

Notes to Financial Statements

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT 31st DECEMBER 2000 AND 1999

FINANCIAL STATEMENTS PREPARATION BASIS

These financial statements have been prepared in conformity with the Department Regulation of the Ministry of Commerce no. 7 (B.E. 2539) dated October 25, 1996, regarding the form of balance sheets and statements of income for the Public Company Limited, and conformed with the generally accepted accounting principles of Thailand.

1. CONSOLIDATED FINANCIAL STATEMENTS

- 1.1 These financial statements are consolidated by including the accounts of its subsidiaries which controlled by Land and Houses Public Company Limited. These financial statements are prepared under the equity method after eliminating inter-company transactions between Land and Houses Public Company Limited and its subsidiaries. Investments in other companies in which Land and Houses Public Company Limited has significant influence are shown as "Investments in affiliates" under the equity method. Except for the aforementioned investments are shown as "Investments in other companies" under the cost method.
- 1.2 Transactions between Land and Houses Public Company Limited and its subsidiaries have been eliminated under the equity method as if Land and Houses Public Company Limited owns 100 per cent shareholding in those subsidiaries, and the interest of other shareholders is shown as "Minority Interest".
- 1.3 These consolidated financial statements are prepared according to the requirements of the Stock Exchange of Thailand with the objective to show the consolidated financial position of Land and Houses Public Company Limited and its subsidiaries, and the consolidated results of their operations only. The usefulness of these statements for other purposes may be limited due to the difference in types of business of those consolidated companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Income recognition

2.1.1 Revenues and expenditures are recorded on an accrual basis except for items no. 2.1.2 - 2.1.4.

2.1.2 Revenue from construction work is recorded on the percentage of completed work

2.1.3 Revenue from land development and construction of real estate for sale is recognized when construction work is completed and ownership is transferred

2.1.4 Revenue from sales of condominiums is recorded on the percentage of completed work, which is based on the proportion of actual costs (excluding cost of land), to the total estimated costs which are estimated by the Company's engineer. The Company recognizes revenue when sales contracts have been executed not less than 40 per cent of the area opened for sales and collection received exceeds 20 per cent of each contract value, and the progress of completed construction work is more than 10 per cent.

2.2 Inventories

Inventories are valued at the lower of cost or net realizable value. The cost calculation are detailed as follows:

2.2.1 Land for sales

Land purchased for sales is valued at cost by using the weighted average basis, (calculated separately for each project).

2.2.2 Deferred interest

Interest expenses relating to land purchased for sales are recorded as deferred interest as a part of inventories. Such deferred interest is recognized as cost of sales in accordance with the size of the land transferred (calculated separately for each project).

2.2.3 Central utilities

The cost of construction for utilities, like road, electricity system, water supply system and other central utilities are recorded under "utilities account" as a part of inventories and recognized as cost of sales in accordance with the size of land transferred.

2.2.4 Preparation costs

Project development costs and preparation costs before sales are recorded as preparation cost as a part of inventories. Such costs are recognized as cost of sales in accordance with the size of the land transferred.

2.3 Depreciation

Assets are depreciated on a straight-line basis over the estimated useful life of the assets for a period of approximately 5 years except for club, swimming pool and tennis court are depreciated on the expected economic benefits taken from those assets based on proportion of space sold in each project.

2.4 Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are recorded under the equity method. The difference between the cost of investment and the shareholders' equity is amortized on a straight-line basis over a period of 10 years.

2.5 Investments in debt and equity securities

The accounting standard no. 40 an accounting treatment for investments in debt and equity securities has been applied with the financial statements for the period ended 31st December 1999 without adjustment to the financial statements of prior periods The record of investments is as follows:

2.5.1 Short-term investments are stated at fair value.

2.5.2 Long-term investments in debt security available for sales are stated at fair value. The change in value is shown under shareholders' equity and gain or loss will be realized when they are disposed. Long-term investments in debt security held until maturity are stated at amortized cost.

2.5.3 Long-term investments in marketable equity securities available for sales are stated at fair value. The differences between book value and fair value are stated as unrealized gain or loss in shareholders' equity.

2.5.4 Long-term investments in non-marketable equity securities represents as other investments are stated at cost deduction with provision for impairment of investment.

2.5.5 Cost of temporary investments and long-term investments which were sold during the period are calculated on a weighted average method.

2.6 Allowance for doubtful accounts

The Company provided an allowance for doubtful accounts receivables that have been considered by the management as inactive and uncollectible.

2.7 Capitalization of interest costs

Interest from borrowings for acquisition of fixed assets is capitalized as part of cost of other assets until the assets are ready for use.

2.8 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date.

The balance of foreign currency assets and liabilities as at the balance sheet date are valued at the average rate of the buying and selling rates prevailing by the Bank of Thailand, except for those covered under forward contracts on which the forward contract rates are applied. Gains/loss from currency exchange rates are included in the results of operations.

2.9 Corporate income tax

The Company recorded corporate income tax from net profit incurred in the fiscal period.

2.10 Basic earnings per share

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The Company adjust the weighted average number of ordinary shares outstanding during the period and for all periods presented should be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding, without a corresponding change in resources. The rate of adjusted number of ordinary shares is calculated by fair value per share prior to the exercise of right divided by theoretical ex-rights fair value per share.

Diluted earnings (loss) per share is calculated by using profit (loss) after adjust related revenue or expense net of income taxes divided by the weighted average number of ordinary shares outstanding during the period plus the number of ordinary share issued in the conversion of debt securities to ordinary shares.

2.11 Impairment of assets

From 1999, the Company has considered the impairment of investment, property, plant and equipment whenever events or changes indicate that the carrying amount of an asset exceeds its net realizable value. The Company will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical.

In case the carry amount of an asset exceeds its net realizable value, the Company will recognize an impairment loss in the statements of income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment as "other income".

3. SHORT-TERM INVESTMENTS

	Consolidated		Parent company	
	Securities available for sale		Securities available for sale	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand baht)	1999 (Thousand baht)
Debt securities Fund - net	450,000	1,282,000	450,000	1,282,000
Provision for unrealized gain (loss) on investment	1,798	0	1,798	0
Total	451,798	1,282,000	451,798	1,282,000

These short-term investment in securities available for sales are stated at fair value.

4. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

For the parent company's financial statements, trade accounts and notes receivable consist of the receivables from sales of land and houses, and cheque in transit which mostly collected within three months from the transferring date, therefore, the Company has not the delinquent receivables. For the consolidated financial statements, they consist of the above receivables, receivables from construction contracts and receivables from sales and services which has net value of allowance for doubtful accounts.

