

# LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

AS AT 31st DECEMBER 2002 AND 2001

### FINANCIAL STATEMENTS PREPARATION BASIS

These financial statements have been prepared in conformity with the generally accepted accounting principles and presented under the Department of Commercial Registration Notification dated 14th September 2001 regarding "The abbreviate items must be shown in the financial statements".

### 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 mean cash on hand and all type of bank deposit excluding deposit which held to maturity and liquid short-term investments that had slightly risk in changing valuation.

## 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 which 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		Parent company	
	Securities for trading		Securities for trading	
	2002 (Thousand Baht)	2001	2002 (Thousand Baht)	2001
Debt securities Fund	0	155,000	0	155,000
Treasury bill	550,000	93,373	550,000	0
Provision for unrealized gain				
(loss) on investment	0	453	0	453
Total	550,000	248,826	550,000	155,453

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 AND OTHER COMPANIES

	Consolidated		Parent company	
	2002 (Thousand Baht)	2001	2002 (Thousand Baht)	2001
Loans to subsidiaries	0	0	624,742	525,242
Loans to affiliates	87,500	109,000	87,500	109,000
Less Allowance for doubtful accounts - affiliates	(87,500)	(98,000)	(87,500)	(98,000)
Loans to other companies	18,219	18,219	18,219	18,219
Less Allowance for doubtful accounts	(18,219)	0	(18,219)	0
Short-term loans - net	<u>0</u>	<u>29,219</u>	<u>624,742</u>	<u>554,461</u>

### 5.1 Loans to subsidiaries :-

	2002		2001	
	Amount of Baht (Thousand Baht)	Rate of interest %	Amount of Baht (Thousand Baht)	Rate of interest %
Loans to subsidiaries :-				
Pacific Real Estate Co., Ltd.	0	-	1,200	7.50
Land and Houses Northeast Co., Ltd.	299,000	5 - 5.25	122,000	6.50 - 7.50
Land and Houses North Co., Ltd.	47,000	5.25	55,500	7.50
L H Muangmai Co., Ltd.	145,442	7.50	145,442	7.50
Atlantic Real Estate Co., Ltd.	133,300	7.75	201,100	7.50 - 8.00
Total	<u>624,742</u>		<u>525,242</u>	

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

In 2001, 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., which is a subsidiary of Siamtanee Property 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.

5.2 Loans to affiliates :-

	2002		2001	
	Amount of Baht	Rate of interest	Amount of Baht	Rate of interest
	(Thousand Baht)	%	(Thousand Baht)	%
Bangkok Chain Hospital Co., Ltd.	87,500	7.25	100,000	7.25
Quality Construction Products Co., Ltd.	0		9,000	MLR
Less Allowance for doubtful accounts - affiliates	(87,500)		(98,000)	
Total	<u>0</u>		<u>11,000</u>	

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

5.3 Loans to other companies - domestic is a lending to Bangkok Mass Transit System Public Co., Ltd. in proportion to the shareholding percentage. The lending is by way of promissory notes bearing interest at MLR+2%.

6. INVENTORIES

	Consolidated		Parent company	
	2002 (Thousand Baht)	2001	2002 (Thousand Baht)	2001
Land	10,560,780	11,066,985	9,523,465	10,045,713
Land improvements	933,086	850,914	881,407	777,300
Construction in progress	2,455,080	1,800,971	2,150,985	1,472,393
Deferred interest	4,718,351	5,678,089	4,224,472	5,132,254
Central utilities	1,046,285	1,227,150	758,577	874,276
Preparation cost	89,698	159,240	35,110	92,123
Houses for sales	12,459	30,861	0	0
Total	<u>19,815,739</u>	<u>20,814,210</u>	<u>17,574,016</u>	<u>18,394,059</u>
Less Allowance for declining value of inventories	(1,589,505)	(2,087,777)	(1,493,994)	(1,906,449)
Balance	<u>18,226,234</u>	<u>18,726,433</u>	<u>16,080,022</u>	<u>16,487,610</u>

