

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 NOTES TO FINANCIAL STATEMENTS
 AS AT 31st MARCH 2001 (UNAUDITED/REVIEWED ONLY)
 AND AS AT 31st DECEMBER 2000 (AUDITED)

1. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

Notes to interim financial statements have been prepared in conformity with the Accounting Standard no. 41 "Interim Financial Reporting" for the propose to provide an update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the balance sheets, statements of income, statements of retained earnings, statements of changes in shareholders' equity and statements of cash flows are represented the same as previous annual financial statements. Therefore, these interim financial statements should access to the most recent annual financial statements.

2. ACCOUNTING POLICY

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2000.

3. SHORT - TERM INVESTMENTS

	Consolidated Securities available for sale (Thousand Baht)		Parent company Securities available for sale (Thousand Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Debt securities Fund - net	680,123	450,000	680,123	450,000
Provision for unrealized gain (loss) on investment	(376)	1,798	(376)	1,798
Total	679,747	451,798	679,747	451,798

4. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

For the parent and consolidated financial statements 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.

5. SHORT - TERM LOANS TO RELATED PARTIES

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Loans to subsidiaries	0	0	970,964	942,264
Loans to affiliates	98,000	98,000	98,000	98,000
Less Allowance for doubtful accounts	(98,000)	(98,000)	(98,000)	(98,000)
Loans to other companies				
- Domestic	18,219	18,219	18,219	18,219
- Overseas	475,749	475,749	475,749	475,749
Short - term loans - net	493,968	493,968	1,464,932	1,436,232

5.1 Loans to subsidiaries :-

	31 st March 2001		31 st December 2000	
	Amount (Thousand Baht)	Interest rate %	Amount (Thousand Baht)	Interest rate %
Loans to subsidiaries:-				
Pacific Real Estate Co., Ltd.	231,048	7.50-7.75	242,848	7.75-8.00
Land and Houses Northeast Co., Ltd.	244,487	7.75-8.25	260,487	7.75-8.25
Land and Houses North Co., Ltd.	46,900	7.75-8.00	46,900	7.75-8.00
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	103,844	5.00-8.25
Atlantic Real Estate Co., Ltd.	221,200	7.75-8.00	164,700	7.75-8.00
Total	970,964		942,264	

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 334.89 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 556.57 million as detailed following :

	Loans	Thousand Baht Excess loss over investment
Pacific Real Estate Co., Ltd.	231,048	397,287
Siam Tanee Real Estate Co., Ltd.	103,844	159,283
Total	334,892	556,570

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 636.07 million were not provided the allowance for doubtful accounts since net asset value of four subsidiaries is over than liabilities (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 :-

	31 st March 2001		31 st December 2000	
	Amount (Thousand Baht)	Interest rate %	Amount (Thousand Baht)	Interest rate %
Bangkok Chain Hospital Co., Ltd.	89,000	10.75	89,000	10.75
Quality Construction Products Co., Ltd.	9,000	MLR	9,000	MLR
Less Allowance for doubtful accounts - affiliates	(98,000)		(98,000)	
Total	0		0	

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 for doubtful accounts in full.

5.3 Loans to other companies - foreign

	31 st March 2001				31 st December 2000			
	Foreign Currency USD	Exchange rate	Thousand Baht	Interest rate	Foreign Currency USD	Exchange rate	Thousand Baht	Interest rate
Overseas company :-								
- PT. PRIMA SEHATI	7,400,000	43.1934	319,631	LIBOR +1.5%	7,400,000	43.1934	319,631	LIBOR +1.5%
- PT. KANAKA GRAHAASRI	1,200,000	43.1934	51,832	LIBOR +1.5%	1,200,000	43.1934	51,832	LIBOR +1.5%
- PT. ANEKAGRIYA BUMINUSA	3,700,000	43.1934	159,816	LIBOR +1.5%	3,700,000	43.1934	159,816	LIBOR +1.5%
- PT. MEKANUSA CIPTA	14,836,000	43.1934	640,817	LIBOR +1.5%	14,836,000	43.1934	640,817	LIBOR +1.5%
- PT. PUTRA PRABUKARYA	400,000	43.1934	17,277	LIBOR +1.5%	400,000	43.1934	17,277	LIBOR +1.5%
Total	27,536,000		1,189,373		27,536,000		1,189,373	
Less Allowance for doubtful accounts			(713,624)				(713,624)	
Total loans to related parties			475,749				475,749	

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, the Company has not received the principal and interest on such loans amounting to Baht 1,189.37 million so the Company has provided allowance for doubtful accounts for both principal and interest of Baht 713.62 million. In 2001, the Company stopped to charge interest since January 2001 because those companies are negotiating for converting such liabilities to capital. In this quarter, the exchange rate of such loans was not adjusted.