	Consolidated		Parent company	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand baht)	1999 (Thousand baht)
Accounts receivable	16,762	44,880	9,323	37,038
Accounts receivable - net	16,762	44,880	9,323	37,038

5. SHORT-TERM LOANS TO RELATED PARTIES

	Consolidated		Parent company	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand baht)	1999 (Thousand baht)
Loans to subsidiaries	0	0	942,264	726,388
Loans to affiliates	98,000	98,400	98,000	98,400
Less Allowance for doubtful accounts	(98,000)	0	(98,000)	0
Loans to other companies- affiliates				
- Domestic	18,219	18,219	18,219	18,219
- Overseas - due payment within 1 year	1,189,373	0	1,189,373	0
Less Allowance for doubtful accounts	(713,624)	0	(713,624)	0
Short-term loans - net	493,968	116,619	1,436,232	843,007

5.1 Loans to subsidiaries:

	2000 (Thousand baht)		1999 (Thousand baht)	
	Amount	Interest rate %	Amount	Interest rate %
Loans to subsidiaries:				
Pacific Real Estate Co., Ltd.	242,848	7.75-8.00	235,844	9.00-10.00
Land and Houses Northeast Co., Ltd.	260,487	7.75-8.25	105,800	8.25-10.00
Land and Houses North Co., Ltd.	46,900	7.75-8.00	17,900	8.00
L H Muangmai Co., Ltd.	123,485	10.00	123,485	10.00
Siam Tanee Real Estate Co., Ltd.	103,844	5.00-8.25	104,699	5.00-8.75
Atlantic Real Estate Co., Ltd.	164,700	7.75-8.00	138,660	8.00-10.50
Total	942,264		726,388	

Loans to subsidiaries and affiliates are in form of promissory notes without collateral which are due at call.

- a) Loans to Pacific Real Estate Co., Ltd. and Siam Tanee Real Estate Co., Ltd. of Baht 346.69 million, was not provided the allowance for doubtful accounts since the Company has recorded excess loss over investments in two subsidiaries as liabilities of Baht 549.76 million as detailed following:

	(Thousand baht)	
	Loans	Excess loss over investment
Pacific Real Estate Co., Ltd.	242,848	387,208
Siam Tanee Real Estate Co., Ltd.	103,844	162,549
Total	346,692	549,757

The amount of excess loss over investment recorded is more than the amount of loans to two subsidiaries.

- b) Loans to four subsidiaries of Baht 595.57 million were not provided the allowance for doubtful accounts since net asset value as at 31st December 2000 of four subsidiaries totaling Baht 2,219.40 million is over than liabilities of Baht 1,856.03 million (including liabilities of the Company). The Company find that four subsidiaries will generate cash flows to settle their debt. In addition, some subsidiaries has planned to increase share capital in the future.

5.2 Loans to affiliates:

	Consolidated		Parent company	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand Baht)	1999 (Thousand baht)
Bangkok Chain Hospital Co., Ltd.	89,000	10.75	89,000	10.75
Quality Construction Products Co., Ltd.	9,000	MLR	9,400	MLR
Less Allowance for doubtful accounts - affiliates	(98,000)		0	
Total	0		98,400	

Loans to affiliates of Baht 98 million are in form of promissory notes without collateral which are due at call. The Company, therefore, provided the allowance in full.

- 5.3 Loans to other companies - domestic is a lending to Bangkok Mass Transit System Public Co., Ltd. totaling Baht 18.22 million in proportion to the shareholding percentage. The lending is by way of promissory notes bearing interest at MLR+2%. The Company has not provided the allowance for doubtful accounts since the Company's expectation to recover in full due to the recoverable operations and planning to increase share capital by listing in Stock Exchange.

5.4 Loans to related parties

	2000				1999			
	Foreign currency	Exchange rate	Thousand baht	Interest rate	Foreign currency	Exchange rate	Thousand baht	Interest rate
	USD				USD			
Overseas company:								
- PT. PRIMA SEHATI	7,400,000	43.1934	319,631	LIBOR+1.5%	7,400,000	37.3285	276,231	LIBOR+1.5%
- PT. KANAKA GRAHAASRI	1,200,000	43.1934	51,832	LIBOR+1.5%	1,200,000	37.3285	44,794	LIBOR+1.5%
- PT. ANEKAGRIYA BUMINUSA	3,700,000	43.1934	159,816	LIBOR+1.5%	3,700,000	37.3285	138,115	LIBOR+1.5%
- PT. MEKANUSA CIPTA	14,836,000	43.1934	640,817	LIBOR+1.5%	14,836,000	37.3285	553,806	LIBOR+1.5%
- PT. PUTRA PRABUKARYA	400,000	43.1934	17,277	LIBOR+1.5%	400,000	37.3285	14,931	LIBOR+1.5%
Total	27,536,000		1,189,373		27,536,000		1,027,877	
Less Allowance for doubtful accounts			(713,624)				(604,604)	
Total loans to related parties			475,749				423,273	
Less Due payment within one year			(475,749)				0	
Total			0				423,273	

Long-term loan to foreign companies are loans to related companies in Indonesia under "shareholders loan agreements" in proportion of shareholding. The Company has provided a principal of US\$ 27.54 million (interest rate LIBOR+1.5%) which are due on 16th September 2001 and without collateral. The first repayment of interest was made on 16th September 1999. Later the condition of interest payment was changed to make with the principal. As at 31st December 2000 and 1999, the Company has not received the principal and interest on such loans amounting to Baht 1,189.37 million and Baht 1,027.88 million, respectively so the Company has provided allowance for doubtful accounts for both principal and interest of Baht 713.62 million and Baht 604.60 million, respectively.

5.5 Error correction - accrued interest income

According to loans agreement of other companies in Indonesia which indicated to calculate compounded interest every six months, formerly, was not calculated compounded interest. Therefore, in 2000, the Company recorded those accrued interest income net of allowance for doubtful accounts of Baht 55.31 million and adjusted the prior retained earnings, resulted in decreasing of deficit brought forward of year 2000 and 1999 of Baht 56.77 million and Baht 32.65 million, respectively.

From the aforementioned change of accrued interest income, the Company has additionally provided the allowance for doubtful accounts as follows:

	2000 (Million baht)	1999 (Million baht)
Accrued interest income	370.15	231.85
Less Allowance for doubtful accounts	(222.10)	(139.11)
Accrued interest income - net	148.05	92.74

6. INVENTORIES

	Consolidated		Parent company	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand baht)	1999 (Thousand baht)
Land	11,708,486	12,636,766	10,546,864	11,333,828
Land improvements	1,015,009	1,178,770	928,528	1,074,290
Construction in progress	1,154,122	790,960	934,552	612,269
Deferred interest	6,285,579	6,513,637	5,738,274	5,983,307
Central utilities	1,502,092	1,829,169	1,111,943	1,407,066
Preparation cost	244,340	304,011	170,608	223,907
Construction materials	1,256	21,007	1,240	20,982
Houses for sales	37,563	22,374	6,315	19,572
Total	21,948,447	23,296,694	19,438,324	20,675,221
Less Allowance for declining value of inventories	(2,457,494)	(2,796,440)	(2,319,731)	(2,675,580)
Balance	19,490,953	20,500,254	17,118,593	17,999,641

Most of land are mortgaged as guarantee for loans as mentioned in note 11 and 13.