Most of land 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)		% of investment		(Thousand Baht)		(Thousand Baht)		(Thousand Baht)			
	Paid-up capital				Cost method		Equity method		Dividend			
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001		
<b>Investments in subsidiaries :-</b>												
- Atlantic Real Estate Co., Ltd.	Real Estate	15.00	15.00	99.99	99.99	14,998	14,998	51,394	75,006	0	0	
- Pacific Real Estate Co., Ltd.	Real Estate	371.62	257.80	99.99	99.99	371,614	257,797	4,949	0	0	0	
- Land and Houses North Co., Ltd.	Real Estate	13.50	13.50	99.99	99.99	13,500	13,500	32,067	20,232	0	0	
- Land and Houses Northeast Co., Ltd.	Real Estate	570.00	570.00	99.99	99.99	569,999	569,999	313,200	297,858	0	0	
- Siamtanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	99.99	99.99	64,859	64,859	232,712	53,785	0	0	
- Siam Tanee Real Estate Co., Ltd. and subsidiaries	Real Estate	475.00	475.00	0.00	99.99	0	280,416	0	25,091	0	0	
Excess cost which lower than net assets						0	0	0	(50,802)	0	0	
- L H Muangmai Co., Ltd.	Real Estate	310.80	310.80	55.00	55.00	170,940	170,940	128,833	109,276	0	0	
Total investments in subsidiaries							1,205,910	1,372,509	763,155	530,446	0	0
<b>Investments in affiliates :-</b>												
- Bangkok Chain Hospital Co., Ltd.	Hospital	610.00	610.00	36.07	36.07	449,355	449,355	49,341	0	0	0	
- Assets Plus Securities Plc.	Finance & securities	0.00	225.00	0.00	26.18	0	95,879	0	126,223	1,472	0	
- Quality Construction Products Co., Ltd.	Building material	154.38	18.75	40.08	30.00	189,106	90,668	106,489	0	0	0	
- M L & H Corporation	Real Estate	#####	#####	40.00	40.00	1,796,317	1,796,317	#####	#####	0	0	
- Home Products Center Plc.	Trading of construction materials	750.00	375.00	29.28	29.09	221,638	135,191	275,333	152,418	0	9,000	
- Asian Property Development Plc. and subsidiaries	Real Estate	0.00	#####	0.00	24.99	0	582,514	0	220,086	0	0	
- Cameron Global Limited	Investment business	0.04	0.04	40.00	40.00	15	15	170	333	0	0	
- Asia Assets Advisory Co., Ltd.	Investment advisor	10.00	10.00	49.99	49.99	4,999	4,999	8,845	6,424	0	0	
Total investments in affiliates							2,661,430	3,154,938	#####	#####	1,472	9,000
Total investments in subsidiaries and affiliates							3,867,340	4,527,447	#####	#####	1,472	9,000

## 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 2002 and 2001 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

7.1.2 On 23rd August 2002, Pacific Real Estate Co., Ltd. increased its share capital from 2.58 million shares of Baht 100.00 each to 3.72 million shares of Baht 100.00 each, amounting to Baht 113.82 million. The Company converted loans to Pacific Real Estate Co., Ltd. to be capital 1.14 million shares of Baht 100.00 each, totalling Baht 113.82 million and has equity gain of Baht 65.51 million deducted with realized excess of loss over investments for the period ended 31st December 2001 of Baht 174.38 million, the balance of investments in Pacific Real Estate Co., Ltd. as at 31st December 2002 was Baht 4.95 million.

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 237.80 million. The Company transferred loans to Pacific Real Estate Co., Ltd. of Baht 237.80 million to be capital for 2,378,000 shares of Baht 100.00 each, the total investment is Baht 237.80 million.

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 In 1st quarter of 2002, the Company sold all investments in Siam Tanee Real Estate Co., Ltd. to Siamtanee Property Co., Ltd. at Baht 25.09 million which equal to net book value as at 31st December 2001 before deduction of its negative goodwill. As a result, the company under the holding of Siamtanee Property Co., Ltd. are as following :

	Type of business	Percentage of investments	
		2002	2001
- S.T.N. Management Co., Ltd.	Condominium management	99.99%	99.99%
- Siam Tanee Real Estate Co., Ltd.	Real Estate	99.99%	0.00%
Subsidiary of Siam Tanee Real Estate Co., Ltd.			
- Bann Suanthon Co., Ltd.	Real Estate	99.99%	99.99%



The financial statements of the aforementioned subsidiaries of Siamtanee Property Co., Ltd. which were brought into the preparation for consolidated financial statements and net profit of the subsidiaries in 2002 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

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.

## 7.2 Investments in affiliates

7.2.1 The financial statements of Bangkok Chain Hospital Co., Ltd. for the year ended 31st December 2002 and 2001 which was brought into the computation of investment under equity method, was taken from unaudited financial statements as follows :

	2002	Million Baht	2001
Investments brought forward	(2.36)		(136.52)
Equity gain	53.50		15.20
Revaluation increment of assets	(1.80)		118.96
Investments carried forward	<u>49.34</u>		<u>(2.36)</u>

Investments in 2001 which have negative value of Baht 2.36 million, shown in other liabilities in excess loss from investments.

7.2.2 In September 2002, Assets Plus Securities Public Company Limited has registered to change the paid-up share capital from 22.5 million shares in the amount of Baht 10.00 each, amounting to Baht 225 million to 45 million shares in the amount of Baht 5.00 each, amounting to Baht 225 million.