6. INVENTORIES

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Land	11,416,967	11,708,486	10,272,114	10,546,864
Land improvements	990,324	1,015,010	906,653	928,528
Construction in progress	1,237,335	1,154,122	997,251	934,552
Deferred interest	6,134,955	6,285,579	5,582,241	5,738,274
Central utilities	1,431,635	1,502,092	1,051,898	1,111,943
Preparation cost	217,872	244,340	145,541	170,608
Construction materials	1,245	1,256	1,240	1,240
Houses for sales	45,563	37,563	14,315	6,315
Total	21,475,896	21,948,448	18,971,253	19,438,324
Less Allowance for declining value of inventories	(2,340,096)	(2,457,494)	(2,206,020)	(2,319,731)
Balance	19,135,800	19,490,954	16,765,233	17,118,593

Most of land are mortgaged as guarantee for loans as mentioned in note 10

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

For parent company's financial statements

	Type of business	(Million Baht)			
		paid-up capital		% of investment	
		2001	2000	2001	2000
Investments in subsidiaries					
- Atlantic Real Estate Co., Ltd.	Real Estate	15.00	15.00	99.99	99.99
- Pacific Real Estate Co., Ltd. and affiliates	Real Estate	20.00	20.00	99.99	99.99
- Land and Houses North Co., Ltd.	Real Estate	13.50	13.50	99.99	99.99
- Land and Houses Northeast Co., Ltd.	Real Estate	300.00	300.00	99.99	99.99
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	86.00	86.00
- Siam Tanee Real Estate Co., Ltd. and subsidiaries	Real Estate	200.00	200.00	70.00	70.00
- L H Muangmai Co., Ltd.	Real Estate	310.80	310.80	55.00	55.00
Total investments in subsidiaries					
Investments in affiliates :-					
- Bangkok Chain Hospital Co., Ltd.	Hospital	610.00	610.00	36.00	36.00
- Assets Plus Securities Co., Ltd.	Finance & securities	405.00	405.00	26.18	26.18
- Quality Construction Products Co., Ltd.	Building material	18.75	18.75	30.00	30.00
- M L & H Corporation	Real Estate	3,755.23	3,755.23	40.00	40.00
- Home Products Center Co., Ltd.	Trading of construction materials	275.00	200.00	32.15	34.20
- Asian Property Development Public Co., Ltd. and subsidiaries	Building material	1,750.00	1,750.00	29.74	29.74
- Cameron Global Limited	Investment business	0.04	0.04	40.00	40.00
- Asia Assets Advisory Co., Ltd.	Investment advisor	10.00	10.00	49.99	49.99
Total investments in affiliates					
Total investments in subsidiaries and affiliates					

		Cost method (Thousand Baht)		Equity method (Thousand Baht)	
		2001	2000	2001	2000
Investments in subsidiaries					
- Atlantic Real Estate Co., Ltd.	Real Estate	14,998	14,998	62,277	56,566
- Pacific Real Estate Co., Ltd. and affiliates	Real Estate	19,997	19,997	0	0
- Land and Houses North Co., Ltd.	Real Estate	13,500	13,500	19,565	18,179
- Land and Houses Northeast Co., Ltd.	Real Estate	300,000	300,000	32,375	40,457
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	61,499	61,499	47,677	41,780
- Siam Tanee Real Estate Co., Ltd. and subsidiaries	Real Estate	139,999	139,999	0	0
- L H Muangmai Co., Ltd.	Real Estate	170,940	170,940	111,392	113,252
Total investments in subsidiaries		720,933	720,933	273,286	270,234
Investments in affiliates :-					
- Bangkok Chain Hospital Co., Ltd.	Hospital	449,355	449,355	0	0
- Assets Plus Securities Co., Ltd.	Finance & securities	141,345	141,345	180,848	182,779
- Quality Construction Products Co., Ltd.	Building material	90,668	90,668	0	0
- M L & H Corporation	Real Estate	1,796,317	1,796,317	1,776,342	1,773,401
- Home Products Center Co., Ltd.	Trading of construction materials	102,350	82,320	113,476	82,350
- Asian Property Development Public Co., Ltd. and subsidiaries	Building material	674,970	674,970	169,799	159,798
- Cameron Global Limited	Investment business	15	15	311	308
- Asia Assets Advisory Co., Ltd.	Investment advisor	4,999	4,999	6,270	5,506
Total investments in affiliates		3,260,019	3,239,989	2,247,046	2,204,142
Total investments in subsidiaries and affiliates		3,980,952	3,960,922	2,520,332	2,474,376