As at 31st December 1998, the Company has estimated provision for diminution in inventories of the Company and a subsidiary amounting to Baht 3,000 million and Baht 38.41 million, respectively. As at 31st December 1999, two subsidiaries have increasingly estimated provision for diminution in inventory totaling Baht 82.45 million. The Company and subsidiaries will amortize the allowance for declining in value of inventories according to the area sold. Therefore, as at 31st December 2000, the Company and subsidiaries' balances of declining in value of inventories represented Baht 2,319.73 million and Baht 2,457.49 million, respectively. (In 1999, the amounts was Baht 2,675.58 million and Baht 2,796.44 million, respectively).

7. INVESTMENT IN RELATED PARTIES is consisted of common share as follows:

For parent company's financial statements

	Type of business	Paid-up capital		% of investment		Cost method (Thousand baht)		Equity method (Thousand baht)	
		2000	1999	2000	1999	2000	1999	2000	1999
Investments in subsidiaries:									
- Atlantic Real Estate Co., Ltd.	Real Estate	100.00	100.00	99.99	99.98	14,998	14,998	56,566	139,137
- Pacific Real Estate Co., Ltd. and affiliates	Real Estate	100.00	100.00	99.99	99.99	19,997	19,997	0	0
- Land and Houses North Co., Ltd.	Real Estate	27.00	27.00	99.99	99.99	13,500	13,500	18,179	13,590
- Land and Houses Northeast Co., Ltd.	Real Estate	100.00	100.00	99.99	99.99	300,000	300,000	40,458	147,580
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	86.00	61.00	61,499	60,999	41,780	60,557
- Siam Tanee Real Estate Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	70.00	70.00	139,999	139,999	0	0
- L H Muangmai Co., Ltd.	Real Estate	77.70	77.70	55.00	55.00	170,940	170,940	113,252	127,281
Total investments in subsidiaries						720,933	720,433	270,235	488,145
Investments in affiliates:									
- Bangkok Chain Hospital Co., Ltd.	Hospital	100.00	100.00	36.00	36.00	449,355	449,355	0	0
- Assets Plus Securities Co., Ltd.	Finance & securities	100.00	100.00	26.18	26.18	141,345	141,345	182,778	190,591
- Quality Construction Products Co., Ltd.	Building material	100.00	100.00	30.00	30.00	90,668	90,998	0	0
- M L & H Corporation	Real Estate	93.88	93.88	40.00	40.00	1,796,317	1,796,317	1,773,401	1,695,464
- Home Products Center Co., Ltd.	Trading of construction materials	100.00	100.00	34.20	30.00	82,320	48,720	82,350	35,128
- Asian Property Development Public Co., Ltd.	Building material	85.25	85.25	29.74	70.08	674,970	550,545	159,798	25,828
- Cameron Global Limited	Investment	100.00	100.00	40.00	0.00	15	0	308	0
- Asia Asset Advisory Co., Ltd.	Investment advisor	10.00	0.00	49.99	0.00	4,999	0	5,506	0
Total investments in affiliates						3,239,989	3,077,280	2,204,141	1,947,011
Total investments in subsidiaries and affiliates						3,960,922	3,797,713	2,474,376	2,435,156

In 1999, the Company has received dividend form Atlantic Real Estate Co., Ltd. for 149,979 shares of Baht 800.00 each, amounting to Baht 119,983,200.00.

7.1 Details of investments in subsidiaries with controllable companies are as follows:

7.1.1 The financial statements of the aforementioned subsidiaries which were brought into the preparation for consolidated financial statements and net profit of the subsidiaries for the year 2000 and 1999 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

7.1.2 The investment in the affiliate of Pacific Real Estate Co., Ltd. is "Wave Development Co., Ltd." in which the Company has a shareholding of 36.36 per cent of the paid-up capital. Investment in this affiliate which its operation encounter a going concern, loss for several consecutive years and also defaulted on principal and interest payment to banks and financial institutions. As at 10th February 1999, the Board of directors of Pacific Real Estate Co., Ltd. passed the resolution to value this investment equal to zero. As at 19th September 2000, Pacific Real Estate Co., Ltd. sold all of investments in that company to the other parties at Baht 100,000.00.

The financial statements as at 31st December 2000 and 1999 of Pacific Real Estate Co., Ltd. which was brought into the computation of investments under equity method, has capital deficiency. The Company recorded the capital deficiency as equal as the investment balance, which caused the investment balance equal to zero and recognized the excess of loss over investment of Baht 387.09 million and 313.72 million as other liabilities in "excess loss from investment in subsidiaries and affiliates".

7.1.3 The investment in a subsidiary of Siamtanee Property Co., Ltd. is "S.T.N. Management Co., Ltd." in which the Company has a shareholding of 99.99 per cent of the paid-up capital.

The financial statements of aforementioned subsidiary which was brought into the preparation for consolidated financial statements and net profit (loss) was brought into the computation of investments under the equity method, was taken from audited financial statements.

On 31st March 2000, the Company has additionally purchased common shares of Siamtanee Property Co., Ltd. from the existing shareholder for 250,000 shares at Baht 2.00 each, totalling Baht 500,000 (the proportion of investment increased from 61 per cent to 86 per cent). The valuation of increasing proportion of 250,000 common shares at the purchasing date equal to Baht 13.36 million, as a result, it incurred negative goodwill of Baht 12.86 million which was recorded as deduction with investment in subsidiaries in the parent company's balance sheets and other assets in the consolidated balance sheets, also gradually recognized as income for a period of 10 years.

7.1.4 The investment in a subsidiary of Siamtanee Real Estate Co., Ltd. is "Bann Suanthon Co., Ltd." in which the Company has a shareholding of 99.40 per cent of the paid-up capital.

The financial statements of this subsidiary which was brought into the preparation for consolidated financial statements and net profit (loss) was brought into the computation of investment under the equity method, was taken from audited financial statements.

The financial statements for the year ended 31st December 2000 and 1999 of Siamtanee Real Estate Co., Ltd. which was brought into the computation of investment under equity method. The Company recorded the capital deficiency equal to the investment balance, which caused the investment balance equal to zero and recognized the excess of loss over investment of Baht 162.55 million and Baht 135.94 million, respectively as other liabilities in "excess loss from investment in subsidiaries and affiliates".