Later, on 9th September 2002, Assets Plus Securities Public Company Limited issued the increased 15 million shares in the amount of Baht 5.00 each in the amount of Baht 25.00 each to the public and taken to trading in the Stock Exchange of Thailand on 18th September 2002, as a result, the paid-up share capital will be increased to 60 million shares in the amount of Baht 5.00 each, totalling Baht 300 million. From that increase, the proportion of investments in Assets Plus Securities Public Company Limited was reduced from 26.18% to 19.63%. The Company, therefore, changed the presentation of investments in affiliates to investment in other companies.

7.2.3 The financial statements of Quality Construction Products Co., Ltd. for the year ended 31st December 2002 which was brought into the computation of investment under equity method, was taken from unaudited financial statements. Net profit presented in that financial statements of Baht 554.20 million consist of net profit from operations and extraordinary items-gain from debt restructuring of Baht 108.40 million and Baht 445.80 million, respectively. As a result, the Company has equity gain of Baht 168.72 million including increased share capital in 3rd quarter of Baht 98.44 million less by realized excess of loss over investments for the period ended 31st December 2001 of Baht 160.67 million, the balance of investments in Quality Construction Products Co., Ltd. as at 31st December 2002 was Baht 106.49 million.

In 3rd quarter of 2002, the Company purchased the increase share capital of Quality Construction Products Co., Ltd. for 1,406,250 shares at Baht 10.00 each and 4,218,750 shares at Baht 20.00 each, totalling Baht 98.44 million. From that increase, proportion of investments of the Company was changed from 30% to be 40.08%.

7.2.4 Investment in Home Products Center Public Company Limited and Asia Asset Advisory Co., Ltd. for the year ended 31st December 2002 that the equity gain totalling Baht 38.89 million which were brought into the computation of investments under equity method, were taken from their audited financial statements.

On 10th June 2002, the Company subscribed for 109,090,920 new issued shares of Home Product Center Public Company Limited at Baht 1.00 each, totalling Baht 109.09 million and during the 3rd quarter of 2002, the Company has additionally purchased 1,453,500 shares in amount of Baht 3.54 million, the proportion of investments was changed from 29.08% to be 29.28%.

Investment in Home Products Center Public Company Limited, a listed company in the Stock Exchange of Thailand had market value as at 31st December 2002 of Baht 2.30 per share or total market value of Baht 505.16 million (as at 31st December 2001 had market value of Baht 3.90 per share which the Company held at market value in total value of Baht 425.45 million).

In 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, amounting to Baht 9 million.

7.2.5 The financial statements of M L & H Corporation and Cameron Global Limited for the year ended 31st December 2002, which were brought into computation of investment under equity method, were taken from unaudited financial statements, the equity gain total amount of Baht 3.95 million.

7.2.6 During the second quarter of 2002, the Company has reduced the percentage of shareholding in Asian Property Development Public Company Limited to be 17.80%. Therefore, the presentation of investment in Asian Property Development Public Company Limited was changed from investment in affiliates to investment in other companies.

## 8. LONG-TERM INVESTMENTS

### For year 2002

	Consolidated			Parent Company		
	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	2,078,678	3,558,087	5,636,765	2,078,678	3,425,685	5,504,363
Less Provision for unrealized						
gain (loss) of investment	1,360,527	0	1,360,527	1,360,527	0	1,360,527
Provision for impairment						
of assets - investment	<u>(275,803)</u>	<u>(2,041,377)</u>	<u>(2,317,180)</u>	<u>(275,803)</u>	<u>(2,041,377)</u>	<u>(2,317,180)</u>
Total	<u>3,163,402</u>	<u>1,867,208</u>	<u>5,030,610</u>	<u>3,163,402</u>	<u>1,734,806</u>	<u>4,898,208</u>

**For year 2001**

	Consolidated			(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	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	<u>(195,616)</u>	<u>(1,340,957)</u>	<u>(1,536,573)</u>	<u>(195,616)</u>	<u>(1,340,957)</u>	<u>(1,536,573)</u>
Total	<u>350,758</u>	<u>2,332,923</u>	<u>2,683,681</u>	<u>248,940</u>	<u>2,240,521</u>	<u>2,489,461</u>

8.1 As at 31st March 2002, the Company provided the provision for impairment of assets in debt securities and common shares of Bangkok Mass Transit System Public Company Limited at 70% of their cost or at amount of Baht 661.27 million. As at 30th June 2002, the Company has additionally provided the provision for impairment of other investments for amount of Baht 119.34 million, total provision for impairment is Baht 780.61 million.

8.2 In September 2001, the Company converted loans that lend to 5 companies in Indonesia 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.