7.1 Investments in subsidiaries

- 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 period ended 31st March 2001 and 31st December 2000 were brought into the computation of investments under the equity method, were taken from their respective reviewed and audited financial statements.
- 7.1.2 The financial statements as at 31st March 2001 and 31st December 2000 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 397.29 million and 387.21 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 reviewed financial statements.
- 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 reviewed financial statements

The financial statements for the period ended 31st March 2001 and 31st December 2000 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 159.28 million and Baht 162.55 million, respectively as other liabilities in "excess loss from investment in subsidiaries and affiliates".

7.2 Investments in affiliates

- 7.2.1 The financial statements for the period ended 31st March 2001 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 unreviewed 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 125.72 million and Baht 159.77 million in 2001, respectively,
- 7.2.2 Net profit (loss) of Assets Plus Securities Co., Ltd. for the period ended 31st March 2001, which was brought into the computation of investments under equity method, was taken from unreviewed financial statements by other auditors, have equity loss of Baht 1.85 million.
- 7.2.3 The financial statements of M L & H Corporation and Cameron Global Limited for the period ended 31st March 2001, which were brought in to computation of investment under equity method,

were taken from unreviewed financial statements, the equity gain from investment of Baht 2.94 million and Baht2,668.02, respectively.

7.2.4 In January 2001, Home Products Center Co., Ltd. has registered to change its share capital from 2 million shares of Baht 100.00 each to 40 million shares of Baht 5.00 each. Later, in February 2001, that company increased its share capital to the existing shareholders for 15 million shares of Baht 5.00 each. Each shareholder has to waive the right to purchase share capital in each proportion as agreed. Therefore, the Company has purchased 4 million shares from the right of 5.13 million shares. As at 31st March 2001, the proportion of investment are reduced from 34.20 per cent to 32.15 per cent.

7.2.5 Investment in Asian Property Development Public Company Limited, Asia Asset Advisory Co., Ltd. and Home Products Center Co., Ltd. that the equity gain which were brought into the computation of investments under equity method, were taken from their reviewed financial statements.

8. LONG-TERM INVESTMENTS

For the period ended 31st March 2001

	Consolidated (Thousand Baht)			Parent Company (Thousand Baht)		
	Securities held for sales	Other investments	Total	Securities held for sales	Other investments	Total
Debt - equity link						
Bangkok Mass Transit System Public Co., Ltd.	350,498	0	350,498	350,498	0	350,498
Equity security - net	635,452	2,300,596	2,936,048	591,703	2,219,088	2,810,791
Less Provision for unrealized gain (loss) of investment	(106,412)	0	(106,412)	(174,455)	0	(174,455)
Provision for impairment of assets - investment	(195,616)	(941,007)	(1,136,623)	(195,616)	(941,007)	(1,136,623)
Total	683,922	1,359,569	2,043,511	572,130	1,278,081	1,850,211

For the year ended 31st December 2000

	Consolidated (Thousand Baht)			Parent Company (Thousand Baht)		
	Securities held for sales	Other investments	Total	Securities held for sales	Other investments	Total
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	2,259,137	3,103,788	795,904	2,219,088	3,014,922
Less Provision for unrealized gain (loss) of investment	(167,257)	0	(167,257)	(233,367)	0	(233,367)
Provision for impairment of assets - investment	(195,616)	(941,007)	(1,136,62)	(195,616)	(941,00)	(1,136,62)
Total	832,276	1,318,130	2,150,406	717,419	1,278,081	1,995,500

For the period ended 31st March 2001, the book value of securities for sales is lower than fair value in the consolidated and parent financial statements represented Baht 106.41 million and Baht 174.45 million, respectively, on 31st December 2000, the book value is lower than fair value in the consolidated and the parent financial statements of Baht 167.26 million and Baht 233.37 million, respectively, which are shown as unrealized gain (loss) of investment.