7.2 Details of investments in affiliates in which the Company has significant influence are as follows:

7.2.1 The financial statements for the year 2000 and 1999 of Bangkok Chain Hospital Co., Ltd., and Quality Construction Products Co., Ltd. which were brought into the computation of investment under equity method, were taken from unaudited financial statements. The Company recorded the capital deficiency as equal as the investment balance, which caused the investment balance equal to zero and recognized the excess of loss over investment in affiliate as other liabilities in "excess loss from investment in subsidiaries and affiliates" for the amount of Baht 136.52 million and Baht 153.94 million in 2000, respectively, Baht 75.20 million and Baht 106.74 million in 1999, respectively.

7.2.2 Net profit (loss) of Assets Plus Securities Co., Ltd. for the year 2000, which was brought into the computation of investments under equity method, was taken from unaudited financial statements by other auditors, have equity loss of Baht 7.25 million. Net profit (loss) of that company for the year ended 1999, which was brought into the computation of investments under equity method, was taken from the financial statements have equity gain of Baht 15.10 million.

7.2.3 M L & H Corporation was incorporated in The Republic of The Philippines in December 1995, with the objective to be a holding company to invest in real estate in that country. The equity gain from investment of Baht 77.94 million and equity loss of Baht 58.11 million for the year ended 31st December 2000 and 1999, respectively, was taken from unaudited financial statements by other auditors.

7.2.4 In December 1999, the Company purchased common shares of Home Products Center Co., Ltd. for 348,000 shares at Baht140.00 each, totalling Baht 48.72 million from Asian Property Development Public Company Limited. The proportion of shareholding is 30 per cent. In 2000, Home Products Center Co., Ltd. has increase its share capital for 0.84 million shares, share capital increased to 2 million shares of Baht 100.00 each. The Company has made payment in proportion of additional share capital and has additionally purchased part of the increasing share capital from an existing shareholder. As a result, as at 31st December 2000, the proportion of investment in this company is 34.20 per cent.

Net profit of this company which was brought into the computation of investments under equity method, was taken from audited financial statements.

7.2.5 On 1st July 2000, the Company purchased the increasing share capital of Asian Property Development Public Company Limited, former named "The PCM Precast Floors Public Co., Ltd." for 39.5 million shares at Baht 3.15 each or amounting to Baht 124.425 million from the subscription right 75.26 million shares. These resulted decreasing in proportion of investment from 70.08 per cent to 29.67 per cent.

In November 2000, The PCM Precast Floors Public Co., Ltd. changed its title name to "Asian Property Development Public Company Limited.

Net profit of this company which was brought into the computation of investments under equity method, was taken from audited financial statements.

7.2.6 Investment in Cameron Global Limited is investment in The Republic of The Philippines in which the Company has shareholding of 40 per cent.

Net profit of this company which was brought into the computation of investments under equity method, was taken from unaudited financial statements.

7.2.7 In 2000, the Company has investment in common shares of Asia Asset Advisory Co., Ltd. for 499,994 shares of Baht 10.00 each, amounting to Baht 4.99 million in proportion of shareholding of 49.99 per cent.

Net profit of this company which was brought into the computation of investments under equity method, was taken from audited financial statements.

8. LONG-TERM INVESTMENTS

	Consolidated		(Thousand baht)		Parent company	
	Securities held for sales	Other investments	Total	Securities held for sales	Other investments	Total
For the year 2000						
Debt - equity link						
Bangkok Mass Transit System Public Co., Ltd.	350,498	0	350,498	350,498	0	350,498
Equity security - net	844,651	2,259,136	3,103,787	795,903	2,219,088	3,014,991
Less Provision for unrealized gain (loss) of investment	(167,257)	0	(167,257)	(233,367)	0	(233,367)
Provision for impairment of assets - investment	<u>(195,616)</u>	<u>(941,007)</u>	<u>(1,136,623)</u>	<u>(195,616)</u>	<u>(941,007)</u>	<u>(1,136,623)</u>
Total	<u>832,276</u>	<u>1,318,129</u>	<u>2,150,405</u>	<u>717,418</u>	<u>1,278,081</u>	<u>1,995,499</u>
For the year 1999						
Debt - equity link						
Bangkok Mass Transit System Public Co., Ltd.	350,498	0	350,498	350,498	0	350,498
Equity security - net	704,557	1,654,135	2,358,692	619,758	1,654,088	2,273,846
Less Provision for unrealized gain (loss) of investment	132,209	0	132,209	(2,270)	0	(2,270)
Provision for impairment of assets - investment	0	<u>(778,911)</u>	<u>(778,911)</u>	0	<u>(778,911)</u>	<u>(778,911)</u>
Total	<u>1,187,264</u>	<u>875,224</u>	<u>2,062,488</u>	<u>967,986</u>	<u>875,177</u>	<u>1,843,163</u>

Part of investment in other companies represents investment in 5 companies in Indonesia with total investment of Rupiah37,282.92 million or Baht 405.24 million which the Company provided the impairment of investment in full in 2000 and Baht 243.14 million in 1999, the remaining are investment in various other companies. As at 31st December 2000 and 1999, the Company, therefore, provided allowance for impairment of such other investments of Baht 941.01 million and Baht 778.91 million, respectively.

In 2000, the book value of securities for sales is lower than fair value in the consolidated and parent financial statements represented Baht 167.26 million and Baht 233.37 million, respectively, in 1999, the book value is over/lower than fair value in the consolidated and the parent financial statements of Baht 132.21 million and Baht 2.27 million, respectively, which are shown as unrealized gain (loss) of investment.

9. LAND UNDER CONTRACTS TO BUY AND TO SELL

In 1992, the Company has entered into an agreement to buy or to sell a piece of land and has already made full payment. It is conditioned in the agreement that the ownership will be transferred after a completion of some construction on the land within 36 months from the agreement date, and if the Company cannot fulfill the condition, the seller can cancel the agreement and return 70 per cent of the purchase price to the purchaser. However, the Company has not yet proceeded such construction. In 2000, the Company, determined the provision for impairment of that agreement of Baht 56.45 million as detailed following:

	(Baht : Thousand)	
	2000	1999
Land under contracts to buy and to sell	282,450	282,450
Less Provision for impairment	(56,450)	0
Net book value	226,000	282,450