## 9. LAND UNDER CONTRACTS TO BUY AND TO SELL

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

	(Baht : Thousand)	
	2002	2001
Land under contracts to buy and to sell	282,450	282,450
Less Provision for impairment	(56,450)	(56,450)
Net book value	<u>226,000</u>	<u>226,000</u>

## 10. PROPERTY, PLANT AND EQUIPMENT - NET

<b>Consolidated</b>	(Baht : Thousand)			
	31st December 2001	Increase	Decrease	31st December 2002
Cost :				
Office building	117,042	1,065	10,733	107,374
Office equipment	92,439	20,235	51,145	61,529
Office and club furnitures	130,898	9,387	56,478	83,807
Machinery and equipment	2,344	64	1,251	1,157
Vehicles	18,889	2,894	2,180	19,603
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool and tennis court	545,882	77,351	0	623,233
Leasehold	100,958	0	0	100,958
Other assets	49,295	3,671	29,541	23,425
Assets in progress	1,873	15,029	1,204	15,698
Total	<u>1,060,626</u>	<u>129,696</u>	<u>152,532</u>	<u>1,037,790</u>

<b>Consolidated</b>	(Baht : Thousand)			
	31st December 2001	Increase	Decrease	31st December 2002
Accumulated depreciation :				
Office building	39,649	5,380	3,092	41,937
Office equipment	72,488	8,273	51,149	29,612
Office and club furnitures	81,788	15,550	47,210	50,128
Machinery and equipment	2,339	6	1,251	1,094
Vehicles	7,620	2,870	2,180	8,310
Kindergarten	374	47	0	421
Nursery garden	67	3	0	70
Club houses, swimming pool and tennis court	472,606	72,292	0	544,898
Leasehold	20,315	9,903	0	30,218
Other assets	43,729	1,764	29,544	15,949
Total	<u>740,975</u>	<u>116,088</u>	<u>134,426</u>	<u>722,637</u>
Provision for impairment of assets :				
Building and construction	0	1,178	0	1,178
Club houses, swimming pool and tennis court	6,989	0	0	6,989
Total	<u>6,989</u>	<u>1,178</u>	<u>0</u>	<u>8,167</u>
Net book value	<u>312,662</u>			<u>306,986</u>
Depreciation for the year ended 31st December 2002				116,088
Depreciation for the year ended 31st December 2001				100,070

**Parent's financial statements**

(Baht : Thousand)

	31st December 2001	Increase	Decrease	31st December 2002
Cost :				
Office building	82,868	711	4,889	78,690
Office equipment	81,697	19,783	49,539	51,941
Office and club furnitures	83,634	9,263	40,986	51,911
Tools and equipments	1,251	0	1,251	0
Vehicles	14,634	1,031	350	15,315
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	427,611	74,303	0	501,914
Leasehold	99,775	0	0	99,775
Other assets	41,289	3,476	28,187	16,578
Assets in progress	1,746	9,803	1,077	10,472
<b>Total</b>	<b>835,495</b>	<b>118,370</b>	<b>126,279</b>	<b>827,586</b>
Accumulated depreciation :				
Office building	19,449	3,955	1,353	22,051
Office equipment	62,464	7,859	49,537	20,786
Office and club furnitures	41,618	13,054	32,305	22,367
Tools and equipments	1,251	0	1,251	0
Vehicles	4,540	2,479	350	6,669
Kindergarten	374	47	0	421
Nursery garden	51	3	0	54
Club houses, swimming pool and tennis court	405,987	62,400	0	468,387
Leasehold	20,062	9,866	0	29,928
Other assets	36,203	1,596	28,187	9,612
<b>Total</b>	<b>591,999</b>	<b>101,259</b>	<b>112,983</b>	<b>580,275</b>
<b>Net book value</b>	<b>243,496</b>			<b>247,311</b>

Thousand Baht

Depreciation for the year ended 31st December 2002	101,259
Depreciation for the year ended 31st December 2001	85,533

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

As at 31st December 2002 and 2001, plant and equipment which were fully depreciated amounting to Baht 64.25 million and Baht 123.74 million, respectively are still being operated.

#### 11. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated		Parent company	
	2002 (Thousand Baht)	2001	2002 (Thousand Baht)	2001
Banks overdraft	29,968	17,323	9,431	14,338
Bill of exchange	1,195,000	957,500	1,195,000	807,500
Total	1,224,968	974,823	1,204,431	821,838

In 2002 and 2001, the Company has overdraft facility of Baht 81 million and Baht 91 million, respectively with several local banks and bill of exchange of Baht 1,195 million and 807.50 million, respectively which are due within 3 months to 1 year.

Bill of exchange are guaranteed by mortgaging land and construction (inventories) of the Company.

In 2002, two subsidiaries, Pacific Real Estate Co., Ltd. and Siam Tanee Real Estate Co., Ltd. (a subsidiary of Siamtanee Property Co., Ltd.) have made repayment for loans - promissory notes to the Financial Institution Development Fund for amount of Baht 100 million and Baht 50 million, respectively (note 21).

#### 12. TRADE NOTES PAYABLE

In 2002, notes payable represent payment for purchase of land by the issuance of promissory notes which are availed by banks.