9. PROPERTY, PLANT AND EQUIPMENT - NET

Consolidated

	(Baht : Thousand)			
	31 st December 2000	Increase	Decrease	31 st March 2001
Cost price :				
Office building	111,824	56	0	111,880
Office equipment	84,421	2,632	79	86,974
Office and club furnitures	279,509	10,548	9,308	280,749
Machinery and equipment	2,344	0	0	2,344
Vehicles	11,305	17	0	11,322
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool and tennis court	394,317	0	0	394,317
Leasehold	26,658	0	0	26,658
Other assets	45,372	291	67	45,596
Assets in progress	156,944	3,176	0	160,120
Total	1,113,700	16,720	9,454	1,120,966
Accumulated depreciation :				
Office building	35,060	1,315	0	36,375
Office equipment	66,803	1,383	79	68,107
Office and club furnitures	210,746	8,799	4,794	214,751
Machinery and equipment	2,312	18	0	2,330
Vehicles	8,026	241	0	8,267
Kindergarten	328	11	0	339
Nursery garden	62	1	0	63
Club houses, swimming pool and tennis court	408,806	17,362	0	426,168
Leasehold	16,034	615	0	16,649
Other assets	41,737	694	49	42,382
Total	789,914	30,439	4,922	815,431
Provision for impairment of assets :				
Club houses, swimming pool and tennis court	6,989			6,989
Net book value				
As at 31 st December 2000	316,797			
As at 31 st March 2001				298,546
Depreciation for three months ended 31 st March 2001				30,439
Depreciation for three months ended 31 st March 2000				25,167

Parent's financial statements

	(Baht : Thousand)			
	31 st December 2000	Increase	Decrease	31 st March 2001
Cost price :				
Office building	77,914	55	0	77,969
Office equipment	73,480	2,565	31	76,014
Office and club furnitures	224,308	10,548	8,343	226,513
Tools and equipments	1,251	0	0	1,251
Vehicles	6,932	17	0	6,949
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	279,123	5,910	0	285,033
Leasehold	25,474	0	0	25,474
Other assets	37,643	295	0	37,938
Assets in progress	153,914	2,100	5,920	150,094
Total	881,029	21,490	14,294	888,225
Depreciation :				
Office building	16,835	961	0	17,796
Office equipment	56,621	1,463	0	58,084
Office and club furnitures	169,315	6,656	3,878	172,093
Tools and equipments	1,243	3	0	1,246
Vehicles	3,668	228	0	3,896
Kindergarten	327	11	0	338
Nursery garden	48	1	0	49
Club houses, swimming pool and tennis court	347,619	16,263	0	363,882
Leasehold	15,818	605	0	16,423
Other assets	34,434	600	0	35,034
Total	645,928	26,791	3,878	668,841
Net book value				
As at 31 st December 2000	235,101			
As at 31 st March 2001				219,384
Depreciation for three months ended 31 st March 2001				26,791
Depreciation for three months ended 31 st March 2000				20,530
Fixed assets of the Company and subsidiaries are not used as collaterals.				

10. LONG-TERM LOANS

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Long-term loans	11,125,937	11,561,794	9,896,153	10,255,230
Less Current portion due within 1 year	(28,253)	(118,241)	0	0
Total	11,097,684	11,443,553	9,896,153	10,255,230

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

	(Thousand Baht)	
	31 st March 2001	31 st December 2000
Domestic banks	8,668,347	9,007,672
Domestic financial institutions	317,662	318,571
Foreign banks	910,144	928,987
Total	9,896,153	10,255,230

- 10.1 Borrowings from domestic banks and financial institutions, amounted to Baht 8,668.35 million and Baht 317.66 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 910.14 million which have no collateral.
- 10.2 Loans from a creditor amount of Yen 780 million equal to Thai Baht as at 31st March 2001, total amount of Baht 283.07 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.