10. PROPERTY, PLANT AND EQUIPMENT – NET

Consolidated	(Baht : Thousand)			
	31 st December 1999	Increase	Decrease	31 st December 2000
Cost:				
Office building	139,947	47	28,170	111,824
Office equipment	71,608	15,399	2,586	84,421
Office and club furnitures	357,261	34,383	112,135	279,509
Machinery and equipment	2,338	6	0	2,344
Vehicles	8,125	3,796	616	11,305
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool and tennis court	378,334	15,983	0	394,317
Leasehold	26,658	0	0	26,658
Other assets	44,183	1,580	391	45,372
Assets in progress	137,147	19,922	125	156,944
Total	1,166,607	91,116	144,023	1,113,700

Consolidated	(Baht : Thousand)			
	31 st December 1999	Increase	Decrease	31 st December 2000
Accumulated depreciation:				
Office building	34,609	5,681	5,230	35,060
Office equipment	62,293	6,719	2,209	66,803
Office and club furnitures	242,851	52,389	84,494	210,746
Machinery and equipment	2,213	99	0	2,312
Vehicles	6,618	1,560	152	8,026
Kindergarten	281	47	0	328
Nursery garden	56	6	0	62
Club houses, swimming pool and tennis court	371,853	34,356	(2,597)	408,806
Leasehold	13,533	2,501	0	16,034
Other assets	37,781	4,316	360	41,737
Total	772,088	107,674	89,848	789,914
Provision for impairment of assets:				
Club houses, swimming pool and tennis court	6,989			6,989
Net book value				
As at 31 st December 1999	387,530			316,797
As at 31 st December 2000				
Depreciation for the year ended 31 st December 2000				107,674
Depreciation for the year ended 31 st December 1999				133,715

Parent's financial statements	(Baht : Thousand)			
	31 st December 1999	Increase	Decrease	31 st December 2000
Cost:				
Office building	77,867	47	0	77,914
Office equipment	58,455	15,025	0	73,480
Office and club furnitures	296,600	25,457	97,749	224,308
Tools and equipments	1,251	0	0	1,251
Vehicles	3,752	3,796	616	6,932
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	266,485	12,638	0	279,123
Leasehold	25,474	0	0	25,474
Other assets	36,127	1,516	0	37,643
Assets in progress	135,933	17,981	0	153,914
Total	902,934	76,460	98,365	881,029
Depreciation:				
Office building	12,931	3,904	0	16,835
Office equipment	51,138	5,483	0	56,621
Office and club furnitures	197,705	43,893	72,283	169,315
Tools and equipments	1,224	19	0	1,243
Vehicles	2,656	1,163	151	3,668
Kindergarten	280	47	0	327
Nursery garden	45	3	0	48
Club houses, swimming pool and tennis court	317,321	30,298	0	347,619
Leasehold	13,355	2,463	0	15,818
Other assets	30,712	3,722	0	34,434
Total	627,367	90,995	72,434	645,928
Net book value				
As at 31 st December 1999	275,567			
As at 31 st December 2000				235,101
Depreciation for the year ended 31 st December 2000				90,995
Depreciation for the year ended 31 st December 1999				106,620

In 2000 and 1999, the subsidiary has appraised the valuation of fixed assets that incurred loss from impairment of land, building and equipment totalling Baht 7.00 million and Baht 20.86 million, respectively.

Fixed assets of the Company and subsidiaries are not used as collaterals.

11. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

For parent company's financial statements

	2000 (Thousand baht)	1999 (Thousand baht)
Banks overdraft	18,967	20,483
Bill of exchange	148,726	0
Total	167,693	20,483

In 2000 and 1999, the Company has overdraft facility of Baht 91 million with several local banks and bill of exchange of Baht 148.73 million which are due within 3 months.

For the year ended 31st December 2000, the Company has partially settled BIBF loans of USD 10 million by paying USD 6.5 million to the loan transferee. The difference of USD 3.5 million or Baht 159.92 million was recorded as gain from debt restructuring and shown as extraordinary items in statements of income (note 17).

Banks overdraft are guaranteed by mortgaging land and construction (inventories) of the Company.

12. TRADE NOTES PAYABLE

In 2000, notes payable represent payment for purchase of land by the issuance of promissory notes which are availed by banks.

13. LONG-TERM LOANS

	Consolidated (Thousand baht)		Parent company (Thousand baht)	
	2000	1999	2000	1999
Long-term loans	11,561,794	14,222,068	10,255,230	12,777,795
Less Current portion due within 1 year	(118,241)	(380,220)	0	(278,154)
Total	11,443,553	13,841,848	10,255,230	12,499,641

Long-term loans of Land and Houses Public Company Limited consist of borrowing from domestic and foreign financial institutions as follows:

	2000 (Thousand baht)	1999 (Thousand baht)
Domestic banks	9,007,672	11,589,683
Domestic financial institutions	318,571	319,000
Foreign banks	928,987	869,112
Total	10,255,230	12,777,795

13.1 Borrowings from domestic banks and financial institutions, amounted to Baht 8,534.70 million and Baht 791.55 million, respectively, were collateralized by a mortgage on land and construction of each project together with a pledge of investment in an affiliated and three other companies. Loans from foreign banks of Baht 928.99 million have no collateral.

In the third quarter of 1999, the Company entered into debt restructuring agreement with creditors of credit line totalling Baht 2,006.63 million for extending the repayment periods to mature in next 5 years and reducing interest rate, by quarterly principal repayment with 20 equal installments, commencing from February 2002 or whenever the land deed guarantees was redeemed. The interest is payable monthly at the creditor's MLR, starting from September 1999.

In 2000, the Company has additionally made four agreements for loans from a local bank of Baht 718.97 million at the interest rate of MLR under the condition of principal repayment within 2-6 years or whenever the land deed guarantees was redeemed. The Company's loans are detailed following:

Institute	Balance at 31/12/00 (Million baht)	Interest rate	Repayment conditions	Guarantee by
One domestic bank	7,319.61	MLR	40-50% of selling price of land and construction	Mortgage land and construction of each project
Six domestic banks	1,688.06	MLR	Repayment quarterly by 20 installments of Baht 84.40 million, starting 1 st March 2002	Mortgage land and construction of each project and pledge of share in 1 affiliate and 3 other companies
Total	9,007.67			
Three financial institutions	318.57	Creditor's MLR	Repayment quarterly by 20 installments of Baht 15.93 million, starting 1 st March 2002	Mortgage land and construction of each project

13.2 Long - term loans from foreign financial institutions

In 1996, the Company has made agreement for long - term loans from 8 syndicated creditors for amount of JPY 4,000 million and USD 8 million, therefore, the Company has negotiated with the creditors to make debt restructuring as follows:

13.2.1 For loans from 4 creditors total amount of Yen 2,350 million, in 1999, the Company made debt repayment of Yen 1,527.5 million. The difference from making debt repayment of Yen 822.5 in worth Baht 367.41 million is recorded as gain from debt restructuring by the Company.

