants being exercised	1,392,595	6,865,682	0.20	614,444	5,523,966	0.11

- (A) The weighted average number of ordinary shares outstanding during the year as restated by the adjustment factor from the changing of the Company's par value from Baht 10 to 1 per share and the right issue during the year 2003.
- (B) Including the effects of right issue during the year 2003.
- (C) Conversion rate may be changed as a result of the issue of warrants and the ordinary shares as disclosed in Note 21 and 22 to the financial statements because the Company is currently under the process of giving notice to trustee and the bondholders for the new conversion rate.

28. BUSINESS SEGMENT INFORMATION

As of December 31, business segment information in the consolidated balance sheets classified by domestic and overseas business are as follows:

	MILLION BAHT							
	2003				2002			
	Domestic		Overseas		Domestic		Overseas	
	Industrial Estate	Others	Holding Company	Total	Industrial Estate	Others	Holding Company	Total
Cost of real estate developments, net	3,057.21	-	-	3,057.21	2,355.73	-	-	2,355.73
Leasehold land and land held for								
Commercial purposes, net	1,085.28	-	-	1,085.28	1,085.28	-	-	1,085.28
Assets for rent, net	480.72	79.65	-	560.37	320.25	80.35	-	400.60
Property, plant and equipment, net	171.35	0.75	-	172.10	174.57	0.70	-	175.27
Other assets	2,174.05	5.39	6.49	2,185.93	1,207.77	4.82	450.59	1,663.18
Total Assets	<u>6,968.61</u>	<u>85.79</u>	<u>6.49</u>	<u>7,060.89</u>	<u>5,143.60</u>	<u>85.87</u>	<u>450.59</u>	<u>5,680.06</u>

Business segment information (continued)

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

	MILLION BAHT							
	2003			2002				
	Domestic	Overseas	Total	Domestic	Overseas	Total		
	Industrial Estate	Others	Holding Company	Industrial Estate	Others	Holding Company		
Sales of land	853.84	-	-	853.84	632.59	-	-	632.59
Sales of pre-fabricated factory	92.78	-	-	92.78	35.53	-	-	35.53
Service income	542.95	21.21	-	564.16	382.44	18.96	-	401.40
Total Sales and Services income	<u>1,489.57</u>	<u>21.21</u>	<u>-</u>	<u>1,510.78</u>	<u>1,050.56</u>	<u>18.96</u>	<u>-</u>	<u>1,069.52</u>
Profit (loss) from operations	322.15	(8.83)	(17.40)	295.92	78.75	(12.45)	16.07	82.37
Other income	80.09	0.31	0.02	80.42	30.00	0.31	0.22	30.53
Gain on sale of investment	288.18	-	-	288.18	160.06	-	-	160.06
Gain (loss) on exchange rate	119.06	-	52.00	171.06	27.12	-	32.60	59.72
Director's remuneration	(16.19)	-	-	(16.19)	(18.78)	-	-	(18.78)
Share of gain (loss) from investments for using the equity method - associated companies	(2.15)	-	-	(2.15)	273.69	-	-	273.69
Gain from the yield rate of Guaranteed bonds	-	-	-	-	-	-	37.22	37.22
Other expenses - reserve for other possible loss	(97.65)	-	-	(97.65)	157.21	-	-	157.21
- loss on evaluation and impairment loss of assets	-	-	-	-	(219.65)	-	-	(219.65)
Interest expenses	(31.48)	(0.01)	(23.47)	(54.96)	(118.34)	(0.51)	(34.73)	(153.58)
Income tax expenses	(2.13)	(0.06)	-	(2.19)	-	(1.11)	-	(1.11)
Profit (loss) after tax	<u>659.88</u>	<u>(8.59)</u>	<u>11.15</u>	<u>662.44</u>	<u>370.06</u>	<u>(13.76)</u>	<u>51.38</u>	<u>407.68</u>
Net profit of minority interest				(83.01)				(72.09)
Profit from ordinary activities				579.43				335.59
Extraordinary item, net								
- Gain from debt release agreement				-				195.06
- Gain from compromising debt				-				151.88
- Gain from convertible bond repurchases				723.88				22.64
- Gain from debt settlement by transferring assets				-				51.81
- Gain (loss) on purchase of debt and right				80.00				(132.15)
Net profit				<u>1,383.31</u>				<u>624.83</u>