#### 13. LONG-TERM LOANS

	Consolidated		Parent company	
	2002 (Thousand Baht)	2001	2002 (Thousand Baht)	2001
Long-term loans	3,683,784	5,983,586	2,965,410	5,031,664
Less Current portion due				
within 1 year	0	(95,210)	0	0
Total	3,683,784	5,888,376	2,965,410	5,031,664



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

	2002 (Thousand Baht)	2001
Domestic banks	1,653,410	4,103,674
Domestic finance companies	1,312,000	100,000
Foreign banks	0	827,990
Total	<u>2,965,410</u>	<u>5,031,664</u>

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 an affiliate and one other company as detailed following :

Institute	(Million Baht)				Repayment conditions	Guarantee by
	2002		2001			
	Credit amount	Interest	Credit amount	Interest		
One bank	1,653.41	MLR	3,786.71	MLR	40-50% of selling price of land and construction	Mortgage land and construction of each project and pledge of share in an affiliate and one other company
Other banks	0.00	MLR	316.96	MLR	Repayment quarterly by 20 installments of Baht 84.40 million, starting 1st March 2002	Mortgage land and construction of each project
Total	<u>1,653.41</u>		<u>4,103.67</u>			
Finance companies	1,312.00	4.85-7.25	100.00	Creditor's MLR	Repayment from April 2004 to June 2006	Loans of Baht 345 million with mortgage land and construction of each project Loans of Baht 967 million without collateral
Total	<u>1,312.00</u>		<u>100.00</u>			

13.2 As at 31st December 2001, the Company has long-term loans from foreign financial institutions as follows :

13.2.1 Loans from an overseas creditor in amount of USD 8 million as at 31st December 2001 equal to Baht 354.88 million. 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 1st June 2002. The Company will pay the 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 creditor 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, 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, total amount of Baht 255.73 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%.

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)

13.2.4 In first quarter of 2002, the Company has made repayment of long-term loans of JPY 1,350 million and US\$ 8 million in whole amount. As at 31st December 2002, the Company has no outstanding loans in foreign currencies.

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

Company	Creditors (Million Baht)	Balance		Interest rate	Repayment conditions	Guarantee by
		2002	2001			
1. L H Muangmai Co., Ltd.	Bank	576.36	510.38	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
2. Land and Houses North Co., Ltd.	Bank	0.00	11.43	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
3. Land and Houses Norheat Co., Ltd.	Bank	0.01	178.47	MLR	55% of selling price of land and construction	Mortgage land and construction of each project
4. Siamtanee Property Co., Ltd. and subsidiaries	Bank	142.02	0.02	MLR+1	Due repayment in 2002 and 2003	Mortgage land and construction of each project
	Finance company	0.00	-	6-7	Due repayment in 2002 of Baht 28.10 million, in 2003 of Baht 50.40 million, in 2004 of Baht 48.96 million.	Mortgage land and construction of each project
5. Siam Tanee Real Estate Co., Ltd. and subsidiaries	Bank	* -	49.06	5-6	Due repayment 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	* -	202.56	6-7		
Total		<u>718.39</u>	<u>951.92</u>			

\* In 2002, loans of Siam Tanee Real Estate Co., Ltd. and subsidiaries are included in loans of Siamtanee Property Co., Ltd.

13.3.1 As at 1st November 2002, L H Muangmai Co., Ltd. has amended the debt restructuring agreement to change and extend the period of principal and accrued interest repayment of Baht 576.36 million to be completed in 2009.

#### 14. DEBENTURES - DOMESTIC

	Number of debenture		Amount	
	(shares)		(Thousand Baht)	
	2002	2001	2002	2001
Unsecured debentures	800,000	800,000	600,000	800,000
Secured debentures	1,500,000	1,500,000	1,500,000	1,500,000
Balance	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,100,000</u>	<u>2,300,000</u>
Less Current portion of liabilities			(615,000)	(200,000)
Balance			<u>1,485,000</u>	<u>2,100,000</u>

According 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	Repay in equally installments every 3 months by 16 installments, commencing on 4th March 2003.
Collateral	- None -	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 (shares)		Amount (Thousand Baht)	
	2002	2001	2002	2001
Convertible debentures issued -				
overseas	60,000	60,000	1,512,000	1,512,000
Less Conversion into common shares through				
- 31st December 2002	(51,867)	(51,867)	(1,307,048)	(1,307,048)
Balance	<u>8,133</u>	<u>8,133</u>	<u>204,952</u>	<u>204,952</u>
Less Current portion of liabilities			<u>(204,952)</u>	<u>0</u>
Total convertible debenture			<u><u>0</u></u>	<u><u>204,952</u></u>

### 15.1 Convertible debentures - domestic

On 1st December 1999, the Company has restructured debt with a creditor by issuing convertible debentures to the specific investor according to the shareholders' extraordinary meeting no. 1/1999 held on 28th October 1999. 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.