13.2.2 Loans from 2 creditors in the amount of Yen 780 million and USD 8 million (equal to Thai Baht as at 31st December 2000, total amount of Baht 643.96 million). In 1999, the Company made agreement to change term of debt repayment by making semi-annually principal repayment in 10 installments, starting in May 2002 and interest paid by quarterly at the rate of LIBOR + 1%, starting in September 1999.

13.2.3 Loans from 1 creditor in the amount of Yen 120 million is offset by convertible debenture which issued in 1999 (note 15.1).

13.2.4 Loans from a creditor in the amount of Yen 750 million (equal to Thai Baht as at 31st December 2000, total amount of Baht 285.03 million). In 1999, the Company made agreement to change term of debt repayment by making semi-annually principal repayment in 10 installments, starting in October 2002 with the option interest paid by 1, 2, 3 or 6 months at the interest rate of LIBOR + 1%.

13.3 Gain from termination of currency swap agreements (for both interest and principal)

In October 1997, the Company entered into several currency swap agreements with one domestic bank in overseas branch to reduce the borrowing cost. By terminating the agreements, in April and July 1999, the Company received net payment of Baht 245.42 million and Baht 28.97 million, respectively, totalling of Baht 274.39 million. The Company recorded as gain from exchange rate in the financial statements for the year ended 31st December 1999.

The subsidiaries' long-term loans consist of loans from domestic financial institutions as follows:

Company	Creditors	Balance at 31/12/00 (million)	Interest rate %	Repayment conditions	Guarantee by
1. L H Muangmai Co., Ltd	Bank	563.82	MLR + 0.25	55% of selling price of land and construction	Mortgage land and construction of each project
2. Land and Houses North Co., Ltd	Bank	27.44	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
3. Land and Houses Northeast Co., Ltd.	Bank	270.87	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
	Finance company	57.43	MLR	Repayment quarterly by 20 installments of Baht 3 million, starting February 2002	Mortgage land and construction of each project
4. Siamtanee Property Co., Ltd. and subsidiaries	Bank	18.89	MLR+1	Due repayment in 2000 of Baht 6.89 million, in 2001 of Baht 12.00 million.	Mortgage land and construction of each project
5. Siam Tanee Real Estate Co., Ltd. and subsidiaries	Bank	137.23	5-9	Due repayment in 2000 of Baht 30.60 million,	
	Finance company	208.86	6-7	in 2001 of Baht 68.75 million, in 2002 of Baht 99.37 million,	Mortgage land and construction of each project
	Related companies	10.59	7	in 2003 of Baht 83.00 million, in 2004 of Baht 74.98 million.	

14. DEBENTURES – DOMESTIC

On 30th March 2000, the Company issued debentures, specific name, unsecured, unsubordinated without debenture holders' representative to the investors as specified in the Notification of the Securities and Exchange Commission which excludes personal investors, this is in accordance with the shareholders' extraordinary meeting no. 1/1997 held on 26th May 1997. The issued size is 800,000 units of Baht 1,000.00 each, amounting to Baht 800 million. The interest rate is fixed at 8.5% per annum for the first and second year and floated during the third through fifth year. (The floating rate is the average Minimum Lending Rate (MLR) officially announced by 3 Thai commercial banks on the third business day preceding the first day of the relevant interest period minus 0.25% per annum). The interest will be paid every 6 months on 30th March and 30th September. The principle will be repaid in 7 instalments starting from the end of the 2 years period. The first repayment will be made on 30th March 2002 at the rate 10 per cent of face value and at the rate 15 per cent for the six remaining semi-annually instalments on 30th March and 30th September every year. (Starting on 30th September 2002 and ending on 30th March 2005).

15. CONVERTIBLE DEBENTURES

15.1 Convertible debentures - domestic

On 1st December 1999, the Company has restructured debt with a creditor (note 13.2.3) by issuing convertible debentures to the specific investor according to the shareholders' extraordinary meeting no. 1/1999 held on 28th October 1999 (note 26.2). The conversion price was fixed at Baht 18.38 for 1 common share total 45,672 units of Baht 1,000.00 each, totalling Baht 45.67 million with the interest rate of 4% per annum. The annual maturity conversion is equally, on 1st December 2002-2006 under the condition that the Company has a right to redeem the convertible debenture before maturity at par value plus the amount equal to the rate of average MLR of four Thai commercial bank minus with 4% per annum of par value from the date of issuance up to the redeemable date.

15.2 Convertible debentures - oversea

On 30th April 1993, the Company issued convertible debentures for an amount of US\$ 60 million or approximately Baht 1,530 million, to be sold in foreign stock markets at the price of US\$ 1,000.00 per debenture with an interest rate (net of withholding tax) of 5% per annum, payable once a year over a period of 10 years. The conversion price was fixed at Baht 307.31 for 1 common share (the exchange rate for US dollar/Baht was fixed at US\$ 1.00 = Baht 25.20). Such convertible debentures are converted into common shares at a conversion ratio of 1 unit of debenture for 82 common shares within the period from 1st August 1993 to 31st March 2003. Details as at 31st December 2000 are as follows:

	Number of debenture	Amount (Thousand baht)
Convertible debentures issued - overseas	60,000	1,512,000
Less Conversion into common shares through		
- 31 st December 2000	(51,867)	(1,307,048)
Balance	8,133	204,952
Convertible debentures issued - domestic		45,672
Total convertible debenture		250,624

As at 27th June 1997, the Company allocated the new issued shares to the existing shareholders and private placement for 162 million and 18 million shares, respectively, the effects on conversion price is a new conversion ratio equal to Baht 161.46 or 156 common shares for 1 debenture.

As at 28th September 1999 and 2nd to 8th November 1999, the Company allocated the new issued shares to the specific investor and existing shareholders for 94.29 million and 178.18 million, respectively, the effects on conversion price is a new conversion ratio equal to Baht 109.73 or 229 common shares for 1 debenture.

16. UNREALIZED GAIN (LOSS) OF INVESTMENTS

The difference between book value and fair value of assets for sales consist of:

	Consolidated		Parent company	
	2000 (Thousand baht)	1999 (Thousand baht)	2000 (Thousand baht)	1999 (Thousand baht)
Investment in subsidiaries				
Pacific Real Estate Co., Ltd.	0	(13,394)	0	(13,394)
Atlantic Real Estate Co., Ltd.	66,101	147,853	66,101	147,853
Investment in affiliates				
Assets Plus Securities Co., Ltd.	972	1,532	972	1,532
M L & H Corporation	0	0	0	0
Investment of Land and Houses Plc.	(233,367)	(2,270)	(233,367)	(2,270)
Total	(166,294)	133,721	(166,294)	133,721

17. EXTRAORDINARY ITEMS

As at 20th February 2000, a subsidiary made the letter to redeem its liabilities to the Fund, a transferee the right to claim on promissory notes from the closed finance company which had the principal and accrued interest of Baht 13.84 million by making repayment of Baht 10.49 million. As a result, such subsidiary has gain from debt restructuring of Baht 3.35 million which is shown as extraordinary items in statements of income.

