

**LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT 31st DECEMBER 2001 AND 2000**

**FINANCIAL STATEMENTS PREPARATION BASIS**

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

**1. CONSOLIDATED FINANCIAL STATEMENTS**

1.1 These financial statements are consolidated by including the financial statements of Land and Houses Public Company Limited and its subsidiaries which controlled by Land and Houses Public Company Limited. Names of those subsidiaries are stated in note 7.

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 The results of operation of subsidiaries are included in the consolidated financial statements from the control date to the selling date.

1.4 The consolidated financial statements have been prepared in conformity with the same accounting policy for the accounts and accounting events of the Company and subsidiaries.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 Income and Expense 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, such as 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. Premium or discount on net assets is amortized on a straight-line basis over a period of 10 years.

## 2.5 Investments in debt and equity securities

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 separately 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 short-term 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 uncollectable.

#### 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 sheets 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 as expense from net profit incurred in the fiscal period.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks, deposit with financial institutions and treasury bill of which are due within three months.

#### 2.11 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.

## 2.12 Impairment of assets

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 Securities for trading (Thousand Baht)		Parent company Securities for trading (Thousand Baht)	
	2001	2000	2001	2000
Debt securities Fund - net	155,000	450,000	155,000	450,000
Treasury bill	93,373	0	0	0
Provision for unrealized gain (loss) on investment	453	1,798	453	1,798
Total	248,826	451,798	155,453	451,798

These short-term investments are securities for trading and stated at fair value.

## 4. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

Trade accounts and notes receivable consist of the receivables from sales of land and houses, cheque in transit and receivables from construction contracts which mostly collected within three months from the transferring date, therefore, the Company and subsidiaries have not the delinquent receivables.

## 5. SHORT-TERM LOANS TO RELATED PARTIES

Assets	Note	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
		2001	2000	2001	2000
Loans to subsidiaries		0	0	525,242	942,264
Loans to affiliates		109,000	98,000	109,000	98,000

Less Allowance for doubtful accounts - affiliates		(98,000)	(98,000)	(98,000)	(98,000)
Loans to other companies					
- Domestic		18,219	18,219	18,219	18,219
- Overseas - net		0	475,749	0	475,749
Short-term loans - net		29,219	493,968	554,461	1,436,232

5.1 Loans to subsidiaries: -

Assets	Note	2001		2000	
		Amount (Thousand Baht)	Interest rate %	Amount (Thousand Baht)	Interest rate %
Loans to subsidiaries: -					
Pacific Real Estate Co., Ltd.		1,200	7.50	242,847	7.75-8.00
Land and Houses Northeast Co., Ltd.		122,000	6.50-7.50	260,487	7.75-8.25
Land and Houses North Co., Ltd.		55,500	7.50	46,900	7.75-8.00
L H Muangmai Co., Ltd.		145,442	7.50	123,486	10.00
Siam Tanee Real Estate Co., Ltd.		0	-	103,844	5.00-8.25
Atlantic Real Estate Co., Ltd.		201,100	7.50-8.00	164,700	7.75-8.00
Total		525,242		942,264	

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

a) The Company transferred loans and accrued interest income of Baht 585.38 million and Baht 62.84 million, respectively of Land and Houses Northeast Co., Ltd., Pacific Real Estate Co., Ltd. and Siam Tanee Real Estate Co., Ltd., to make payment for common shares since three subsidiaries have increased their paid-up shares capital in May, June and December 2001, respectively.

b) Loans to three subsidiaries of Baht 402.04 million (as at 31st December 2000 amounting to Baht 335.09 million) were not provided the allowance for doubtful accounts since net asset value of three subsidiaries is over liabilities (including liabilities of the Company). The Company find that three subsidiaries could generate cash flows to settle their debt. Loans to subsidiaries and affiliates are in form of promissory notes without collateral, which are due at call.

5.2 Loans to affiliates: -

	2001		2000	
	Amount of Baht (Thousand Baht)	Rate of interest %	Amount of Baht (Thousand Baht)	Rate of interest %
Bangkok Chain Hospital Co., Ltd.	100,000	7.25	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	11,000		0	

Loans to affiliates of Baht 109 million are in form of promissory notes without collateral, which are due at call.

The Company, therefore, provided the allowance of Baht 98 million.

5.3 Loans to other companies - domestic is a lending to Bangkok Mass Transit System Public Co., Ltd. totalling 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 expect these loans can be recover in full due to the improvement in operations and has plan to increase share capital by listing in Stock Exchange.

5.4 Loans to other companies - overseas

	31 <sup>st</sup> December 2000			
	Exchange Currency USD	Exchange rate	Thousand Baht	Interest rate
Overseas company: -				
- PT. PRIMA SEHATI	7,400,000	43.1934	319,631	LIBOR+1.5%
- PT. KANAKA GRAHAASRI	1,200,000	43.1934	51,832	LIBOR+1.5%
- PT. ANEKAGRIYA BUMINUSA	3,700,000	43.1934	159,816	LIBOR+1.5%
- PT. MEKANUSA CIPTA	14,836,000	43.1934	640,817	LIBOR+1.5%
- PT. PUTRA PRABUKARYA	400,000	43.1934	17,277	LIBOR+1.5%
Total	27,536,000		1,189,373	
Less Allowance for doubtful accounts			(713,624)	
Total loans to related parties			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 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 a 31st December 2000, such loans were converted into Thai Baht 1,189.37 million so the Company has provided allowance for doubtful accounts for both principal and interest of Baht 713.62 million. The Company has stopped to charge interest since January 2001 and converted such liabilities into capital in September 2001 (note 8.1).