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. LEGAL RESERVE

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 and in 2002, the Company has recorded legal reserve of Baht 191 million.

## 17. REVALUATION INCREMENT IN ASSETS

Revaluation increment in assets of Baht 117.16 million (as at 31st December 2001, 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		Parent company	
	2002	2001	2002	2001
	(Thousand Baht)		(Thousand Baht)	
Investment in subsidiaries				
Atlantic Real Estate Co., Ltd.	0	69,287	0	69,287
Investment in affiliates				
Assets Plus Securities Plc.	0	(842)	0	(842)
Investment of Land and				
Houses Plc.	1,360,527	49,294	1,360,527	49,294
Total	1,360,527	117,739	1,360,527	117,739

## 19. 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.

### 19.1 Warrants issuance to the existing shareholders

On 3rd September 2001, the Company issued 307,656,855 units of warrants with 7 years term to existing shareholders and each unit of warrant has exercise right to purchase one ordinary share at the price of Baht 26.00 each and exercise period is on every three months. On 11th February 2002, due to the issuance of warrants to employees of the Company and its subsidiaries, the exercise ratio and exercise price were adjusted to be 1 unit of warrant has right to purchase 1.00757 units of ordinary share at the price of Baht 25.805 each.

As at 31st December 2002, the remaining warrants are as follows :

Number of total warrants	307,656,855	Units
The number of exercised warrants upto 31st December 2002	(15,318,136)	Units
Balance number of warrants	<u>292,338,719</u>	Units

The holders of 15,318,136 units of warrants exercised to purchase 15,434,004 ordinary shares at Baht 25.805 each in 2002.

### 19.2 Warrants issuance to the Company and subsidiaries' employees

On 11th February 2002, the Company allotted 5,971,500 units of warrants, specific name and non-transferable, to the Company and its subsidiaries' employees each unit of warrant has exercise right to purchase one ordinary share at Baht 10.00 each. The remaining warrants as at 31st December 2002 are as follows :

Number of total warrants	5,971,500	Units
Conversion to ordinary share up to 31st December 2002	(5,962,200)	Units
Balance number of warrants	<u>9,300</u>	Units

In 2002, the Company and its subsidiaries' employees exercised the right to purchase 5,962,200 common shares at Baht 10.00 each.

## 20. DIRECTOR'S REMUNERATION

Director's remuneration are benefits paid to the Company's directors 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 years ended 31st December 2002 and 2001 is Baht 1.56 million and Baht 1.56 million, respectively.

## 21. EXTRAORDINARY ITEMS

As at 31st December 2002, subsidiaries and affiliate have gain from debt restructuring (note 7.2.3 and 28) as follows :

	Million Baht
Pacific Real Estate Co., Ltd.	76.38
Siam Tanee Real Estate Co., Ltd.	48.37
Quality Construction Products Co., Ltd.	178.68
Total gain from debt restructuring of subsidiaries and affiliate	<u>303.43</u>

## 22. EARNINGS PER SHARE

### Consolidated and parent's financial statements

	For the year ended 31st December 2002		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	3,820,120	628,905,515	6.07
Effects of diluted potential common share			
- Exercise rights	7,173	199,318,776	
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	<u>3,827,293</u>	<u>828,224,291</u>	<u>4.62</u>
	For the year ended 31st December 2001		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	<u>1,551,320</u>	<u>623,617,911</u>	<u>2.49</u>



In 2001, the Company has 1.86 million potential common share from convertible debenture of 8,133 units (note 15), but as at 31st December 2001, the convertible price of debenture had over than market value, therefore, there are no effects to diluted earnings per share.

### 23. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

According to the minutes of Shareholders' General meeting no. 1/2002 held on 30th April 2002 and no. 1/2001 held on 30th April 2001, passed the resolution to cease dividends distribution from the result of its operations for the year 2001 and 2000.

According to the minutes of the Board of directors meeting on 14th August 2002, passed the resolution to pay interim dividends to the shareholders at Baht 0.70 per share for 630,368,181 shares, totalling Baht 441.26 million. Dividends payment was made on 12th September 2002.