In 1999, the Company has made agreement to restructure its debts with loans payable of Baht 1,414.61 million and other payables of Baht 1,489.27 million which the creditors agreed the Company to pay 1,753.97 million, as a result, the Company has gain from debt restructuring of Baht 1,149.91 million.

18. CHANGE IN ACCOUNTING POLICIES

18.1 Utilities , clubs, swimming pools and tennis courts

In 2000, the Company has changed accounting method of depreciation of club houses, swimming pools and tennis courts from depreciated on a straight - line basis within 20 years to the expected economic benefits taken from those assets based on proportion of space sold in each project for conformity with the economic benefits from using the above assets built for housing project sale promotion. The Company has retroactively adjusted the financial statements by presenting cumulative effect of change in accounting policy in both year 2000 and 1999. From the aforementioned change, the parent's financial statements in 2000 and 1999 represented an increase in beginning deficit of Baht 318.09 million and Baht 300.89 million, respectively, decrease in net profit of Baht 20.36 million and Baht 15.99 million for the year ended 31st December 2000 and 1999, respectively.

18.2 In 1999, the Company has changed the accounting method of pre-operating expenses incurred before project earnings in their occurring period by recorded fully expenses to conform with the new accounting standards of the Framework and Interpretation of "Impairment of assets - expenses of undeveloping and developing business have been recorded as assets", the Company has retroactively adjusted the 1999 financial statements, the change in 1999 parent and consolidated financial statements were simply reflecting its decrease in net profit of Baht 788.10 million and Baht 730.66 million, respectively.

19. COMMITMENT AND CONTINGENT LIABILITIES

19.1 The Company has contingent liabilities to several financial institutions for acting as a guarantor for the Company's subsidiaries, affiliates and other companies as follows:

Company	2000		1999	
	Foreign currencies	Thai Baht (million)	Foreign currencies	Thai Baht (million)
Subsidiaries				
1. Land and Houses Northeast Co., Ltd.		57.43		60.00
2. Siam Tanee Real Estate Co., Ltd.		213.69		216.68
3. Pacific Real Estate Co., Ltd.		161.27		140.22
Total		432.39		416.90
Affiliates				
1. Bangkok Chain Hospital Co., Ltd.		337.23		322.44
2. Bangkok Chain Hospital Co., Ltd.	JPY 2,687 million	1,021.18	USD 24.71 million	931.81
3. Quality Construction Products		365.67		345.15
Total		1,724.08		1,599.40
Other related companies				
1. Saraburi Vechakit Co., Ltd.	JPY 79.4 million	30.17	USD 0.768 million	28.97
2. Nobel Clear Holding (BVI) Co., Ltd.	DEM 12.7 million	263.08	DEM 12.08 million	235.35
3. Wave Development Co., Ltd.		0.00		418.74
Total		293.25		683.06
Total commitment and guarantee		2,449.72		2,699.36

Subsidiaries - Siam Tanee Real Estate Co., Ltd. and Pacific Real Estate Co., Ltd., affiliates-Bangkok Chain Hospital and Quality Construction Products Co., Ltd. have incurred operating capital deficiency and encountered repayment problem. Therefore, the Company has contingent liabilities on debt repayment from guarantee the above companies. At present, the Company cannot estimate the responsibility on repayment for subsidiaries and affiliates, therefore, the Company has not recorded such expenses in the financial statements. However, those Companies have already proceeded the restructuring their debts with financial institutions. The Company guaranteed the subsidiaries and affiliates based on the proportion of shareholding, and additionally, major shareholders of Bangkok Chain Hospital is a near relative of the Company major shareholders.

19.2 As at 31st December 2000 and 1999, Pacific Real Estate Co., Ltd., guaranteed loans of Wave Development Co., Ltd. to other parties in proportion of shareholdings for the principals and accrued interest expenses of Baht 814.16 million and Baht 1,325.71 million, respectively. Such liabilities incurred from Wave Development Co., Ltd. stopped to settle such accrued interest expenses and defaulted on principal repayment. However, Wave Development Co., Ltd. is under the negotiation for debt restructuring with its creditor. The Company's management believes that the restructuring will be success in the near future which have not affected to such subsidiary. However, these commitments will not exceed the amount of loan guarantees.

19.3 As at 31st December 2000, the Company has responsibility to provide fund to the foreign related companies under the "SHAREHOLDERS LOAN AGREEMENTS" in proportion to shares held at an interest rate of LIBOR + 1.5% without collateral against loan.

19.4 As at 31st December 2000, the Company has commitment and contingent liabilities from bank's issuance of letter of guarantee for project development and company's operation for an amount of Baht 604.59 million (as at 31st December 1999, the amount was Baht 578.35 million).

19.5 As at 31st December 2000, the Company has guaranteed loans of customers to financial institutions of Baht 128.26 million. (as at 31st December 1999, the amount was Baht 142.86 million).

20. THE CHANGE IN REPORTED ENTITY

According to the minutes of Board of Director meeting no. 17/2000 held on 26th April 2000, the meeting had resolution for the Company to buy the new right issued ordinary share of Asian Property Development Public Company Limited 39.5 million shares of Baht 3.15 each of total new 75.264 million right issued ordinary shares. On 1st July 2000, the Company paid total amount of Baht124.425 million for buying the above right issued ordinary shares.

From the Company did not buy partial of the new right issued ordinary share of Asian Property Development Public Company Limited. The percentage of shareholding decreased from 70.07% to be 29.74% so that Asian Property Development Public Company Limited is changed its status from an subsidiary company to be an associated company. The consolidated financial statements for the year 1999, therefore, presented for comparative purpose have been retroactively adjusted by not including Asian Property Development Public Company Limited to make the financial statements comparable.

21. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

According to the minutes of Shareholders' General Meeting no. 1/2000 held on 26th April 2000 and no.1/1999 held on 28th April 1999, the shareholders unanimously passed the resolution to cease dividends distribution from the result of its operations for the year 1999 and 1998.

22. TRANSACTION WITH ITS RELATED PARTIES

22.1 Purchase goods and services from related parties

	2000	(Baht: Thousand)
	Purchase goods	Services
Quality Construction Products Co., Ltd.	104.23	0.00
Home Products Center Co., Ltd.	69.71	0.00
Asian Property Development Plc.	22.41	0.00
Quality Houses Plc.	0.00	10.79
Total	196.35	10.79

Purchase goods transaction represented purchase construction raw materials to built the Company's houses based on the normal course of business.