5.5 Error correction - accrued interest income

According to loans agreement of other companies in Indonesia, which indicated to calculate interest on compounding basis every six months, formerly, was not calculated on such method. 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 of Baht 56.77 million.

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

	Million Baht	
	2001	2000
Accrued interest income	-	370.15
Less Allowance for doubtful accounts	-	(222.10)
Accrued interest income - net	-	148.05

## 6. INVENTORIES

		Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
		2001	2000	2001	2000
Land		11,066,985	11,708,485	10,045,713	10,546,864
Land improvements		850,914	1,015,010	777,300	928,528
Construction in progress		1,800,971	1,154,122	1,472,393	934,552
Deferred interest		5,678,089	6,285,579	5,132,254	5,738,274
Central utilities		1,227,150	1,502,092	874,276	1,111,943
Preparation cost		159,240	244,340	92,123	170,608
Construction materials		0	1,256	0	1,240
Houses for sales		30,861	37,563	0	6,315
Total		20,814,210	21,948,447	18,394,059	19,438,324
Less Allowance for declining value of inventories		(2,087,777)	(2,457,494)	(1,906,449)	(2,319,731)
Balance		18,726,433	19,490,953	16,487,610	17,118,593

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

The Company has estimated provision for diminution in inventories of the Company and a subsidiary. The Company and subsidiary will amortize the allowance for declining in value of inventories according to the area sold.

**7. INVESTMENT IN SUBSIDIARIES AND AFFILIATES** is consisted of common share as follows:

	Type of Business	(Million Baht) paid-up capital		% of investment	
		2001	2000	2001	2000
<b>Investments in subsidiaries:-</b>					
- Atlantic Real Estate Co., Ltd.	Real Estate	15.00	15.00	99.99	99.99
- Pacific Real Estate Co., Ltd.	Real Estate	258.00	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	570.00	300.00	99.99	99.99
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	99.99	86.00
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	475.00	200.00	99.99	70.00
Excess cost which lower than net assets		0.00	0.00	0.00	0.00
- L H Muangmai Co., Ltd.	Real Estate	310.80	310.80	55.00	55.00
Total investments in subsidiaries					
<b>Investments in affiliates: -</b>					
- Bangkok Chain Hospital Co., Ltd.	Hospital	610.00	610.00	36.00	36.00
- Assets Plus Securities Co., Ltd.	Finance & securities	225.00	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 Public Co., Ltd.	Trading of construction materials	375.00	200.00	29.09	34.20
- Asian Property Development Public Co., Ltd. and subsidiaries	Real Estate	1,925.00	1,750.00	24.99	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					

	Type of Business	(Thousand Baht) Cost Method		(Thousand Baht) Equity Method		Dividend	
		2001	2000	2001	2000	2001	2000
<b>Investments in subsidiaries:-</b>							
- Atlantic Real Estate Co., Ltd.	Real Estate	14,998	14,998	75,006	56,566	0	0
- Pacific Real Estate Co., Ltd.	Real Estate	257,797	19,997	0	0	0	0
- Land and Houses North Co., Ltd.	Real Estate	13,500	13,500	20,232	18,179	0	0
- Land and Houses Northeast Co., Ltd.	Real Estate	569,999	300,000	297,858	40,457	0	0
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	64,859	61,499	53,785	41,780	0	0
- Siam Tanee Property Co., Ltd. and subsidiaries	Real Estate	280,416	139,999	25,091	0	0	0
Excess cost which lower than net assets		0	0	(50,802)	0	0	0
- L H Muangmai Co., Ltd.	Real Estate	170,940	170,940	109,276	113,252	0	0
Total investments in subsidiaries		1,372,509	720,933	530,446	270,234		
<b>Investments in affiliates: -</b>		449,355	449,355	0	0	0	0
- Bangkok Chain Hospital Co., Ltd.	Hospital	95,879	141,345	126,223	182,779	0	0
- Assets Plus Securities Co., Ltd.	Finance & securities	90,668	90,668	0	0	0	0
- Quality Construction Products	Building material	1,796,317	1,796,317	1,079,140	1,773,401	0	0
- M L & H Corporation	Real Estate	135,191	82,320	152,418	82,350	9,000	0
- Home Products Center Public Co., Ltd.	Trading of construction materials	582,514	674,970	220,086	159,798	0	0
- Asian Property Development Public Co., Ltd. and subsidiaries	Real Estate	15	15	333	308	0	0
- Cameron Global Limited	Investment business	4,999	4,999	6,424	5,506	0	0
- Asia Assets Advisory Co., Ltd.	Investment advisor	3,154,938	3,239,989	1,584,624	2,204,142	9,000	0
Total investments in affiliates		4,527,447	3,960,922	2,115,070	2,474,376	9,000	0
Total investments in subsidiaries and affiliates							

## 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 in 2001 and 2000 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

7.1.2 The financial statements as at 31st December 2001 and 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 174.38 million and Baht 387.21 million as other liabilities in "excess loss from investment in subsidiaries and affiliates".