### 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 a guarantor for the Company's subsidiaries, affiliates and other companies as follows :

Company	31st December 2002		31st December 2001	
	Foreign currency	Thai Baht (million)	Foreign currency	Thai Baht (million)
<b>Subsidiaries</b>				
1. Siam Tanee Real Estate Co., Ltd.	-	0.00	-	265.83
2. Pacific Real Estate Co., Ltd.	-	0.00	-	182.27
Total		0.00		448.10
<b>Affiliates</b>				
1. Bangkok Chain Hospital Co., Ltd.	-	332.50	-	332.50
2. Bangkok Chain Hospital Co., Ltd. JPY 2,505.43 million		907.22	JPY 2,640.43 million	895.29
3. Quality Construction Products Co., Ltd.	-	205.18	-	369.24
Total		1,444.90		1,597.03

Company	31st December 2002		31st December 2001	
	Foreign currency	Thai Baht (million)	Foreign currency	Thai Baht (million)
Other related companies				
1. Saraburi Vechakit Co., Ltd.	JPY 68.34 million	24.75	JPY 74.84 million	25.38
Total		24.75		25.38
Total commitment and guarantee		1,469.65		2,070.51

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

25.3 As at 31st December 2002, 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% and on clean basis.

25.4 As at 31st December 2002, 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 978.30 million (as at 31st December 2001, the amount was Baht 867.09 million).

25.5 As at 31st December 2002 and 2001, the Company has guaranteed customers' loans to financial institutions of Baht 44.04 million and Baht 56.01 million, respectively.

25.6 Commitment under leasehold agreement

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

No.	Date of agreement	Term	Maturity date	Rental fee
1. Land	1st Sep. 1994	30 years	31st Aug. 2024	- The 6th - 10th year, annual fee of Baht 2.70 million. - The 11th - 15th year, annual fee of Baht 4.05 million. - The 16th - 20th year, annual fee of Baht 8.08 million. - The 21th - 25th year, annual fee of Baht 9.11 million. - The 26th - 30th year annual fee of Baht 10.97 million.
2. Land	1st Oct. 2001	30 years	30th Sep. 2031	- Monthly fee of 0.20 million - Pay additional fee at rate 3% of prior year annual rental fee.
3. Building	1st Jul. 2002	3 years	30th Jun. 2005	- Monthly fee of 0.30 million

25.7 The company has commitment as follows :

25.7.1 Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 25.98 million and Baht 23.36 million in 2002 and 2001, respectively.

25.7.2 On 15th October 2001, the Company has released the commitment on guarantee Noble Clear Holding Co., Ltd. for amount of DEM 13.30 million denominated.

## 26. OBLIGATION AND COMMITMENT TO COMPLETE PROJECTS ON HAND

	Consolidated		Parent company	
	2002	2001	2002	2001
Number of project on hand,				
beginning of the period	36	42	25	30
Number of closing project	(13)	(8)	(9)	(7)
Number of new project	7	2	7	2
Number of project on hand,				
ending of the period	30	36	23	25
Contracted sales value				
(million Baht)	34,677	37,838	31,009	33,645
% Sales value of project				
on hand	59.0%	57.0%	59.3%	58.7%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 599.51 million. (in 2001, the amount was Baht 780 million).

## 27. TRANSACTION WITH ITS RELATED PARTIES

The Company has significantly transactions 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		Parent company	
	2002	(Thousand Baht) 2001	2002	(Thousand Baht) 2001
<b>Purchase goods</b>				
Quality Construction Products				
Co., Ltd.	193.48	157.21	184.69	154.57
Home Products Center Plc.	257.98	162.41	235.45	159.44
Asian Property Development Plc.				
and subsidiaries	43.38	29.37	43.38	29.37
Total	<u>494.84</u>	<u>348.99</u>	<u>463.52</u>	<u>343.38</u>
<b>Services</b>				
Quality Houses Plc.	17.65	12.96	16.64	12.41
Total	<u>17.65</u>	<u>12.96</u>	<u>16.64</u>	<u>12.41</u>
<b>Trade accounts payable</b>				
Quality Construction Products				
Co., Ltd.	16.84	12.56	16.04	12.56
Home Products Center Plc.	30.44	16.18	27.22	15.41
Asian Property Development Plc.				
and subsidiaries	4.09	1.97	4.09	1.97
Total	<u>51.37</u>	<u>30.71</u>	<u>47.35</u>	<u>29.94</u>

## 28. LITIGATION

In 2001, the Company was sued by the Financial Institution Development Fund pertaining to the Company acted as guarantor for loans of Pacific Real Estate Co., Ltd. and Siam Tanee Real Estate Co., Ltd.. Those subsidiaries have not yet made repayment of principal and interest of Baht 176.98 million and Baht 85.98 million, respectively. However, in 2002, those two subsidiaries have made debts repayment to the FIDF, resulted gain from debt restructuring of Baht 76.38 million and Baht 48.37 million, respectively.

As at 31st December 2002, the Company has no meterial litigation.

## **29. 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.

## **30. NON-CASH TRANSACTIONS**

30.1 In 2002, the Company transferred fixed assets - furnitures of sample houses to goods for sales. The net value of furnitures in the consolidated and parent financial statements is Baht 16.24 million and Baht 11.42 million, respectively. (In 2001, the amount was Baht 49.97 million and Baht 46.65 million, respectively.)