29. PLEGGED ASSETS

As of December 31, 2003, pledged assets are as follows :

Hemaraj Land and Development Public Company Limited

- 1) Investments in 8 million ordinary shares of Sriracha Harbor Public Company Limited, which is a related company, have been used as collateral for loans obtained by a related company from financial institutions.
- 2) The majority of land and attachments have been mortgaged as collateral for loans from local commercial banks and financial institutions.

Eastern Industrial Estate Company Limited

- 1) Time deposit of approximately Baht 13.44 million has been pledged to local banks against security given for performance under utility construction.
- 2) 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 local commercial banks.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- 1) The majority of the company's land has been mortgaged as collateral for overdrafts and loans from one commercial bank.
- 2) Land, mini and micro pre-fabricated factories of the company have been mortgaged as collateral for loans from related person.

30. COMMITMENTS UNDER AGREEMENTS

As of December 31, 2003, commitments under agreements 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 agreements dated July 5 and December 29, 1989, respectively. Later on October 31, 2001, the Company entered into the amendment to such joint operation agreements 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 ("Sinking Fund").

Eastern Industrial Estate Company Limited

The company has participated 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 joint operation 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.

Commitments under agreements (continued)

- 3) The company shall provide a fund for the maintenance and construction of utilities systems and facilities in the industrial estate ("Sinking Fund").

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- 1) The company has obligations, under a joint-investment agreement with Hemaraj Land and Development Public Company Limited and another company, that the company has to pay commission on sale of land and management fee to Hemaraj Land and Development Public Company Limited based on revenues from sales of land, public utility service providing and lease of factory.
- 2) The company has commitment under construction contracts with 3 contractors to construct mini pre-fabricated and micro pre-fabricated factories, amounting to Baht 18.30 million.
- 3) The company has commitment under construction contracts with 4 contractors to construct utilities system of the Company's project, amounting to Baht 96.71 million.
- 4) The company has commitment under the service contract made with a company in the amount of Baht 1.27 million for the maintenance of the utilities system within the company's project.

31. COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2003, commitments and contingent liabilities consisted of :

Hemaraj Land and Development Public Company Limited

- 1) 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 Industrial Estate Authority of Thailand, 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 50.97 million.
- 2) The Company has entered into the term loan agreement with a local commercial bank for condominium project development in the amount of Baht 1,800 million, with a 4-year term. The collateral for the loan will be land and buildings of the project.
- 3) The Company has the obligations under purchase and sale contract agreement in a project amounted of Baht 20 million, for the period of 3 years after the land transferred.

Eastern Industrial Estate Company Limited

- 1) 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.
- 2) The company has obligations regarding guarantee of the hire purchase agreements of its 2 related companies in the total credit line of Baht 30.89 million.
- 3) 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 173.51 million.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

- 1) 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.
- 2) 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, power station and sale of land in its industrial estate, and others in the total amount of Baht 210.78 million.

32. 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

A. Industrial Estate Business

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

B. Industrial Factory Development Business

- B.1 On June 21, 2000, obtaining the third promotional certificate for the development of industrial factories for sale and rent, 11 units for micro factory.

Major Privileges

- A.1 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.
- A.2 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.
- B.1 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.

The promotion period under condition A.1 and A.2 expired and the Company is currently in the promotion period under condition B.1 .

Eastern Industrial Estate Company Limited

A. Industrial Estate Business

- A.1 On May 8, 1989, obtaining the first promotional certificate for the development area of 626 Rais.
- A.2 On September 23, 1992, obtaining the second promotional certificate for the development area of 1,850 Rais.
- A.3 On May 27, 2003, obtaining the third promotional certificate for the development area of 565 Rais.