On 12nd June 2001, Pacific Real Estate Co., Ltd. has registered to increase its share capital from 200,000 shares of Baht 100.00 each to 2,578,000 shares of Baht 100.00 each, totalling Baht 237.8 million. The Company transferred loans to Pacific Real Estate Co., Ltd. of Baht 237.8 million to be capital for 2,378,000 shares of Baht 100.00 each, the total investment is Baht 237.8 million.

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.

7.1.3 On 21st May 2001, Land and Houses Northeast Co., Ltd. has registered to increase its share capital from 3 million shares of Baht 100.00 each to 5.7 million shares of Baht 100.00 each, totalling Baht 270 million. The Company transferred loans to Land and Houses Northeast Co., Ltd. to be capital for 2.7 million shares at Baht 100.00 each, totalling Baht 270 million.

7.1.4 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.

In 2001 and 2000, the Company has additionally purchased common shares of Siamtanee Property Co., Ltd. from the existing shareholders for 140,000 shares and 250,000 shares at Baht 24.00 and Baht 2.00 each, totalling Baht 3.36 million and Baht 0.5 million, respectively (the proportion of investment in common shares as at 31st December 2001 and 2000 is 99.99 per cent and 86 per cent, respectively). As a result, it incurred negative goodwill of Baht 6.34 million and Baht 12.86 million, respectively.

7.1.5 On 13th December 2001, Siam Tanee Real Estate Co., Ltd. has registered to increase its share capital from 2,000,000 shares of Baht 100.00 each to 4,753,471 shares of Baht 100.00 each, totalling Baht 275.35 million. The Company converted loans to Siam Tanee Real Estate Co., Ltd. of Baht 140.42 million to be 1.404 million shares and purchased common shares from the existing shareholders for 1.95 million shares at Baht 1.00 each. Total common shares of the Company is 4,753,461 shares in proportion of shareholding at 99.99 per cent, as a result, it incurred negative goodwill of Baht 50.80 million.

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

The financial statements for the year ended 31st December 2000 of Siam Tanee 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 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 year 2001 and 2000 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 2.36 million and Baht 160.67 million, respectively (in 2000, the amount was Baht 136.52 million and Baht 153.94 million, respectively).

7.2.2 The financial statements of M L & H Corporation, Assets Plus Securities Co., Ltd. and Cameron Global Limited for the years ended 31st December 2001 and 2000, which were brought into computation of investment under equity method, were taken from unaudited financial

statements, the equity loss totalling Baht 703.52 Million and equity gain totalling Baht 70.98 million, respectively.

7.2.3 In June 2001, the Directors' meeting of Home Products Center Public Company Limited, passed the resolution to pay interim dividend to the shareholders at the rate of Baht 0.45 per share and paid such dividend on 5th July 2001.

Investment in Home Products Center Public Company Limited, a listed company in the Stock Exchange of Thailand have market value as at 31st December 2001 of Baht 3.90 per share which the Company held at market value in total value of Baht 425.45 million.

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 2001, the proportion of investment in this company is 29.09 per cent (in 2000, is 34.20 per cent).

7.2.4 Investment in Asian Property Development Public Company Limited, Home Products Center Public Company Limited and Asia Asset Advisory Co., Ltd. for the years ended 31st December 2001 and 2000 that the equity gain totalling Baht 100.06 million and Baht 23.68 million, respectively which were brought into the computation of investments under equity method, were taken from their audited financial statements.

Investment in Asian Property Development Public Company Limited, a listed company in the Stock Exchange of Thailand have market value as at 31st December 2001 of Baht 15.90 per share in which the Company held at market value in total value of Baht 764.87 million.

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 29.74 per cent.

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

## 8. LONG-TERM INVESTMENTS

### For year 2001

	Consolidated (Thousand Baht)			Parent Company (Thousand Baht)		
	Securities held for sales	Other investments	Total	Securities held for sales	Other investments	Total
Debt securities held for maturity						
Bangkok Mass Transit System Public Co., Ltd.	0	350,498	350,498	0	350,498	350,498
Equity security – net	427,793	3,323,382	3,751,175	395,262	3,230,980	3,626,242
Less Provision for unrealized gain (loss) of investment	118,581	0	118,581	49,294	0	49,294
Provision for impairment of assets – investment	(195,616)	(1,340,957)	(1,536,573)	(195,616)	(1,340,957)	(1,536,573)
<b>Total</b>	<b>350,758</b>	<b>2,332,923</b>	<b>2,683,681</b>	<b>248,940</b>	<b>2,240,521</b>	<b>2,489,461</b>