- 10.3 Loans from a creditor amount of USD 8 million, on 28th March 2001, the Company entered into currency swap agreement (for both interest and principal) with a commercial bank on the condition that the Company will pay the principal in Thai Baht every six months by 10 installments for Baht 35.488 million to such bank. Such bank has to pay liabilities for the Company every six months by 10 installments of USD 800,000 commencing on 1st June 2002. The Company will pay the interest every three months to the bank in Thai Baht at the rate of 6.93%. The bank will pay interest for the Company in USD at the rate of LIBOR+1%.
- 10.4 Loans from a creditor in the amount of Yen 750 million equal to Thai Baht as at 31st March 2001, total amount of Baht 272.20 million. In 2000, 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%.

11. DEBENTURES – DOMESTIC

On 30th March 2000, the Company issued debentures, specific name, unsecured, unsubordinated without debentureholders' 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 due in 5 years. 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)

12. CONVERTIBLE DEBENTURES

	Number of debenture	Amount (Thousand Baht)
Convertible debentures issued - overseas	60,000	1,512,000
Less Conversion into common shares through - 31 st March 2001	(51,867)	(1,307,048)
Balance	8,133	204,952
Convertible debentures issued - domestic		45,672
Total convertible debenture		250,624

13. UNREALIZED GAIN (LOSS) OF INVESTMENTS

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

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Investment in subsidiaries Atlantic Real Estate Co., Ltd.	68,042	66,101	68,042	66,101
Investment in affiliates Assets Plus Securities Co., Ltd.	888	972	888	972
Investment of Land and Houses Plc.	(174,455)	(233,367)	(174,455)	(233,367)
Total	(105,525)	(166,294)	(105,525)	(166,294)

14. CHANGE IN ACCOUNTING POLICIES

- 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. From the aforementioned change, the parent's financial statements as at 31st March 2001 represented an increase in beginning deficit of Baht 318.09 million and increase in net loss of Baht 1.04 million.

15. COMMITMENT AND CONTINGENT LIABILITIES

15.1 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	31 st March 2001		31 st December 2000	
	Foreign currencies	Thai Baht (million)	Foreign currencies	Thai Baht (million)
Subsidiaries				
1. Land and Houses Northeast Co., Ltd.		51.97		57.43
2. Siam Tanee Real Estate Co., Ltd.		216.28		213.69
3. Pacific Real Estate Co., Ltd.		166.45		161.27
Total		434.70		432.39

Company	31 st March 2001		31 st December 2000	
	Foreign currencies	Thai Baht (million)	Foreign currencies	Thai Baht (million)
Affiliates				
1. Bangkok Chain Hospital Co., Ltd.		332.50		337.23
2. Bangkok Chain Hospital Co., Ltd.	JPY 2,686.47 million	974.97	JPY 2,686.47 million	1,021.18
3. Quality Construction Products		376.01		365.67
Total		1,683.48		1,724.08
Other related companies				
1. Saraburi Vechakit Co., Ltd.	JPY 79.37 million	28.80	JPY 79.37 million	30.17
2. Nobel Clear Holding (BVI) Co., Ltd.	DEM 12.86 million	261.15	DEM 12.86 million	263.08
Total		289.95		293.25
Total commitment and guarantee		2,408.13		2,449.72

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.

- 15.2 As at 31st March 2001 and 31st December 2000, 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 837.16 million and Baht 814.16 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. The subsidiary has not recorded such expenses in the financial statements. However, these commitments will not exceed the amount of loan guarantees.
- 15.3 As at 31st March 2001, 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.
- 15.4 As at 31st March 2001, 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 722.05 million (as at 31st December 2000, the amount was Baht 604.59 million). 15.5 As at 31st March 2001, the Company has guaranteed loans of customers to financial institutions of Baht 126.79 million. (as at 31st December 2000, the amount was Baht 128.26 million).

16. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

According to the minutes of Shareholders' General Meeting no. 1/2001 held on 30th April 2001 and no. 1/2000 held on 26th April 2000, the shareholders unanimously passed the resolution to cease dividends distribution from the result of its operations for the year 2000 and 1999.

17. TRANSACTION WITH ITS RELATED PARTIES

17.1 Purchase goods and services from related parties

	31 st March 2001 (Baht : Million)	
	Purchase goods	Services
Quality Construction Products Co., Ltd.	28.30	0.00
Home Products Center Co., Ltd.	36.15	0.00
Asian Property Development Plc.	3.98	0.00
Quality Houses Plc.	0.00	2.54
Total	68.43	2.54

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.