Major Privileges

- A.1 Exemption from corporate income tax on net income derived from the promoted business from the date when revenues are first earned 5 years for the first promotional certificate, currently expired.
- A.2 Exemption from corporate income tax on net income derived from the promoted business from the date when revenues are first earned for 8 years was expired. The company is currently in the promotion period under the 50% reduction of the corporate income tax rate on net income derived from the promoted business for 5 years from the expiry date of the exemption.
- A.3 Exemption from corporate income tax on net income derived from the promoted business from the date when revenues are first earned 8 years for the first promotional certificate.

Eastern Seaboard Industrial Estate (Rayong) Company Limited

A. Industrial Estate Business

- A.1 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.
- A.2 On October 27, 1997, obtaining the promotional certificate for the development area of 2,466 Rais, which subsequently, extended to be 2,791 Rais on August 26, 2002.
- A.3 On July 25, 2001, obtaining the promotional certificate for the development area of 716 Rais.

Promotional privileges (continued)

B. Industrial Factory Development Business

- B.1 On January 19, 2000, obtaining the promotional certificate for the development of industrial factories for sale and rent, 5 units for mini factories and 17 units for micro factories.
- B.2 On June 21, 2000, obtaining the promotional certificate for the development of industrial factories for sale and rent, 7 units for mini factories and 6 units for micro factories.
- B.3 On November 29, 2000, obtaining the promotional certificate for the development of industrial factories for sale and rent, 11 units for mini factories and 1 unit for micro factory.
- B.4 On January 16, 2002, obtaining the promotional certificate for the development of industrial factories for sale and rent, 1 unit for mini factory and 50 units for micro factories.
- B.5 On March 27, 2002, obtaining the promotional certificate for the development of industrial factories for sale and rent, 22 units for mini factories.

Major Privileges

- A. Exemption from corporate income tax on net income derived from the promoted business for a period of 8 and 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 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:

	MILLION BAHT					
	The promoted		The non-promoted		Total	
	2003	2002	2003	2002	2003	2002
<u>Consolidated</u>						
Revenue from sales	908.65	668.12	37.97	-	946.62	668.12
Service income	<u>359.29</u>	<u>276.84</u>	<u>204.87</u>	<u>124.56</u>	<u>564.16</u>	<u>401.40</u>
Total	<u>1,267.94</u>	<u>944.96</u>	<u>242.84</u>	<u>124.56</u>	<u>1,510.78</u>	<u>1,069.52</u>
<u>The Company Only</u>						
Revenue from sales		-	21.80	-	21.80	-
Service income						
Public utilities	-	-	14.02	8.69	14.02	8.69
Potable Water	-	-	13.43	11.61	13.43	11.61
Raw Water	-	-	40.37	18.46	40.37	18.46
Waste water treatment	-	-	4.62	2.73	4.62	2.73
Rental	2.18	0.54	12.98	15.45	15.16	15.99
Construction	-	-	58.89	8.81	58.89	8.81
Others	-	-	<u>0.46</u>	<u>0.42</u>	<u>0.46</u>	<u>0.42</u>
Total service income	<u>2.18</u>	<u>0.54</u>	<u>144.77</u>	<u>66.17</u>	<u>146.95</u>	<u>66.71</u>
Total	<u>2.18</u>	<u>0.54</u>	<u>166.57</u>	<u>66.17</u>	<u>168.75</u>	<u>66.71</u>

33. 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;
- Borrowing loans at fixed and floating interest rates;
- 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.

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.

34. 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

H - Construction Management and Engineering Company Limited

The Company and the 4 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, member and the Company contributes 4% - 10% of employees' monthly salaries, depending on the working period. Members are entitled to their whole contributions plus net benefit thereon, and the Company's contributions plus benefits thereon at the rates, depending on their working period.

The provident fund is managed by a fund manager, a financial institution, and, therefore, is not shown in the balance sheets.