### For year 2000

	Consolidated (Thousand Baht)			Parent Company (Thousand Baht)		
	Securities held for sales	Other investments	Total	Securities held for sales	Other investments	Total
Debt securities held for maturity						
Bangkok Mass Transit System Public Co., Ltd.	0	350,498	350,498	0	350,498	250,498
Equity security – net	844,651	2,259,137	3,103,788	795,904	2,219,088	3,014,992
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)	(1,136,623)	(195,616)	(941,007)	(1,136,623)
<b>Total</b>	<b>481,778</b>	<b>1,666,628</b>	<b>2,150,406</b>	<b>366,921</b>	<b>1,628,579</b>	<b>1,995,500</b>

8.1 In September 2001, the Company converted loans that lend to 5 companies in Indonesia (as mentioned in note 5.3) of US\$ 27.54 million and accrued interest income of US\$ 8.53 million, total amount of US\$ 36.07 million, denominated in Baht 1,189.37 million, Baht 368.59 million and Baht 1,557.96 million, respectively, to preferred share with semi-annually divided right at the compound rate of LIBOR+1.50%. Dividend payment is depended on future cash flows of the 5 above companies. The Company, therefore, has not recognized accrued dividend income due to such uncertainties. In addition, the Company also provided the provision for devaluation of such investments by 60% of investment value.

8.2 As at 31st December 2001, the book value of securities for sales is more than fair value in the consolidated and parent financial statements represented Baht 118.58 million and Baht 49.29 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. 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 preceded such construction. In 2000, the Company, determined the provision for impairment of that agreement of Baht 56.45 million as detailed following:

	Baht: Thousand	
	2001	2000
Land under contracts to buy and to sell	282,450	282,450
Less Provision for impairment	(56,450)	(56,450)
Net book value	226,000	226,00

## 10. PROPERTY, PLANT AND EQUIPMENT - NET

Consolidated	(Baht : Thousand)			
	31 <sup>st</sup> December 2000	Increase	Decrease	31 <sup>st</sup> December 2001
Cost :				
Office building	111,824	14,303	9,086	117,041
Office equipment	84,421	8,485	468	92,438
Office and club furnitures	279,509	50,394	199,001	130,902
Machinery and equipment	2,344	0	0	2,344
Vehicles	11,305	9,262	1,680	18,887
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool and tennis court	520,946	21,026	(3,907)	545,879
Leasehold	26,658	74,300	0	100,958
Other assets	45,372	4,010	86	49,296
Assets in progress	30,315	6,369	34,811	1,873
<b>Total</b>	<b>1,113,700</b>	<b>188,149</b>	<b>241,225</b>	<b>1,060,624</b>
Accumulated depreciation:				
Office building	35,060	6,279	1,690	39,649
Office equipment	66,498	6,457	468	72,487
Office and club furnitures	211,051	19,753	149,017	81,787
Machinery and equipment	2,312	27	0	2,339
Vehicles	8,027	1,273	1,680	7,620
Kindergarten	327	47	0	374
Nursery garden	62	5	0	67
Club houses, swimming pool and tennis court	408,806	59,893	(3,907)	472,606
Leasehold	16,034	4,281	0	20,315
Other assets	41,737	2,055	63	43,729
<b>Total</b>	<b>789,914</b>	<b>100,070</b>	<b>149,011</b>	<b>740,973</b>
Provision for impairment of assets:				
Club houses, swimming pool and tennis court	6,989			6,989
Net book value				
As at 31 <sup>st</sup> December 2000	316,797			
As at 31 <sup>st</sup> December 2001				312,662
Depreciation for the year ended 31 <sup>st</sup> December 2001				100,070
Depreciation for the year ended 31 <sup>st</sup> December 2000				107,674

## Financial Statements

Parent's financial statements	(Baht : Thousand)			
	31 <sup>st</sup> December 2000	Increase	Decrease	31 <sup>st</sup> December 2001
Cost:				
Office building	77,914	14,040	9,086	82,868
Office equipment	73,480	8,216	0	81,696
Office and club furnitures	224,308	47,371	188,045	83,634
Tools and equipments	1,251	0	0	1,251
Vehicles	6,932	7,992	290	14,634
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	405,119	18,585	(3,907)	427,611
Leasehold	25,475	74,300	0	99,775
Other assets	37,643	3,658	12	41,289
Assets in progress	27,917	5,617	31,787	1,747
Total	881,029	179,779	225,313	835,495
Accumulated depreciation:				
Office building	16,835	4,303	1,690	19,448
Office equipment	56,621	5,843	0	62,464
Office and club furnitures	169,315	13,682	141,378	41,619
Tools and equipments	1,243	8	0	1,251
Vehicles	3,668	1,162	289	4,541
Kindergarten	327	47	0	374
Nursery garden	48	3	0	51
Club houses, swimming pool and tennis court	347,619	54,461	(3,907)	405,987
Leasehold	15,818	4,243	0	20,061
Other assets	34,434	1781	12	36,203
Total	645,928	85,533	139,462	591,999
Net book value				
As at 31st December 2000	235,101			
As at 30th December 2001				243,496
Depreciation for nine months ended 30 <sup>th</sup> December 2001				85,533
Depreciation for nine months ended 30 <sup>th</sup> December 2000				90,995

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

Plant and equipment before deducting accumulated depreciation in full amount as at 31st December 2001 and 2000 amounting to Baht 123.74 million and Baht 155.68 million, respectively.