The major shareholders of the Company also act as major shareholders of Quality House Public Company Limited. The aforementioned transaction with this company represented the payment of building rental, services derive and other services from rent of Q House Convent which based on the normal course of business.

22.2 Balance from purchase goods and services

	Baht : Million 2000
Payables	
Quality Constructon Products Co., Ltd.	0.24
Home Products Center Co., Ltd.	7.91
Asian Property Development Plc.	1.17
Total	9.32

23. OBLIGATION AND COMMITMENT FROM DEVELOPING PROJECT ON HAND

	2000 (Thousand Baht)	1999 (Thousand Baht)
Number of project on hand, beginning of the period	35	39
Number of closing project	(7)	(5)
Number of new project	2	1
Number of project on hand, ending of the period	30	35
Contracted sales value	33,547	31,243
% Sales value of project on hand	57.0%	53.0%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 820 million (in 1999, the amount was Baht 792 million).

24. FULLY DILUTED EARNINGS (LOSS) PER SHARE

	Consolidated		Parent company	
	2000 (Baht)	1999 (Baht)	2000 (Baht)	1999 (Baht)
Profit (Loss) before extraordinary items	0.35	(4.01)	0.35	(4.01)
Extraordinary items - net (from minority interest)	0.00	2.59	0.00	2.59
Profit (Loss) before extraordinary items	0.35	(1.42)	0.35	(1.42)

25. REGISTERED CAPITAL

25.1 Registered capital

The extraordinary shareholders meeting 1/1999 on 28th October 1999 has resolved to decrease registered capital from Baht 8,500 million to Baht 4,536,882,180.00 and to increase registered capital to Baht 7,463,647,640.00 by issuing 292,676.546 common shares of Baht 10.00 each, totalling Baht 2,926,765,460.00. The Company has amended the Memorandum of Association on 3rd November 1999 with details of new shares allotment as follows:

- (1) To allot 178,176,546 shares for the shareholders whose names are on the shareholder register on 13th October 1999 at 5 existing shares to 2 new shares at Baht 14.00 per share. The subscription and payment period is from 2nd November 1999 to 8th November 1999.
- (2) To allot 100,000,000 shares to investor whose qualifications are in line with point 2 of the Notification of the Securities and Exchange Commission on Principles, Conditions, and Procedures for Private Placement dated 18th May 1992.

The details of allocated new shares such as offered price, period, conditions and other details under consideration of Company's Board of directors.

- (3) To allot 2,500,000 shares to additional reserve the exercise of warrants which were previously issued to directors and employees of the Company and subsidiaries (ESOP), totalling 7,500,000 shares.
- (4) To allot 12,000,000 shares to reserve the exercise of convertible debenture which was approved by the extraordinary shareholders' meeting.

In case the shares allotted in point (1) (3) and (4) are left over, it is the power of directors to reallocate those shares to investors whose qualifications are in line with point 2 of the Notification of the Securities and Exchange Commission on Principles, Conditions and Procedures for Private Placement dated 18th May 1992. Details of the allotment are under the directors' discretion.

25.2 Convertible debenture

The extraordinary shareholders' meeting 1/1999 on 28th October 1999 has unanimously resolved to issue convertible debenture of Baht 220 million with details as follows:

Type:	convertible debenture which can be converted to the Company 's common shares,
Collateral:	no collateral and no representative of the debentureholders
Amount:	not more than Baht 220 million
Maturity:	not longer than 7 years from issuance date
Allotment:	allot to investors whose qualifications are in line with the Notification of the Securities and Exchange Commission on the Principles, Conditions, and Procedures for Private Placement dated 30th October 1992
Par value:	Baht 1,000.00 each
Conversion price:	the lower between a) Baht 20.00 and b) book value according to the consolidated financial statements as of 31 st December 1998 to which the capital increase of at least Baht 3,500 million is adjusted.
Interest rate	4% per annum of par value
Redemption before maturity	the Company has a right to redeem the whole or part of the convertible debenture at par value plus
	the amount equal to average MLR of 4 Thai commercial banks minus 4% per annum of par value from the date of issuance to the date of redemption.

In addition, the directors were empowered to approve the details, procedures and conditions of the above private placement e.g., selling price, interest payment procedure, conversion period, redemption, the issuance of common shares, etc. The Company, therefore, has issued such debenture of Baht 45.67 million (note 15.1).

26. ADJUSTMENT ENTRIES IN FINANCIAL STATEMENTS FOR THE YEAR 1999

By changing in reported entity (note 20), accounting policy relating to depreciation method (note 18.1) and deferred expenses amortization (note 18.2), the consolidated financial statements for the year 1999 presented for comparative purpose have been effected as follows:

	Baht (Thousand)	
	Consolidated	Parent company
Consolidated balance sheets		
Decrease in assets	891,957	572,618
Decrease in liabilities	258,344	24,979
Decrease in minority interest	36,017	0
Consolidated statements of income		
Decrease in revenues before deducting minority interest	205,637	57,898
Decrease in expenditures before deducting minority interest	110,036	387,247
Consolidated cash flows		
Decrease in net cash from operating activities	3,161	0
Decrease in net cash from investing activities	127,097	0
Decrease in net cash from financing activities	97,158	0
Decrease in cash and cash equivalent items at the end of period	50,545	0

27. FINANCIAL INFORMATION BY SEGMENT

The Company's and subsidiaries' operations involve virtually a single real estate development business in one geographical segment since the Company and subsidiaries only have operated in domestic.

28. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

28.1 Accounting policy

The significant accounting policies and method adopted including recognition and expenses relating to each class of financial assets and liabilities have been disclosed as stated in note 2.

28.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. Financial assets shown in balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk. For off-balance sheets, the Company and subsidiaries expect that the accounts of credit risk is immaterial.

28.3 Interest rate risk

Interest rate risk from changes in interest rate from the Company has loans from financial institutions resulting in financial loss to the Company and subsidiaries in the current and following period because of the most of agreement indicated the floating interest rate. Information about interest rate, maturity date of loans from bank or financial institutions and long-term loans have been disclosed in notes to financial statements no. 13, 14 and 15.

28.4 Fair value of financial instruments

Financial assets shown in balance sheets consist of cash, deposit at bank, short-term investments, notes receivable, short-term and long-term loans to related companies, land under contracts to buy and to sell and investments. Financial liabilities shown in balance sheets consist of bank overdrafts, short-term loans from financial institutions, notes payable, trade accounts payables, short-term loans from related companies, unearned revenue, long-term loans from financial institutions, debenture and convertible debenture.

The book value of financial assets and liabilities are close to their fair value. The management believes that there is no material risk financial instruments.