17.2 Balance from purchase goods and services

	31 st March 2001 (Baht : Million)
Payables	
Quality Construction Products Co., Ltd.	0.00
Home Products Center Co., Ltd.	7.13
Asian Property Development Plc.	0.24
Total	37

18. OBLIGATION AND COMMITMENT FROM DEVELOPING PROJECT ON HAND

	31 st March 2001	31 st December 2000
Number of project on hand, beginning of the period	30	35
Number of closing project	0	(7)
Number of new project	0	2
Number of project on hand, ending of the period	30	30
Contracted sales value (million Baht)	35,559	33,547
% Sales value of project on hand	60.4%	57.0%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 820 million.

19. FULLY DILUTED EARNINGS (LOSS) PER SHARE

	Consolidated (Baht)		Parent company (Baht)	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Fully diluted earnings (loss) pershare	0.66	(0.03)	0.66	(0.03)

20. FOREIGN CURRENCIES RISK MANAGEMENT

	Consolidated		Parent company	
	31 st March 2001	31 st December 2000	31 st March 2001	31 st December 2000
Assets				
US Dollars	27,536,000	27,536,000	27,536,000	27,536,000
Liabilities				
US Dollars	8,000,000	8,000,000	8,000,000	8,000,000
Yen	1,586,124,722	1,586,124,722	1,530,000,000	1,530,000,000

As at 31st March 2001 and 31st December 2000, assets and liabilities in foreign currencies consist of : As at 31st March 2001 and 31st December 2000, the Company and subsidiaries did not make foreign currency exposure for assets and liabilities matured in 2002 and 2001 except for the foreign currencies of USD 8 million have been made foreign currency exposure as mentioned in note 10.3.

21. SUBSEQUENT EVENTS

According to the ordinary shareholders' meeting no. 1/2544 held on 30th April 2001, the Company unanimously passed resolution to decrease its registered capital of Baht 7,463,647,640.00 to Baht 6,388,647,640.00 and to increase its registered capital of Baht 4,418,089,560.00 by an issue of 441,808,950 new ordinary shares to be new total registered capital of Baht 10,806,737,200.00 divided into 1,080,673,720 ordinary shares at the par of Baht 10.00 each and the amendment to clause 4 (Registered Capital) of the Memorandum of Association as to reflect to capital increase. The allocation of new increased ordinary shares will be made as follows:

- (1) To reserve 311,808,956 new ordinary shares for the exercise of warrants allotted to existing shareholders.
- (2) To reserve 30,000,000 new ordinary shares for the exercise of warrants issued to employees of the Company and its subsidiaries (ESOP).
- (3) To allocate 100,000,000 new ordinary shares by private placement.

21.1 The issue of units of warrants to existing shareholders is shown as following details.

311,808,956 units of warrants are warrants to purchase ordinary shares which allotted to existing shareholders at the ratio of 2 existing shares : 1 unit of warrant with 7 years term without offering price. One unit of warrant has exercise right to purchase one ordinary share of Baht 26 each with exercise period every three months. The warrants will be listed on the Stock Exchange of Thailand.

21.2 The issue of warrants to employees of the Company and its subsidiaries (including employees who act as directors) is shown as following details.

30 million units of warrants are warrants in type of specific name and non-transferable to purchase ordinary share with 5 years project duration allotted not more than 600,000 units per year. The number of warrants which have not been allotted in any year shall be carried forward to the following year on a cumulative basis throughout the project duration. The warrants has no offering price with 3 years term. One unit of warrants has exercise right to purchase one ordinary share of Baht 10 each.

21.3 Article of Association Amendment

According to ordinary shareholders' meeting No. 1/2544 held on 30th April 2001, the company passed the resolution to amend Article of Association Clause 3 of the Company as follows :

"Any provisions that are not set out in these Articles shall be governed by and constructed in accordance with the public company law in every respect.

The Company shall comply with the securities and exchange law. If the Company's securities are listed on the Stock Exchange of Thailand, the Company shall comply with the regulation, notification, orders or requirements of the Stock Exchange of Thailand including requirements concerning disclosure of information, connected transactions and acquisition or disposal of substantial assets of the Company or its subsidiaries."