## 11. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	2001	2000	2001	2000
Banks overdraft	17,323	36,750	14,338	18,967
Bill of exchange	957,500	298,726	807,500	148,726
Total	974,823	335,476	821,838	167,693

In 2001 and 2000, the Company has overdraft facility of Baht 81 million and Baht 91 million, respectively with several local banks and bill of exchange of Baht 957.50 million and 298.73 million, respectively which are due within 3 months to 6 months.

Bill of exchange 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 avaled by banks.

	Consolidated (Thousand Baht)		Parent company (Thousand Baht)	
	2001	2000	2001	2000
Long-term loans	5,983,586	11,561,794	5,031,664	10,255,230
Less Current portion due within 1 year	(95,210)	(118,241)	0	0
Total	5,888,376	11,443,553	5,031,664	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)	
	2001	2000
Domestic banks	4,103,674	8,534,698
Domestic financial companies	100,000	791,545
Foreign banks	827,990	928,987
Total	5,031,664	10,255,230

13.1 Borrowings from domestic banks and finance companies were collateralized by a mortgage on land and construction of each project together with a pledge of investment in three affiliates and two other companies as detailed following:

Institute	2001(Million Baht)		2000(Million Baht)		Repayment conditions	Guarantee by
	Credit amount	Interest	Credit amount	Interest		
One bank	3,786.71	MLR	7,552.27	MLR	40-50% of selling price of land and construction	Mortgage land and construction of each project
Other banks	316.96	MLR	982.43	MLR	Repayment quarterly by 20 installments of Baht 84.40 million, starting 1 <sup>st</sup> March 2002	Mortgage land and construction of each project and pledge of share in 3 affiliates and 2 other companies
Total	4,103.67		8,534.70			
Finance companies	100.00	Creditor's MLR	791.55	Creditor's MLR	Repayment quarterly by 20 installments of Baht 15.93 million, starting 1 <sup>st</sup> March 2002	Mortgage land and construction of each project
Total	100.00		791.55			

### 13.2 Long - term loans from foreign financial institutions

13.2.1 Loans from an overseas creditor in amount of USD 8 million as at 31st December 2001 and 2000 equal to Baht 354.88 million and Baht 347.52 million, respectively. On 28th March 2001, the Company entered into currency swap agreement (for both principal and interest) with a commercial bank for reducing the exchange rate risk, under 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 1<sup>st</sup> 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%.

13.2.2 Loans from two overseas creditors in the amount of Yen 780 million divided into credit line of Yen 600 million and Yen 180 million. In 2001, the Company made settlement for credit line of Yen 180 million in full. The remaining loan are converted into Thai Baht as at 31st December 2001 amounting to Baht 217.38 million (in 2000, the amount was Baht 296.44 million), under the condition that the repayment of principal will be made every six months by 10 installments commencing

in May 2002. The interest repayment were made quarterly at the rate of LIBOR+1% commencing in September 1999 according to the changing term of repayment agreement made in 1999. As at 31st December 2001, the Company has purchased forward contract in the amount of Yen 600 million at the exchange rate of Yen 100 to Baht 36.23.

13.2.3 Loans from a creditor in the amount of Yen 750 million equal to Thai Baht as at 31st December 2001 and 2000, total amount of Baht 255.73 million and Baht 285.03 million, respectively. 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 %

As at 31st December 2001, the Company has purchased forward contract in the amount of Yen 500 million (the first Yen 250 million at the exchange rate of Yen 100 to Baht 34.715 and the last Yen 250 million at the exchange rate of Yen 100 to Baht 33.67)

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

Company	Creditors	Balance		Interest	Repayment conditions	Guarantee by
		2001	2000	%		
1. L H Muangmai Co.,Ltd.	Bank	510.38	563.82	MLR+0.2 5	55% of selling price of land and construction	Mortgage land and construction of each project
2. Land and Houses North Co.,Ltd.	Bank	11.43	27.94	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
3. Land and Houses Norheat Co.,Ltd.	Bank	178.47	270.87	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
	Finance company	0.00	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	0.02	18.89	MLR	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	44.99	144.58	5-9	Due repayment in 2000 of Baht 30.60 million, In 2001 of Baht 68.75 million, In 2002 of Baht 99.37 million, In 2003 of Baht 83.00 million, In 2004 of Baht 74.98 million.	Mortgage land and construction of each project
	Finance company	206.64	212.94	6-7		
	Related companies	0.00	10.59	7		
Total		951.93	1,306.56			

## 14. DEBENTURES – DOMESTIC

	Number of debenture (million shares)		Amount (Thousand Baht)	
	2001	2000	2001	2000
Unsecured debentures	800	800	800,000	800,000
Secured debentures	1,500	0	1,500,000	0
Balance	2,300	800	2,300,000	800,000
Less Current portion of liabilities			(200,000)	0
Balance			2,100,000	800,000

Accounting to the shareholders' extraordinary meeting no. 1/1997 held on 26th May 1997, the shareholders passed the resolution that the Company to issue and offer debentures with maturity of 5 years in foreign currencies or Baht equalization in the amount not over Baht 3 thousand million by offering to the individual or institute investors both Thai and foreigner. On 30th March 2000, the Company issued the first portion of debentures amounting to Baht 800 million and the second portion amounting to Baht 1,500 million on 4th December 2001 as detailed following:

Name of debentures	"Land and Houses Plc.'s debentures No. 1/2000 with gradually made principal repayment which redeemed in 2005"	"Land and Houses Plc.'s debentures No. 1/2001 with gradually made principal repayment which redeemed in 2006"
Amount of Baht	Baht 800 million	Baht 1,500 million
Period	5 (five) years from issuance date	5 (five) years from issuance date
Issuance date	30th March 2000	4th December 2001
Maturity date	30th March 2005	4th December 2006
Interest rate	1st-2nd year, at 8.5% 3rd-5th year, at MLR-0.25% of 3 banks	The maximum rate of 3 (three) months fixed deposit add 3% per annum, indicated by Bangkok Bank Plc.
Terms of interest payment	Pay every September and March	Pay every three months, from the issuance date
Principal repayment	Repay every 6 months by 7 installments, commencing on 30th March 2002 - None -	Repay in equally installments every 3 months by 16 installments, commencing on 4th March 2003. 15 plots of land in Bangkok and perimeter which appraised by the independent appraiser certified by the Securities and Exchange Commission. The appraised value as at 22nd August 2001 equal to Baht 2,550.20 million.

## 15. CONVERTIBLE DEBENTURES

	Number of debenture (Million)		Amount (Thousand Baht)	
	2001	2000	2001	2000
Convertible debentures issued - overseas	60,000	60,000	1,512,000	1,512,000
Less Conversion into common shares through				
- 31st December 2000	(51,867)	(51,867)	(1,307,048)	(1,307,048)
Balance	8,133	8,133	204,952	204,952
Convertible debentures issued - domestic			0	45,672
Total convertible debenture			204,952	250,624

### 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. The Company exercised the right to redeem convertible debentures in total on 1st December 2001.

### 15.2 Convertible debentures - overseas

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:

As at 27th June 1997, the Company allocated the new issued shares to the existing shareholders and specific investor 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 shares, respectively, the effects on conversion price is a new conversion ratio equal to Baht 109.73 or 229 common shares for 1 debenture.

## 16. RETAINED EARNINGS

As the extraordinary of shareholders' meeting no. 1/2001 held on 20th December 2001, the Company passed the resolution to transfer legal reserve of Baht 162.24 million and premium on share capital of Baht 2,500.14 million for compensating deficit presented in the Company's balance sheets as at 30th September 2001. The difference between book value and fair value of assets for sales consist of:

## 17. REVALUATION INCREMENT IN ASSETS

Revaluation increment in assets of Baht 118.96 million is belong to Bangkok Chain Hospital Co., Ltd. in which the Company recognized under the equity method.

## 18. UNREALIZED GAIN (LOSS) OF INVESTMENTS

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

	Consolidated (Thousand Baht)		Parent Company (Thousand Baht)	
	2001	2000	2001	2000
Investment in subsidiaries				
Atlantic Real Estate Co., Ltd.	69,287	66,101	69,287	66,101
Investment in affiliates				
Assets Plus Securities Co., Ltd.	(842)	972	(842)	972
Investment of Land and Houses Plc.	49,294	(233,367)	49,294	(233,367)
Total	117,739	(166,294)	117,739	(166,294)

## 19. DIRECTOR'S REMUNERATION

Director's remuneration are benefits paid to the Company's director by excluding salaries and benefits which paid to the executive directors.

Total remuneration of the Board of Director of the Company and subsidiaries for the year ended 31st December 2001 and 2000 is Baht 1.46 million and Baht 1.56 million, respectively.

## **20. EXTRAORDINARY ITEMS**

In the consolidated financial statements, on 13th December 2001, Siam Tanee Real Estate Co., Ltd. issued its increasing share capital of Baht 275.35 million for restructuring its debt with the Company and minority interest for total liabilities of Baht 228.20 million, which received the payment from minority interest of Baht 82.34 million. Siam Tanee Real Estate Co., Ltd. has gain from debt restructuring of Baht 35.19 million which is shown as extraordinary items in statements of income.

In the consolidated financial statements, in 2000, Siam Tanee Real Estate Co., Ltd. redeemed liabilities with a Mutual Fund, a transferee the right to claim on promissory notes from closed finance companies for principal and interest of Baht 13.84 million. Such company has to pay liabilities to that Mutual Fund for principal and interest of Baht 10.49 million, resulted to gain from debt restructuring of Baht 3.35 million which is shown as extraordinary items in statements of income.

## **21. FULLY DILUTED EARNINGS (LOSS) PER SHARE**

Fully diluted earnings (loss) per share for the years ended 31st December 2001 and 2000 were not presented, because if there are the exercise right of convertible debentures and warrants, there will be incurred anti-diluted effect.

## **22. CHANGE IN ACCOUNTING POLICIES**

Utilities, clubs, swimming pools and tennis courts

In 2000, the Company and subsidiaries have changed accounting method of epreciation 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 represented an increase in beginning deficit of Baht 318.09 million, decrease in net profit of Baht 20.36 million. In the consolidated financial statements, the Company has increased in beginning deficit of Baht 366.97 million and decreased in net loss by Baht 20.50 million.