30.2 In 2002, the Company converted short-term loans to a subsidiaries for principal and accrued interest income of Baht 112.00 million and Baht 1.82 million, respectively to be investments in shares capital securities totalling Baht 113.82 million (in 2001, principal and accrued interest income of Baht 585.38 million and Baht 62.84 million, respectively to be investments in total Baht 648.22 million).

In 2001, the Company converted short-term loans to related and other companies for principal and accrued interest income of Baht 475.75 million and Baht 146.49 million, respectively to be investments in preferred share securities totalling Baht 622.24 million.

30.3 The Company transferred investments in two affiliates totalling Baht 354.99 million to be long-term investments.

30.4 In 2001, the Company converted accrued interest income of a subsidiary and an affiliate to be short-term loans to related parties of Baht 21.96 million and Baht 11 million, respectively, totalling Baht 32.96 million.

## **31. SUBSEQUENT EVENTS**

According to the shareholders' extraordinary meeting no. 1/2003 held on 20th January 2003, the Company passed the resolution as follows:

31.1 To approve the changing par value of ordinary share from Baht 10.00 each to Baht 1.00 each together with amended the memorandum of association no. 4 to conform with the changing of par value. The Company has registered such resolution with the Ministry of Commerce on 22nd January 2003, the changing would be caused as following:

1. The Company's share capital was changed from 1,080,673,720 shares of Baht 10.00 each to 10,806,737,200 shares of Baht 1.00 each.
2. The Company's paid-up share capital was changed from 645,014,115 shares of Baht 10.00 each to 6,450,141,150 shares of Baht 1.00 each.
3. The Company's 307,656,855 units of warrants (the second) (LH-W2). On 22nd January 2003, the remaining 292,338,719 units of warrants was altered to 2,923,387,190 units.

The exercise ratio was changed from 1 unit of warrants has a right to purchase 1.00757 ordinary shares at Baht 25.805 each to 1 unit of warrants has a right to purchase 1.00757 ordinary shares at Baht 2.5805 of which became effective from March 2003 onwards.

4. The exercise ratio of remaining 9,300 units of ESOP warrants (the first) will be changed from 1 unit of warrants has a right to purchase 1 ordinary share at Baht 10.00 each to 1 unit of warrants has a right to purchase 10 ordinary shares at Baht 1.00 each of which became effective in February 2003 onwards.
5. The Euro Convertible Debentures for 8,133 units at USD 1,000 each, due on 29th April 2003.

The conversion price of Baht 109.73 for 1 ordinary share has a right to purchase 229 ordinary shares was changed to the conversion price of Baht 10.973 for 1 ordinary share has a right to purchase 2,296 shares.

(Fixed exchange rate at USD : Baht = 1 : 25.20)

The effective became in January 2003 onwards.

6. The exercise ratio of 6,000,000 units of ESOP warrants (the second) will be issued after the SEC have approved. It will be changed from 1 unit of warrants has a right to purchase 1 ordinary shares at Baht 10.00 each to 1 unit of warrants has a right to purchase to 10 ordinary shares at Baht 1.00 each.
- 31.2 To approve the allotment 1,770,000 units of warrants to directors which are being employees of the Company and subsidiaries (ESOP) in the second year in accordance with the approval of the shareholders' ordinary meeting no. 1/2001, passed to allot warrants to purchase ordinary shares to the directors which are being employees of the Company and subsidiaries of Baht 30 million units with the exercise period of 5 years and gradually allotted at 6 million units per year. 1 unit of warrants has a right to purchase 10 ordinary shares at Baht 1.00 each. The allotment of warrant is under the filing for approval from the SEC.

## 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 certain of agreement in 2002 and 2001 for the amount of Baht 4,968.75 million and Baht 7,855.75 million, respectively, 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, 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. The remaining liabilities in foreign currencies of Yen 250 million. In 2002, the Company have no exchange rate risk since liabilities in foreign currencies was made repayment.

### 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 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, long-term loans from financial institutions, debentures and convertible debentures.

The book value of financial assets and liabilities are close to their estimated fair value. Except for short-term loans of Baht 1,195 million and long-term loans of Baht 845 million, totalling Baht 2,040 million were charged interest at the fixed rate which lower than market value, as if those loans were charged interest at market value of 6.75% until the repayment date, such loans have fair value equal to Baht 1,184.07 million and Baht 804.9 million, respectively, totalling Baht 1,988.97 million. 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 2002 and 2001, the Company has 514 and 486 staff, respectively, the Company and subsidiaries have 596 and 561 staff, respectively.

33.4 In 2002 and 2001, the Company's staff expenses was Baht 231.17 million and Baht 190.36 million, respectively, the Company and subsidiaries' staff expenses were Baht 257.91 million and Baht 213.77 million, respectively.

33.5 In 2002 and 2001, the Company's directors remuneration was Baht 1.56 million and Baht 1.56 million, respectively.