## **23. 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.

## 24. 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.

## 25. COMMITMENT AND CONTINGENT LIABILITIES

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

Company	31st December 2001		31st December 2000	
	Foreign currencies	Thai Baht (million)	Foreign currencies	Thai Baht (million)
Subsidiaries				
1. Land and Houses Northeast Co., Ltd.	-	0.00	-	57.43
2. Siam Tanee Real Estate Co., Ltd.	-	265.83	-	213.69
3. Pacific Real Estate Co., Ltd.	-	182.27	-	161.27
Total		448.10		432.39

Company	30 <sup>th</sup> September 2001		31 <sup>st</sup> December 2000	
	Foreign currencies	Thai Baht (million)	Foreign currencies	Thai Baht (million)
Affiliates				
1. Bangkok Chain Hospital Co., Ltd.	-	332.5	-	337.23
2. Bangkok Chain Hospital Co., Ltd.	JPY 2,640.43 million	895.29	JPY 2,686.47 million	1,021.18
3. Quality Construction Products Co., Ltd.	-	369.24	-	365.67
Total		1597.03		1,724.08
Other related companies				
1. Saraburi Vechakit Co., Ltd.	JPY 74.84 million	25.38	JPY 79.37 million	30.17
2. Nobel Clear Holding (BVI) Co., Ltd.	-	0.00	DEM 12.86 million	263.08
Total		25.38		293.25
Total commitment and guarantee		2,070.51		2,449.72

25.2 As at 31st December 2001 and 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 23.36 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.

25.2.1 Subsidiary - Pacific Real Estate Co., Ltd., affiliates - Bangkok Chain Hospital Co., Ltd. and Quality Construction Products Co., Ltd. have incurred operating capital deficiency. 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.

25.2.2 On 15th October 2001, the Company has released the commitment on guarantee Noble Clear Holding Co., Ltd. for amount of DEM 13.30 millin denominated in Baht 277.91 million as at 30th September 2001.

25.2.3 On 29th October 2001, Pacific Real Estate Co., Ltd., a subsidiary, has partially released the commitment on guarantee Wave Development Co., Ltd. for the amount of Baht 99 million, therefore, the remaining balance is equal to Baht 22.70 million.

25.2.4 The Company guaranteed the subsidiaries and affiliates based on the proportion of shareholding, and additionally, major shareholders of Bangkok Chain Hospital Co., Ltd. is a near relative of the Company major shareholders.

25.3 As at 31st December 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%, which have no collaterals.

25.4 As at 31st December 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 867.09 million (as at 31st December 2000, the amount was Baht 604.59 million).

25.5 As at 31st December 2001, the Company has guaranteed loans of customers to financial institutions of Baht 56.01 million. (as at 31st December 2000, the amount was Baht 128.26 million).

#### 25.6 Commitment under leasehold agreement

The Company has entered into long-term operation lease of two leasehold land as follows:

No.	Date of agreement	Term	Maturity date	Rental fee
1.	1st September 1994	30 years	31st August 2024	<ul style="list-style-type: none"> <li>- The 3rd - 5th year, annual fee of Baht 1.80 million.</li> <li>- The 6th - 10th year, annual fee of Baht 2.70 million.</li> <li>- The 11th - 15th year, annual fee of Baht 4.05 million.</li> <li>- The 16th - 20th year, annual fee of Baht 8.08 million.</li> <li>- The 21st - 25th year, annual fee of Baht 9.11 million.</li> <li>- The 26th - 30th year annual fee of Baht 10.97 million.</li> </ul>
2.	1st October 2001	30 years	30th September 2031	<ul style="list-style-type: none"> <li>- Monthly fee of 0.20 million</li> <li>- Pay additional fee at rate 3% of prior year annual rental fee.</li> </ul>

## 26. OBLIGATION AND COMMITMENT FROM DEVELOPING PROJECT ON HAND

	Consolidated		Parent company	
	2001	2000	2001	2000
Number of project on hand, beginning of the period	42	47	30	35
Number of closing project	(8)	(7)	(7)	(7)
Number of new project	2	2	2	2
Number of project on hand, ending of the period	36	42	25	30
Contracted sales value (million Baht)	37,838	37,972	33,645	33,982
% Sales value of project on han	57.0%	55.0%	58.7%	57.0%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 780 million. (in 2000, the amount was Baht 820 million)

## 27. TRANSACTION WITH ITS RELATED PARTIES

The Company has significantly transaction in normal course of business with its subsidiaries and other companies, which are related through common shareholding or co-shareholder or directorship as follows:

	Consolidated 2001	2000	Parent company 2001	2000
<b>Purchase goods</b>				
Quality Construction Products Co., Ltd.	157.21	104.23	154.57	104.23
Home Products Center Plc.	162.41	36.11	159.44	36.11
Asian Property Development Plc. and subsidiaries	29.37	22.41	29.37	22.41
Total	348.99	162.75	343.38	162.75
<b>Services</b>				
Quality Houses Plc	12.96	11.33	12.41	10.79
Total	12.96	11.33	12.41	10.79
<b>Trade accounts payable</b>				
Quality Construction Products Co., Ltd.	12.56	0.24	12.56	0.24
Home Products Center Plc.	16.18	7.91	15.41	7.91
Asian Property Development Plc. and subsidiaries	1.97	1.17	1.97	1.17
Total	30.71	9.32	29.94	9.32

## 28. LITIGATION

As at 31st December 2001, the Company was sued in the other cases as follows:

The Company was sued by the Financial Institution Development Fund pertaining to the Company acted as guarantor for loans of two subsidiaries. Those subsidiaries have not yet made repayment since they were unable to agree with the interest calculation, which differed from the debt restructuring agreement signed with the other creditors. The principal balance and the principal including interest are as follows:

Company	Principal (Million Baht)	Principal including interest (Million Baht)	Recorded liabilities under equity method (Million Baht)
Pacific Real Estate Co., Ltd.	100.00	176.98	174.38
Siam Tanee Real Estate Co., Ltd.	50.00	85.98	0.00
Total	150.00	262.96	174.38

Such case is under the negotiation, therefore, the management believes that the Company is able to negotiate with the creditors. However, the Company recorded such excess loss from investments in subsidiary (Pacific) in the financial statements of Baht 174.38 million as mentioned in note 7.1.2.

## 29. SHARE CAPITAL

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 441,808,956 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 Company has registered these resolution with the Ministry of Commerce on 21st May 2001. 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.

29.1 The issue of units of warrants to existing shareholders is shown as following details. 307,656,855 units of warrants to purchase ordinary shares from 311,808,956 units were allotted to

existing shareholders at the ratio of 2 existing shares: 1 unit of warrant with 7 years term and matured on 2nd September 2008 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 has been listed on the Stock Exchange of Thailand on 26th September 2001.

29.2 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 6,000,000 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 excercise right to purchase one ordinary share of Baht 10 each. The Company has allotted a portion of such warrants on 11th February 2001 as mentioned in note 30.

### **30. SUBSEQUENT EVENTS**

The issue of warrants to employees of the Company including employees who act as directors. According to the resolution of the shareholders' meeting no. 1/2001 held on 30th April 2001, passed to allot 30 million units of warrants to employees and employees who act as directors with the project period of 5 years, for the amount of 6 million units per year. The Company was approved to allot such warrants by the Securities and Exchange Commission on 8th February 2002. On 11th February 2002, the Company allotted 5,971,500 units of warrants and the residual of 28,500 units of warrants will be issued in the next allotment which has essential detail excluded in note 29.2. The exercise period to purchase ordinary share is every three month, beginning in February 2002 and expiration date at 10th February 2005.

The adjustment of exercise price of warrant which was issued to the existing shareholders. The result of issuing warrants to employees of the Company including employees who act as directors on 11th February 2002 affected the exercise price and exercise ratio which was issued to the existing shareholders;1 unit of warrant to purchase 1.00757 ordinary share of Baht 25.805 each, there is effective since 11th February 2002.

### 31. PROVIDENT FUND

The Company established provident fund. The fund is contributed both by the employees and the Company at the rate of 3-5% of employees' salaries. The fund managed by a certified manager, which complied with the determination of Provident Fund Act. B.E. 2542.

### 32. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

#### 32.1 Accounting policy

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

#### 32.2 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.

#### 32.3 Interest rate risk

Interest rate risk from changes in interest rate due to the Company and subsidiaries have 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 long-term liabilities and debentures have been disclosed in notes to financial statements no. 13, 14 and 15 except for interest of loans from foreign creditors of USD 8 million as stated in note 13.2.1.

#### 32.4 Foreign currencies exchange rate risk

As at 31st December 2001 and 2000, assets and liabilities in foreign currencies consist of:

	Consolidated		Parent company	
	2001	2000	2001	2000
Assets				
US Dollars	0	27,536,000	0	27,536,000
Liabilities				
US Dollars	8,000,000	8,000,000	8,000,000	8,000,000
Yen	1,350,000,000	1,586,124,722	1,350,000,000	1,530,000,000

As at 31st December 2001, liabilities denominated in foreign currencies and matured in 2002 of USD 8 million and Yen 1,100 million which have been made foreign currency hedging as mentioned in note 13.2. The remaining liabilities in foreign currencies of Yen 250 million were not made foreign currency hedging.

32.5 Fair value of financial instruments

Financial assets shown in balance sheets consist of cash, deposit at bank, short-term investments, trade accounts receivable, 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, debentures and convertible debentures.

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.

**33. OTHER INFORMATIONS**

33.1 The Company was registered as a public company limited and listed in the Stock Exchange of Thailand which is located at 38, Convent Road, Silom, Bangrak, Bangkok.

33.2 The Company engaged in real estate business.

33.3 As at 31st December 2001 and 2000, the Company has 486 and 474 staff, respectively, the Company and subsidiaries have 561 and 553 staff, respectively.

33.4 In 2001 and 2000, the Company's staff expenses was Baht 190.36 million and Baht 145.40 million, respectively, the Company and subsidiaries' staff expenses were Baht 213.77 million and Baht 168.07 million, respectively.